



**Milkman S.p.A.**

Via degli Olivetani, 10/12

20123, Milan

**DOCUMENT DESCRIBING THE ORGANIZATION,  
MANAGEMENT AND CONTROL MODEL  
PURSUANT TO LEGISLATIVE DECREE 231/2001**

Rev.	Subject	Approved	Date
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PREMISE .....	5
1 COMPANY DESCRIPTION.....	5
2 OBJECTIVES OF THE DOCUMENT.....	5
3 DESCRIPTION OF THE DOCUMENT.....	6
<b>GENERAL PART .....</b>	<b>7</b>
<b>1 LEGISLATIVE DECREE 231/2001.....</b>	<b>7</b>
1.1 SUBJECT OF THE DECREE .....	7
1.2 TYPES OF OFFENCES.....	7
1.3 SANCTIONS .....	8
1.4 EXEMPTION FROM ADMINISTRATIVE LIABILITY.....	9
1.5 LAWS ON <i>WHISTLEBLOWING</i> .....	9
<b>2 THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL (OMC 231).....</b>	<b>11</b>
2.1 OPERATION OF THE MODEL.....	11
2.2 SUBJECTS OF THE MODEL.....	12
2.3 STRUCTURE AND COMPONENTS .....	12
2.4 METHODOLOGICAL APPROACH .....	14
2.4.1 ADOPTED METHOD.....	14
2.5 THE SYSTEM OF DELEGATION AND POWERS.....	14
2.5.1 PRINCIPLES.....	14
2.6 SYSTEM OF SANCTIONS.....	15
2.6.1 PREMISE .....	15
2.6.2 DEFINITION AND LIMITS OF DISCIPLINARY LIABILITY .....	16
2.6.3 SUBJECTS AND THEIR DUTIES.....	16
2.6.4 GENERAL PRINCIPLES REGARDING PENALTIES.....	17
2.6.5 SANCTIONS AGAINST EMPLOYEES.....	17
2.6.6 SANCTIONS AGAINST MANAGERS.....	20
2.6.7 MEASURES AGAINST DIRECTORS (ARTICLE 5, PARAGRAPH 1, LETTER A) OF LEGISLATIVE DECREE NO. 231/01) .....	21
2.6.8 <i>Measures against Auditors</i> .....	22
2.6.9 <i>Measures against Members of the Supervisory Board</i> .....	22
2.6.10 <i>Measures against External Subjects</i> .....	22
2.7 COMMUNICATION AND TRAINING PLAN.....	23
2.7.1 <i>Communication and Training on the Model</i> .....	23

2.8	THE SUPERVISORY BOARD .....	24
2.8.1	<i>Regulatory Context</i> .....	24
2.8.2	<i>Appointment and Suspension Procedures</i> .....	24
2.8.3	<i>Essential Requirements</i> .....	26
2.8.3.1	Autonomy .....	26
2.8.3.2	Independence .....	26
2.8.3.3	Professionalism.....	26
2.8.3.4	Continuity of Action.....	27
2.8.4	<i>Organizational Placement</i> .....	27
2.8.5	<i>Composition</i> .....	27
2.8.6	<i>Functions</i> .....	27
2.8.6.1	supervisory and control activities .....	28
2.8.6.2	Monitoring Activities with Reference to Implementation of the Code of Ethics .....	28
2.8.6.3	Activities to Update the OMC 231 .....	28
2.8.6.4	Reporting to Company Bodies .....	29
2.8.6.5	Management of Information Flows .....	29
2.8.7	<i>Powers</i> .....	31
2.8.8	<i>Budget</i> .....	32
2.9	REQUIREMENTS FOR HANDLING <i>WHISTLEBLOWING</i> REPORTS.....	32
2.9.1	<i>The Role of the Supervisory Board</i> .....	32
2.9.2	<i>Invalidity of Retaliatory and Discriminatory Measures against the Person Making the Report</i> .....	33
2.9.3	<i>Loss of Guaranteed Legal Protections in Cases of Bad Faith</i> .....	34

# PREMISE

## 1 Company Description

Milkman is an innovative SME focused on developing a technology platform to serve the so-called 'Last Mile' in multiple Italian and international verticalization strategies. To this end Milkman intends to develop a model of operation in which technological solutions can be developed and enhanced through licensing to specific industrial partners who are leaders in their respective, distinct sectors and geographies.

Specifically, the purpose of the Company is:

- a. scientific research, study, design, development, production, marketing and sale of solutions and/or services, both innovative and highly technological, in the field of logistics, transport, and the like;
- b. scientific research, study, design, development, production, marketing and sale of applications and IT solutions and their implementation and customization;
- c. the study, design, development, processing and management of databases and structured computer archives to insert, search, update, monitor and delete data with the help of computer and other systems, for itself and on behalf of third parties; the management of 'data warehouses' and tools for locating data, extracting, transforming and uploading data, 'datamining', 'information retrieval' and general outsourcing of IT processes and electronic data storage; the production of indices, reports and summaries of processed data;
- d. any form of acquisition, transfer or commercial exploitation of software owned or purchased under a use license; any form of economic exploitation of technologies, texts, drawings, trademarks, patents, licenses, products, graphics, computer and ingenuity, even by agreement or on behalf of third parties;
- e. express courier activities, collection, transport, sorting and distribution of postal items and parcels; guaranteed delivery by a certain day and/or time; other forwarding services utilizing innovative technologies;
- f. consultation for subsidiary companies.

## 2 Objectives of the Document

Italian Legislative Decree no. 231 of 8 June 2001, 'Regulations governing the administrative liability of legal entities, companies and associations, including those without a legal personality, pursuant to Article 11 of Law no. 300 of 29 September 2000' (hereinafter also referred to as 'Decree 231') introduced the administrative liability of entities for certain types of offences, when committed by:

- persons in senior positions (i.e. representatives, administrators and managers of the entity)
- persons subject to direction or supervision by others, in the interests or advantage of the entities themselves.

As exemption from administrative liability, Legislative Decree 231/01 allows the Company to demonstrate that it has adopted and effectively implemented an Organization, Management and Control Model adequate for preventing the crimes covered by the Decree.

If an offence covered by Legislative Decree 231/01 is committed and the Company cannot demonstrate that it has adopted and effectively implemented the Organization, Management and Control Model (hereinafter 'OMC 231'), it risks being subject to financial penalties and incapacitation.

In relation to the regulatory context described above, Milkman S.p.A. has taken steps to:

- adopt and implement its own Organization, Management and Control Model pursuant to Legislative Decree no. 231/01;
- institute a Supervisory Board pursuant to Legislative Decree no. 231/01, which is responsible for overseeing the mode with respect to observance, operation and updates.

This document describes the individual elements of OMC 231 as adopted by Milkman S.p.A. and the methodological approach used to create them.

### **3 Description of the Document**

This document, which describes the Milkman S.p.A. OMC 231, consists of:

- A **General Part**, which describes the corporate governance system, the definition process, the operating principles of the OMC and mechanisms for its solid implementation.
- A **Special Part**, one for each family of offences, which provides:
  - a description of the respective offences;
  - specific Company activities deemed to be sensitive;
  - principles of conduct to be respected;
  - protocols to monitor and control sensitive activities;
  - systematic information flows.

## GENERAL PART

### 1 Legislative Decree 231/2001

#### 1.1 Subject of the Decree

On June 8, 2001, in execution of the authority granted under Article 11 of Law no. 300 of 29 September 2000, Legislative Decree no. 231 was issued, which came into force on the following 4 July. This law brought domestic legislation on the liability of legal persons into line with a number of international conventions which Italy had already signed, such as: the Brussels Convention of 26 July 1995 on the protection of financial interests of the European Community; the Convention signed in Brussels on 26 May 1997 on combatting corruption involving officials of the European Community or its Member States; and the OECD Convention of 17 December 1997 on combatting bribery of foreign public officials in international economic transactions.

This Decree, entitled 'Regulations governing the administrative liability of legal entities, companies and associations, including those without legal personality', introduced a system of administrative liability into Italian law with reference to criminal liability for entities (i.e. companies, consortia, etc.) for certain offences committed in their interests or to their advantage:

- by natural persons who represent, administer or manage the entities themselves or an organizational unit thereof with financial and functional autonomy, or by natural persons who manage and control, even de facto, the entities themselves (e.g. directors and general managers);
- by natural persons subject to the direction or supervision of one of the subjects indicated above (e.g. non-management employees).

This liability is added to that of the natural person who materially performed the act. This extension of liability aims to involve the entities that have benefited from the offence in sanctions for certain criminal offences. For all offences committed, a pecuniary sanction is always applied, while prohibitive measures are also envisaged in the most serious cases. These include suspension or suspension of licences and concessions, prohibition from holding contracts with public administrations, prohibition from exercising the activity, exclusion or suspension of loans and contributions, and prohibition from advertising goods and services.

The liability covered by Legislative Decree no. 231/01 also applies in relation to offences committed abroad, provided that the state where the offence was committed does not prosecute them.

#### 1.2 Types of Offences

The types of offences covered by Legislative Decree no. 231/01 which constitute the administrative liability of entities are currently:

- Crimes committed in relations with public administrations (Articles 24 and 25, Legislative Decree no. 231/01);
- Computer-related crimes and unlawful processing of data (Article 24 bis, Legislative Decree no. 231/01);
- Organized crime offences (Article 24 ter, Legislative Decree no. 231/01);
- Currency counterfeiting offences (Article 25 bis, Legislative Decree no. 231/01);
- Crimes against industry and commerce (Article 25 bis 1, Legislative Decree no. 231/01);

- Corporate crimes (Article 25 ter, Legislative Decree no. 231/01);
- Crimes related terrorism or subversion of the democratic order (Article 25 quater, Legislative Decree no. 231/01);
- Female genital mutilation (Article 25 quater 1, Legislative Decree no. 231/01);
- Crimes against individuals (Article 25 quinquies, Legislative Decree no. 231/01);
- Market abuse crimes (Article 25 sexies, Legislative Decree no. 231/01);
- Involuntary manslaughter and serious or very serious personal injury committed in violation of the rules on the protection of workplace hygiene and health (Article 25 septies, Legislative Decree no. 231/01);
- Receiving stolen goods, money laundering and the use of unlawfully obtained money, goods or benefits (Article 25 octies, Legislative Decree no. 231/01);
- Crimes relating to copyright violations (Article 25 novies, Legislative Decree no. 231/01);
- Inducement to make false statements or not make statements to the judicial authorities (Article 25 decies, Legislative Decree no. 231/01);
- Environmental offences (Article 25 undecies, Legislative Decree no. 231/01);
- Employment of citizens of third countries residing in the country irregularly (Article 25 duodecies, Legislative Decree no. 231/01);
- Racism and xenophobia (Article 25 terdecies, Legislative Decree no. 231/01);
- Transnational crimes (Articles 3 and 10, Law no. 146 of 16 March 2006).

### 1.3 Sanctions

The sanctions established for entities committing or attempting to commit the aforementioned crimes are:

- pecuniary and applied in penalty units (penalty unit values range from €258 to €1,549), with applicable penalties ranging from a minimum of €25,800 to a maximum of €1,549,000 (that is, from a minimum of one hundred penalty units to a maximum of one thousand penalty units);
- prohibitory (also applicable as a precautionary measure under certain conditions):
  - prohibition from exercising the activity;
  - suspension or annulment of authorizations, licences or concessions functional to committing the offence;
  - prohibition from holding contracts with public administrations;
  - exclusion from incentives, financing, contributions or subsidies and possible suspensions of those granted;
  - prohibition from advertising goods and services;
- confiscation of profits or the monetary amount of the offence;
- publication of the conviction.



## 1.4 Exemption from Administrative Liability

Legislative Decree no. 231/01 provides for forms of exemption from administrative liability for the entity. In particular, Article 6 of Legislative Decree no. 231/01 establishes that in the event of an offence committed by a senior person, the entity is not liable if it can prove that:

- the management body of the entity had adopted and effectively implemented organizational and management models adequate for preventing offences of the type committed prior to the offence being committed;
- supervision of the operation, effectiveness and observance of the models, as well as their updating, was entrusted to a Supervisory Board under the entity with autonomous powers of initiative and control;
- the persons who committed the offence acted by fraudulently evading the aforementioned organization and management models;
- the Supervisory Board did not fail to supervise properly (as per Article 6, first paragraph, letter b) of the Decree).

There is consequently a presumption of liability on behalf of the entity due to the fact that senior persons express and represent the policy and therefore the will of the entity itself. This presumption may be surmounted if the entity is able to demonstrate that the four conditions mentioned above are met. In this case, although there is personal liability on behalf of the senior person, the entity is not liable under Legislative Decree no. 231/01.

With regard to the liability of entities, Legislative Decree 231/01 recognizes organization, management and control models to hold justification value to the extent that they are adequate for preventing the offences referred to in Legislative Decree no. 231/01 and are adopted and effectively implemented by the management body.

Article 7 of Legislative Decree no. 231/01 establishes the administrative liability of the entity for offences committed by subordinates if the offences were possibly committed due to non-compliance with management and supervisory obligations. This non-compliance is nevertheless excluded if the entity had adopted and effectively implemented an Organization, Management and Control Model adequate for preventing offences of the type committed before the offence was committed.

## 1.5 Laws on *Whistleblowing*

Legislative Decree no. 231/2001 also contains provisions aimed at protecting employees or collaborators who report unlawful acts in the private sector. In particular, Article 6, paragraph 2 bis<sup>1</sup> states that the organization and management model must include:

- to protect the integrity of the entity, one or more channels that allow the persons indicated in Article 5, paragraph 1, letters a) and b) of the Decree to present detailed reports of unlawful conduct based on precise factual elements, or violations of the entity's organization and management model which they have become aware of when performing their tasks. Said channels must ensure the confidentiality of the reporting person's identity when managing the report;

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<sup>1</sup> Article amended by Law no. 179 of 30 November 2017 on *whistleblowing*, Official Gazette no. 291 of December 14, 2017, effective as of 29 December 2017.

- at least one alternative channel capable of guaranteeing with computerized means the confidentiality of the reporting person's identity;
- the prohibition of direct or indirect retaliatory or discriminatory acts against the whistleblower for reasons directly or indirectly related to the report;
- sanctions against those who violate the measures to protect whistleblowers and those who make reports with malicious intent or gross negligence that turn out to be unfounded.

Pursuant to Legislative Decree no. 231/2001, Legislative Decree 165/2001, '*Provisions for the protection of the authors of reports of offences or irregularities of which they have become aware in the context of a public or private employment relationship*' is important, in that the subjects of private law controlled or shared by public administrations, are also able to adopt organization, management and control models. Article 54 bis of Decree 165/2001 establishes provisions for the 'Protection of public employees who report offences', providing that:

- Public employees who, in the interests of the integrity of the public administration, reports to the person responsible for transparency and corruption prevention as referred to in Article 1, paragraph 7, of Law no. 190 of 6 November 2012, i.e. the National Anti-Corruption Authority (ANAC), or the ordinary judicial or accounting authorities regarding unlawful conduct of which they have become aware due to their employment relationship may not be sanctioned, dismissed, transferred or subjected to other organizational measures with direct or indirect negative effects on working conditions caused by the report. Any retaliatory measures referred to in the first sentence against the person making the report shall nevertheless be communicated to ANAC by the person concerned or by the most representative trade unions for the administration in which the measures were implemented. ANAC shall inform the Civil Service Department under the Presidency of the Council of Ministers or other guarantors/disciplinary bodies for the activities and possible measures under its responsibility.

To better protect the people reporting crimes or irregularities they have become aware of in the context of public or private employment relationships, Article 3 of Law 179/2017 on *Whistleblowing*, entitled '*Integration of the discipline of the obligation of business, professional, scientific and industrial secrecy*', establishes that:

- In the event of reports or accusations made in the manner and within the limits set out in Article 54 bis of Legislative Decree no. 165 of 30 March 2001 and Article 6 of Legislative Decree no. 231 of 8 June 2001, as amended by the present law, the pursuit of the integrity of public and private administrations and the prevention and repression of misappropriation constitutes just cause for the disclosure of information covered by the obligation for secrecy referred to in Articles 326, 622 and 623 of the Italian Criminal Code and Article 2105 of the Civil Code;
- The provision in paragraph 1 shall not apply if the obligation for professional secrecy applies to a person who has become aware of the information by virtue of professional consultation or assistance with the body, company or natural person in question;
- When news and documents communicated to the body appointed to receive them are subject to secrecy on behalf of the company, professional or office, it is a violation of the related obligation for secrecy to reveal them in a manner that exceeds the purposes of eliminating the offence and, in particular, to reveal them outside the communication channel specifically established for this purpose.

The obligation to inform the employer of any suspicious behaviour is already part of the employee's broader duty of diligence and loyalty obligations, and correctly meeting the obligation to inform therefore cannot give rise to the application of disciplinary sanctions, except in cases where the information carries slanderous intentions or is supported by bad faith, wilful misconduct or gross negligence. To ensure the effectiveness of

the *Whistleblowing* system, it is therefore necessary for the Entity to provide accurate information to all personnel and individuals who work with it, not only regarding the procedures and regulations adopted by the Company and the activities at risk, but also with reference to the knowledge, understanding and dissemination of the objectives of and the spirit in which the report must be made.

In order to implement provisions on the employee's loyalty obligation and the law on *Whistleblowing*, it is therefore necessary to include in the organization, management and control model a system to manage reports of wrongdoing that protects the identity of the person reporting the incident and the related right to confidentiality, as well as specific provisions within the disciplinary system aimed at sanctioning any acts of retaliation or discriminatory attitudes against the person reporting the incident.

## **2 The Organization, Management and Control Model (OMC 231)**

### **2.1 Operation of the Model**

The Organization, Management and Control Model is a structured, systematic set of principles, internal rules, operating procedures and control activities designed such that the Company's activities are performed diligently and transparently in order to prevent conduct that may constitute the types of offences and crimes covered by Legislative Decree no. 231/2001 and subsequent amendments and additions.

In particular, pursuant to paragraph 2 of Article 6 of Legislative Decree no. 231/01, the OMC 231 must respond appropriately to the following requirements:

- identify, based on a *risk assessment*, sensitive activities, i.e. activities in the context of which crimes may be committed;
- collect and specify, where possible, the general principles of conduct contained in the Model (i.e. summary, integration and/or specification of important rules of conduct in the Code of Ethics; specific prohibitions; system of powers of attorney and relevant internal delegates; etc.) with regard to the risks/offences in question;
- illustrate the protocols, i.e. specific control procedures implemented by the Company to prevent the risk of offences, which the Subjects are required to observe for the correct application of this Model;
- provide the Supervisory Board with the tools to conduct the necessary monitoring and verification activities by means of: (I) defining the information flows (periodicity, reporting tools, minimum contents, etc.) that the Supervisory Board must receive from the people responsible for control; (II) describing the control activities and the way they are performed, allowing for their precise verification in accordance with its plan of activities;
- identify methods of managing financial resources suitable for preventing offences;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

In accordance with Article 6 of Legislative Decree no. 231/01 and the guidelines for interpretation and application developed by the most representative trade associations, and those provided by Confindustria in particular, Milkman S.p.A. has defined the general principles, structure and components of its Organization, Management and Control Model.

In consideration of the above, the Special Parts of the Model aim to direct the sensitive activities carried out by the Subjects (defined in the following paragraph) in order to prevent the offences referred to in Legislative Decree no. 231/01.

Specifically, they aim to:

- illustrate the types of offences related to the families of offences mentioned in the Decree;
- identify sensitive activities, i.e. activities that the Company performs for which it considers the related risks/offences illustrated in the previous point to be inherent and significant based on a *risk assessment*;
- collect and specify, where possible, the general principles of conduct contained in the Model (i.e. summary, integration and/or specification of important rules of conduct in the Code of Ethics; specific prohibitions; system of powers of attorney and relevant internal delegates; etc.) with regard the risks/offences in question;
- illustrate the protocols, i.e. specific control procedures implemented by the Company to prevent the risks/offences in question, which the Subjects are required to observe for the correct application of this Model;
- provide the Supervisory Board with the tools to conduct the necessary monitoring and verification activities by means of: (I) defining the information flows (periodicity, reporting tools, minimum contents, etc.) that the Supervisory Board must receive from the people responsible for control; (II) describing the control activities and the way they are performed, allowing for their precise verification in accordance with its plan of activities;

## 2.2 Subjects of the Model

The following are the Subjects of this Organization, Management and Control Model pursuant to Legislative Decree no. 231/01 of Milkman S.p.A., who undertake to respect its contents:

- Company directors and managers (so-called *senior* management);
- Company employees (so-called internal subjects under *the direction of others*);

By virtue of specific contractual clauses and limited to the performance of sensitive activities they may be involved in, the Subjects of specific obligations instrumental to adequately performing the internal control activities envisaged in the Special Parts may be so-called External Subjects as indicated below:

- collaborators, consultants and general self-employed individuals operating within the areas of sensitive activities on behalf of or in the interests of the Company;
- suppliers and partners (including temporary associations of companies and joint ventures) operating in a significant and/or continuous capacity within the areas of sensitive activities on behalf of or in the interests of the Company.

The External Subjects defined thus must also include those who operate in a significant and/or continuous manner within the areas of sensitive activities on behalf of or in the interests of the Company.

## 2.3 Structure and Components

In compliance with the provisions of Legislative Decree no. 231/01, the main components of the Milkman S.p.A. OMC 231 are as follows:

- Code of Ethics;
- Principles of *corporate governance*;
- Control protocols;
- System of sanctions;
- Training and communication plan;
- Supervisory Board.

The **Code of Ethics** promotes and disseminates the Company's vision and mission, highlighting a system of ethical values and rules of conduct by which individuals in senior positions, employees and third parties involved in the Company's operations promote their commitment to maintain morally correct conduct and compliance with the regulations in force. The Code of Ethics therefore contains:

- vision, mission, ethical values and principles underlying the corporate culture and management philosophy;
- rules of conduct to be adopted when working and interacting with the Company's internal and external stakeholders;
- duties incumbent on each senior person and others regarding information and collaboration with the Supervisory Board;
- reference to the system of sanctions applicable in the event the rules contained in the Code of Ethics are violated.

The principles of ***corporate governance*** describe the organization of the Company.

The **control protocols** represent the set of measures to supervise activities identified as sensitive with regard to the offences covered by Legislative Decree no. 231/01, the proper application of which helps to prevent such offences.

The **system of sanctions** sets out the disciplinary sanctions and their application to individuals (senior management, employees, managers, external subjects) responsible for breaching the rules contained in the Code of Ethics and for failing to comply with the provisions set out in the OMC 231. The disciplinary system states:

- the regulatory framework of reference governing sanctions and related procedures on the contractual level and in the Civil Code that are applicable in the event of offences and improper behaviour by employees, managers, non-managers and external subjects;
- sanctions for senior subjects, employees and managers, as well as measures against external subjects;
- internal methods to detect, report and manage infringements.

The **Training and Communication Plan** is designed to inform all stakeholders of the rules and provisions established in the OMC 231 in order to ensure they are known and shared as widely as possible. The purpose of the Training and Communication Plan is to raise awareness through targeted training courses for Milkman S.p.A. employees regarding the provisions of the OMC 231 and the risk of the offences listed in the current legislation.

The Plan must include the following items:

- the information and training programmes to be designed and delivered;
- the techniques, means and tools used to support training and communication activities (e.g. internal circulars, notices posted in common areas, multimedia documents, classroom training);
- the means of testing the level of Subjects' understanding and learning;
- the way in which completed training activities are recorded.

The **Supervisory Board** is tasked with overseeing operation of the OMC 231 and compliance with it, and updating it according to current regulations or any organizational changes at Milkman S.p.A.

The following are defined:

- the process of appointment and suspension, with an indication of the causes of ineligibility and suspension;
- essential requirements;
- organizational location;
- functions and powers;
- budget.

## 2.4 Methodological Approach

### 2.4.1 Adopted Method

An Organizational, Management and Control Model adopted pursuant to Legislative Decree no. 231/01 must be developed and implemented in order to prevent, within reasonable limits, the offences covered by the Decree itself.

In this regard, particular importance is placed on analysing the organizational structure in order to:

- identify sensitive activities in which an opportunity may exist to promote unlawful conduct;
- describe the internal control system used to monitor said sensitive activities.

Sensitive activities must be identified and analysed every time organizational or regulatory changes are made.

This activity requires the direct involvement of senior management, i.e. directors, general managers and anyone who has significant decision-making or management authority for the Company in the context of their activities.

For more details on the method adopted, see the document 'Method for assessing sensitive activities pursuant to Legislative Decree no. 231/01'.

The purpose of the document is to establish the methods and tools used as support when analysing the activities potentially at risk of the offences covered by Legislative Decree no. 231/01.

## 2.5 The System of Delegation and Powers

### 2.5.1 Principles

The System of Delegations and Powers aims to:

- assign roles and responsibilities to each Company sector;
- identify the natural persons who may perform specific Company activities;
- formalize the allocation of decision-making powers and their economic scope.

The principles inspiring this System include the clear, systematic allocation of tasks to avoid overlaps or vacuums of power and the segregation of responsibilities and opposition of interests to prevent concentrations of power, in compliance with the requirements of the OMC established by Legislative Decree no. 231/01.

The system of delegation and powers must be consistent with policies for assuming, assessing and managing the most significant risks with the established risk tolerance levels.

The Company undertakes to adopt, maintain and communicate an organizational system that formally and clearly defines the allocation of management, coordination and control responsibilities within the Company, as well as the levels of hierarchical dependence and the description of each employee's duties.

Milkman S.p.A. also undertakes to adopt a system of external proxies consistent with the responsibilities assigned to each director or manager, with the indication of quantitative expenditure thresholds.

## 2.6 System of Sanctions

### 2.6.1 Premise

The effective implementation of the Organization, Management and Control Model must not overlook the preparation of an adequate system of sanctions, which plays an essential role in the architecture of Legislative Decree no. 231/01. In fact, this constitutes a safeguard for internal procedures (pursuant to Article 6, paragraph 2, letter e) and Article 7, paragraph 4, letter b) of Legislative Decree no. 231/01).

In order for the Organization, Management and Control Model to be effective, the Company must establish *a disciplinary system, as indicated in the above-mentioned Article 6, paragraph 2, that is suitable for sanctioning the failure to comply with the measures indicated in the Model.*

Where the Decree makes no mention of them, the requirements of the system of sanctions may be deduced from existing doctrine and case law, which identifies them as follows:

- **Specificity and autonomy:** *specificity* is expressed in the preparation of an internal system of sanctions aimed at penalizing each violation of the Model, regardless of whether or not it leads to an offence being committed; the requirement of *autonomy*, on the other hand, is expressed in the self-sufficiency of the internal disciplinary system with respect to external systems (e.g. criminal proceedings). In other words, the Company is called upon to sanction any violation independent of the course of criminal proceedings that may be initiated, in consideration of the type of violation relating to the protocols and procedures covered in the Model;
- **Compatibility:** the procedure for ascertaining and imposing the sanction as well as the sanction itself may not contrast with legal provisions or contractual provisions governing the employment relationship with the Company;
- **Suitability:** the system must be efficient and effective for the purposes of preventing offences;
- **Proportionality:** the applicable or applied penalty must be proportionate to the violation;

- **Written draft and appropriate dissemination:** the system of sanctions must be drafted in writing and subject to the timely provision of information and training for Subjects (mere publication by posting in a place accessible to everyone is therefore not sufficient).

That being said, it is clear that infringements compromise the bond of trust between the Parties, legitimizing the Company's application of disciplinary sanctions.

The substantial prerequisite for the Company's disciplinary power is the attribution of the violation to the worker (whether an employee, senior manager or collaborator), regardless of the circumstances that such behaviour entails a violation from which criminal proceedings may arise.

As mentioned above, the fundamental requirement concerning sanctions is their proportionality with respect to the violation, which must be assessed in accordance with two criteria:

- the severity of the violation;
- the type of employment relationship with the employee (subordinate, consultant, manager, etc.), considering specific regulations on the legislative and contractual levels.

## 2.6.2 Definition and Limits of Disciplinary Liability

Aware of the need to comply with legal regulations and related current provisions, the Company ensures that the sanctions applicable under this system comply with the provisions of National Collective Labour Agreements pertaining to the sector — in this case, the National Collective Labour Agreement for Metalworkers — and it also ensures that on a procedural level, Article 7 of Law no. 300 of 30 May 1970 (Workers' Statute) is applied for notifications regarding the offence and the application of the relative sanction.

## 2.6.3 Subjects and their Duties

The Subjects of this disciplinary system correspond to the Subjects of the OMC 231 itself.

The Subjects are required to conduct themselves in line with the principles set out in the Code of Ethics and with all principles and measures for the organization, management and control of company activities defined in the OMC 231.

If ascertained, any violation of the aforementioned principles, measures and procedures, represents:

- for employees and managers, a breach of contract relating to the obligations arising from the employment relationship pursuant to Articles 2104 and 2106 of the Italian Civil Code;
- for directors, failure to comply with the duties imposed on them by law and the Statute pursuant to Article 2392 of the Italian Civil Code;
- for external parties, a breach of contract justifying termination of the contract without prejudice to compensation for damages.

The procedure for applying the sanctions listed below therefore accounts for particular aspects related to the legal status of the person against whom proceedings are being taken.

Nevertheless, the Supervisory Board must be involved in the process of imposing disciplinary sanctions.



The Supervisory Board checks that specific procedures are adopted for informing all the aforementioned Subjects about the existence and content of the system of sanctions as soon as their relationship with the Company begins.

#### 2.6.4 General Principles Regarding Penalties

The penalties imposed for violations must nevertheless respect the principles of gradation and proportionality with respect to the severity of the violation.

Determination of the type and extent of the sanction imposed following an infraction, including significant offences pursuant to Legislative Decree no. 231/01, must be characterized with respect to and evaluated based on the following:

- intentionality that the conduct gives rise to the breach;
- the negligence, imprudence and inexperience demonstrated by the Subject when committing the violation, especially with regard to the actual possibility of foreseeing the event;
- significance and possible consequences of the breach or offence;
- the position held by the Subject within the Company, especially regarding the responsibilities associated with his or her duties;
- any aggravating and/or mitigating circumstances that may relate to the Subject's conduct, including, for example, the imposition of disciplinary sanctions against the same person in the two years prior to the violation or offence;
- the complicity of several Subjects in agreement with each other about committing the violation or offence.

The procedure for notification of the infringement and application of the sanction differ based on the category of the Subject.

#### 2.6.5 Sanctions against Employees

Employee behaviour in violation of the individual rules of conduct set out in the present OMC 231 is defined as a disciplinary offence.

The sanctions that may be imposed on employees fall within those provided for by the Company's disciplinary system and/or by the system of sanctions provided for in the National Collective Labour Agreement for Metalworkers applied at the Company in compliance with the procedures covered in Article 7 of the Workers' Statute and any special applicable regulations.

The Company's disciplinary system therefore consists of the relevant provisions in the Italian Civil Code and the provisions of the National Collective Labour Agreement for Metalworkers. In particular, the disciplinary system describes the behaviour that may be sanctioned depending on the importance of the individual case and the actual sanctions established for such violations based on their severity.

In relation to the above, the OMC 231 refers to the sanctions and categories of violations established in the existing system of sanctions in the National Collective Labour Agreement, in order to bring any breaches of the OMC 231 or Law 179/2017 on *Whistleblowing* within the types already covered by these provisions.

The Company considers that the sanctions provided for in the National Collective Labour Agreement be applied in accordance with the procedures indicated below and in consideration of the general principles and criteria identified in the previous point, in relation to the infringements defined above.

In particular, the following sanctions are established for employees in application of the National Collective Labour Agreement for Metalworkers:

- a. verbal reprimand;
- b. written reprimand;
- c. a fine not exceeding the amount of three hours' minimum wage;
- d. suspension from duties and unpaid leave for a period not exceeding three days;
- e. dismissal.

(a) A verbal reprimand for minor offences, or (b) a written reprimand with a more specific admonition.

The verbal or written reprimand, in accordance with the National Collective Labour Agreement, is applicable to the employee in the face of:

- the first minor infraction;
- a slight violation of the obligations of confidentiality of the reporting person's identity provided for in Law 179/2017 on the protection of employees or collaborators who report wrongdoing, as well as small acts of retaliation or discrimination against the person submitting the report;
- negligent breach of the obligation to provide information to the Supervisory Board as established in the OMC 231;
- in general, minor non-compliance with the duties set out in the internal procedures established in the OMC 231, conduct that does not meet the requirements of the OMC 231 when performing an activity in an area of risk, not complying with the instructions given by superiors, or a minor breach of the provisions on the protection of employees or collaborators who report offences pursuant to Law 179/2017.

(c) Fine not exceeding the amount of three hours' minimum wage.

The fine (in an amount not exceeding the amount of three hours of normal pay), in accordance with the National Collective Labour Agreement, is applicable to the employee in the face of:

- ineffectiveness of the verbal or written warning, or in cases where the nature of the infringement suggests that the reprimand is inappropriate;
- first infringement of greater severity, also in relation to the tasks carried out;
- ineffectiveness of the verbal or written warning, or a first, more serious breach of the obligations of confidentiality of the reporting person's identity provided for in Law 179/2017 on the protection of employees or collaborators who report wrongdoing, as well as small acts of retaliation or discrimination against the person submitting the report;

- in general, minor non-compliance (repeated or of a certain severity) with the duties set out in the internal procedures established in the OMC 231, conduct that does not meet the requirements of the OMC 231 when performing an activity in an area of risk, not complying with the instructions given by superiors, or a minor breach of the provisions on the protection of employees or collaborators who report offences pursuant to Law 179/2017.

(d) Suspension from duties and unpaid leave for a period not exceeding three days;

Suspension from pay and service (for a period not exceeding three days of actual work), in accordance with the National Collective Labour Agreement, is applicable to the employee in the face of:

- recidivism;
- first infringement of greater severity, also in relation to the tasks carried out;
- in general, minor non-compliance (repeated or of a certain severity) with the duties set out in the internal procedures established in the OMC 231, conduct that does not meet the requirements of the OMC 231 when performing an activity in an area of risk, not complying with the instructions given by superiors, or a minor breach of the provisions on the protection of employees or collaborators who report offences pursuant to Law 179/2017.
- The employee's intentional or negligent violation of the *whistleblowing* requirements pursuant to Law 179/2017, failure to comply with the obligations of confidentiality of the reporting person's identity or performing acts of retaliation or discrimination against the person submitting the report.

(e) Dismissal.

Any worker who, when performing an activity in one of the areas at risk, adopts conduct incompatible with the requirements of the OMC 231 and is unequivocally directed towards committing one of the offences sanctioned by Legislative Decree no. 231/01, is subject to the disciplinary sanction of dismissal in accordance with the National Collective Labour Agreement.

In particular, the sanction is applied:

- when an employee has wilfully or negligently (in the latter case only for offences relating to workplace health and safety) committed an offence of such significance as to constitute, even in purely abstract terms, an offence under Legislative Decree no. 231/01;
- in the most serious cases of wilful or negligent violation of the *whistleblowing* requirements pursuant to Law 179/2017, seriously failing to comply with the obligations of confidentiality of the reporting person's identity or performing acts of retaliation or discrimination against the person submitting the report.

With regard to verifying the aforementioned infringements, the disciplinary procedure, and application of sanctions, the employer's powers remain unchanged or are possibly conferred on specially delegated persons.

The Supervisory Board must be involved in the procedure for imposing sanctions for breaches of the OMC 231, in the sense that such disciplinary sanctions cannot be imposed without prior communication to the Supervisory Board.

This communication is not necessary when the proposal to apply the sanction comes from the Supervisory Board itself.

The Supervisory Board must also be notified of any decision to dismiss the disciplinary proceedings referred to in this section.

Workers will be given immediate and widespread information about the introduction of any new provisions, with an internal circular explaining the reasons and summarizing their content.

## 2.6.6 Sanctions against Managers

The managerial relationship is characterized by its fiduciary nature. In fact, the manager's conduct is reflected not only within the Company, but also externally, for example, in the Company's image on the market and in general with respect to the various stakeholders.

Therefore, compliance of the Company's managers with the provisions of the present OMC 231, and their obligation to ensure that all employees comply with it, is considered an essential element of their working relationship since it constitutes an incentive and an example for everyone reporting to them hierarchically.

Milkman S.p.A. managers are subject to the National Collective Labour Agreement for managers of companies producing goods and services, which does not include a specific disciplinary system. Therefore, the sanctions that can be imposed on managers are found in the disciplinary system provided for in the National Collective Bargaining Agreement for Metalworkers and applied in compliance with the procedures provided for in Article 7 of the Workers' Statute and any special applicable regulations.

The same disciplinary measures are envisaged in cases where a manager fails to supervise or expressly allows a subordinate employee to adopt behaviour that does not comply with the OMC 231 and/or constitutes a breach thereof, behaviour that may be qualified as a breach, or behaviour that constitutes a breach of the law protecting employees or collaborators who report illegal conduct relevant for the purposes of Legislative Decree no. 231/2001 or breaches of the OMC 231 they have become aware of by virtue of their duties.

When a manager's breach of the OMC 231 or Legislative Decree no. 231/2001 and related laws, including Law 179/2017 on *whistleblowing*, constitutes a criminal offence, the Company reserves the right to apply the following alternative provisional measures against those responsible, pending criminal trial:

- precautionary suspension of the manager from the working relationship with the right to full remuneration;
- assignment to a different position within the Company.

If the criminal proceedings confirm the manager's breach of the OMC 231 and the manager is therefore convicted of one of the offences included therein, the latter is subject to disciplinary measures reserved for more serious offences.

The sanction of dismissal for a justified reason applies:

- in the case of breaches that may lead to the application of sanctions against the Company as provided for by Legislative Decree no. 231/01 or which constitute a serious denial of trust in the employment

relationship which prevents even the provisional continuation of the employment relationship, whose fundamental premise falls under *intuitu personae* .

The Supervisory Board must be involved in the procedure for imposing sanctions on managers for breaches of the OMC 231, in the sense that no sanction for a breach of the OMC 231 may be imposed on a manager without the prior involvement of the Supervisory Board.

This involvement is presumed when the proposal to apply the sanction comes from the Supervisory Board itself.

The Supervisory Board must also be notified of any decision to dismiss the disciplinary proceedings referred to in this section.

### 2.6.7 Measures against Directors (Article 5, paragraph 1, letter a) of Legislative Decree no. 231/01)

The Company assesses with the utmost rigour any breaches of the present OMC 231 committed by anyone who represents the Company's senior management and projects its image towards employees, shareholders, customers, creditors, supervisory authorities and the general public. The values of fairness and transparency must be adopted, shared and respected by everyone guiding Company decisions, thereby setting an example and stimulating anyone who works for the Company on any level.

Breaches of the principles and measures covered by the Company's OMC 231 and any failure to comply with Law 179/2017 on *whistleblowing* consisting in a breach of the obligations of confidentiality regarding the identity of the person making the report or acts of retaliation or discrimination against the person making the report by members of the Company Board of Directors must be promptly reported by the Supervisory Board to the entire Board of Directors.

To all intents and purposes, the directors' responsibility towards the Company is regulated by Article 2392 of the Italian Civil Code<sup>2</sup>.

The Board of Directors is responsible for assessing the violation and taking appropriate action against the director(s) who committed the violation. In this assessment, the Board of Directors is assisted by the Supervisory Board and rules by an absolute majority of those present, excluding the director or directors who committed the offences.

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<sup>2</sup> Article 2392 c.c. **Responsibility towards the Company.**

1. Directors must fulfil the duties imposed upon them by law and the Statute with the diligence required by the nature of their office and specific skills. They shall be jointly liable to the company for any damages arising from the failure to comply with such duties, unless they relate to powers of the executive committee or functions specifically assigned to one or more directors.
2. Nevertheless, without prejudice to the provisions of the third paragraph of Article 2381, the directors are jointly liable if, aware of detrimental acts, they have not done what they could to prevent them from occurring or eliminate/mitigate their damaging consequences.
3. The directors' responsibility for the acts or neglect does not extend to those who, free from blame, had their dissent recorded immediately in the book of meetings and resolutions of the Board, giving immediate written notice to the chairman of the board of statutory auditors.

The sanctions applicable to directors include the suspension of their delegated powers or office and, if the director is tied to the Company by an employment relationship, dismissal.

Pursuant to Article 2406 of the Italian Civil Code and in accordance with the applicable legal provisions, the Board of Directors is authorized to call a Shareholders' Meeting if necessary. A Shareholders' Meeting must be called for resolutions concerning the possible suspension of the appointment or liability actions against the directors (it should be noted that liability actions against the directors are compensatory in nature and therefore cannot be considered a penalty).

### 2.6.8 Measures against Auditors

In the event of a violation by one or more auditors<sup>3</sup> of the provisions and rules of conduct set forth in this Organization, Management and Control Model, as well as any failure to comply with Law 179/2017 on *whistleblowing* consisting in a violation of the obligations of confidentiality of the identity of the person reporting a violation or acts of retaliation or discrimination against the person reporting a violation, the Supervisory Board shall promptly inform the entire Board of Auditors and Board of Directors, represented by the Chairman and Chief Executive Officer, by means of a written report.

In accordance with the provisions of the Statute, the Subjects of information emitted by the Supervisory Board may take the appropriate measures, including, for example, calling a shareholders' meeting, to adopt the most appropriate measures provided for by law.

In the event of violations that constitute just cause for suspension, the Board of Directors proposes that the shareholders adopt the measures at its disposal and take further steps as required by law.

### 2.6.9 Measures against Members of the Supervisory Board

Violations by members of the Supervisory Board of the present Model of Organization, Management and Control and any failure to comply with Law 179/2017 on *whistleblowing* consisting of a breach of the obligations of confidentiality regarding the identity of the person making the report or acts of retaliation or discrimination against the person making the report must be promptly reported by any auditor or director to the entire Board of Auditors and Board of Directors. After sending notification of the violation and granting the appropriate means of defence, these bodies will adopt the appropriate measures, such as suspension of the appointment.

### 2.6.10 Measures against External Subjects

Any behaviour adopted by external Subjects (collaborators, agents and representatives, consultants, and self-employed people in general, as well as suppliers and partners, including temporary associations of companies and joint ventures) that conflicts with the conduct indicated in the present OMC 231 and which carries the risk of an offence under Legislative Decree no. 231/01, as well as any failure to comply with Law 179/2017 on *whistleblowing* consisting in a breach of the obligations of confidentiality regarding the identity of the person making the report or acts of retaliation or discrimination against the person making the report, may result, in accordance with the provisions of the specific contractual clauses included in the letter of appointment or contract, the termination of or right to withdraw from the contractual relationship without

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<sup>3</sup> Although auditors cannot in principle be considered people in senior positions, it is conceivable that they could be involved, even indirectly, in committing the offences referred to in the Decree (possibly as accomplices with persons in senior positions).

prejudice to any claim for compensation if such conduct damages the Company, for example, in the event the sanctions provided for by the Decree are applied to the Company, even as a precautionary measure.

The Supervisory Board, in coordination with the Chief Executive Officer or another delegated person, ensures that specific procedures are adopted to convey the principles and lines of conduct contained in the present OMC 231 and the Code of Ethics to external parties and confirms that the latter are informed of any consequences that may arise from a breach thereof.

## 2.7 Communication and Training Plan

### 2.7.1 Communication and Training on the Model

Communication of the OMC 231 (and the Code of Ethics) occurs in the manner outlined below:

- **internal staff** (employees, new employees, etc.): the OMC 231 (General Part and Special Parts) and Code of Ethics are published on the Company intranet. All personnel will therefore be informed of the publication (and/or updating) of the aforementioned documents by means of an appropriate notice sent to their company email address;
- **external parties** (suppliers, collaborators, consultants, etc.): the General Part of the OMC 231 and Code of Ethics is published on the company website [www.milkmantechologies.com](http://www.milkmantechologies.com).

With regard to informational activities and training for the Subjects of the Model, these are supervised and integrated by the Supervisory Board and structured as follows:

- **management personnel and those representing the Company:** initial general classroom training will be provided and specific training will subsequently be given to new employees; periodic updates will be provided in the event of significant changes to the OMC 231 and, in particular, in the event additional offences are introduced by the legislature.

The Supervisory Board is responsible for verifying:

- the quality of the courses;
- the frequency of updates;
- the effective staff participation.

Training courses should include:

- an introduction to Confindustria regulations and guidelines;
  - an in-depth examination of the principles contained in the Code of Ethics and the General Part of the OMC 231;
  - a description of the role played by the Supervisory Board;
  - a description of the system of sanctions.
- **non-management personnel involved in sensitive activities:** a training course will be organized, the contents of which are similar in nature and scope to those described above. The Supervisory Board is responsible for verifying the adequacy of the training course and its effective delivery, also for new employees or upon a change in organizational position that necessitates participation in the course;

- **non-management personnel not involved in sensitive activities:** an internal informational notice will be distributed to all current employees and those who will be hired. The Supervisory Board is responsible for verifying the adequacy of the informational notice and its effective communication;
- **external parties:** a general informational notice will be distributed to anyone who has current contractual relations with the Company in the context of sensitive activities. Those with whom contractual relationships are established in the future will be provided with the informational notice when the relevant contracts are signed. The Supervisory Board is responsible for verifying the adequacy of the informational notice and its effective communication.

Attendance at the training programmes described above is mandatory and the HR Department is responsible for monitoring actual attendance. The latter is responsible for informing the Supervisory Board of the outcome of the aforementioned check.

## 2.8 The Supervisory Board

### 2.8.1 Regulatory Context

With regard to the actions of *senior management*, Article 6, paragraph 1, letter b) states, '*the task of supervising the operation and observance of the models and ensuring that they are kept up to date*' must be entrusted '*to a Company body with autonomous powers of initiative and control*'.

Although there is no express legislative reference regarding the action of subjects *under the direction of others* for the purposes of effectively implementing the Model, Article 7, paragraph 4, letter a) requires the *periodic verification and possible amendment of the Model if significant violations of the requirements are discovered or if changes are made to the organization or activity*. This activity constitutes a typical task of the Supervisory Board.

The Supervisory Board is the corporate function responsible for supervising the OMC 231, in terms of ethical, organizational and management procedures.

### 2.8.2 Appointment and Suspension Procedures

The Supervisory Board is appointed by the Board of Directors, subject to a resolution.

The appointment must state the criteria adopted when identifying, structuring and describing the body or function acting as a Supervisory Board, as well as the reasons that led to the selection and appointment of its individual members.

As a collective body, the Board of Directors appoints the Chairman of the Supervisory Board from among its members. Nevertheless, at the time of appointment and for the entire period the office is held, the Chairman must not be tied to the Company in any way or for any reason via dependence, subordination or managerial position.

The individual members of the Supervisory Board must personally meet the requirements of integrity and morality.

The following are grounds for ineligibility:

- owning, whether directly or indirectly, Company shareholdings of such a size as to enable control or significant influence over the Company;



- being a close family member of an executive director of the Company or an individual in the situations indicated in the previous points;
- being disqualified, incapacitated or bankrupt;
- being subject to criminal proceedings for one of the offences indicated in Legislative Decree no. 231/01;
- having requested and consented to application of the penalty by agreement of the parties pursuant to Article 444 of the Code of Criminal Procedure for one of the offences indicated in Legislative Decree no. 231/01;
- having been convicted with an irrevocable sentence pursuant to Article 648 of the Code of Criminal Procedure:
  - acts related to the performance of duties;
  - acts that significantly affect professional conduct;
  - acts that lead to disqualification from public offices, managerial positions for companies or legal representation, a profession or art, or an inability to hold contracts with public administrations;
  - having committed one of the offences covered by Legislative Decree no. 231/01;
- nevertheless, to protect the essential prerequisites of the Supervisory Board, from the moment a member is notified of the start of criminal proceedings pursuant to Articles 405 and 415 bis of the Italian Code of Criminal Procedure and until a judgement of dismissal is issued pursuant to Article 425 of the Italian Code of Criminal Procedure or, in the event of criminal proceedings, until a judgement of acquittal is issued pursuant to Articles 529 and 530 of the Italian Code of Criminal Procedure. This cause for ineligibility applies exclusively to criminal proceedings for acts referred to in the previous point.

The nomination must state the duration of the appointment. The duration is, in fact, for a fixed term of three years from the date of appointment.

The appointment must also include remuneration for the position, except in the case members of other bodies or functions are appointed, for whom supervision of the adequacy and effective functioning of the internal control system is a predominant part of their duties, since, according to the most authoritative legal theory, the OMC 231 forms an integral part of the internal control system.

The members of the Supervisory Board cease to be members of Board due to resignation, sudden incapacity, death or suspension.

Members of the Supervisory Board may be suspended:

- for repeated failures to perform their duties or unjustified inactivity;
- in the event that the Company is disqualified due to inactivity of the member or members;
- when breaches of the OMC 231 are discovered by the mandatory parties and there is a failure to report said breaches or verify the suitability and effective implementation of the Model in order to propose any changes;
- in the event any of the above causes of ineligibility arise after the appointment.

Suspension is decided by the Board of Directors.

In the event of resignation, sudden incapacity, death or suspension of a member of the Supervisory Board, the Chairman of the Supervisory Board will promptly notify the Board of Directors, which will immediately take the appropriate measures.

In the event of resignation, sudden incapacity, death or suspension of the Chairman of the Supervisory Board, he or she is replaced by the oldest member, who remains in office until the date on which the Board of Directors appoints a new Chairman of the Supervisory Board.

### 2.8.3 Essential Requirements

In consideration of the provisions of Legislative Decree no. 231/01, the indications contained in the guidelines issued by Confindustria and the specific tasks it is responsible for, the choice of the internal body endowed with autonomous powers of initiative and control was made to guarantee that the Supervisory Board meets the autonomy, independence, professionalism and continuity of action required by Legislative Decree no. 231/01 for this purpose.

In particular and also in consideration of the aforementioned Confindustria guidelines, these requirements can be qualified as follows:

#### 2.8.3.1 Autonomy

The Supervisory Board has decision-making autonomy.

The Board is autonomous with respect to the Company, i.e. it is in no way involved in operational or managerial activities. Moreover, the Board is able to carry out its role without direct or indirect conditioning by the controlled Subjects. The activities performed by the Supervisory Board cannot be reviewed by any other company body or structure.

The Board is also autonomous in the regulatory sense, i.e. it is able to determine its own behavioural and procedural rules within the scope of the powers and functions determined by the Board of Directors.

#### 2.8.3.2 Independence

The independence of the Supervisory Board is a necessary condition of its not being liable to any subjection to the Company. Independence is achieved through proper and appropriate hierarchical placement.

#### 2.8.3.3 Professionalism

The Supervisory Board is professionally capable and reliable.

It is therefore necessary to ensure the collective technical and professional skills appropriate for the functions it is called upon to perform; legal, accounting, business, organizational and occupational health and safety skills are assumed.

In particular, specific skills in inspection and advisory activities must be ensured, for example, skills related to statistical sampling, risk analysis and assessment techniques, interviewing and questionnaire design techniques and fraud detection methods.

These characteristics, together with independence, guarantee impartiality of judgement.

### 2.8.3.4 Continuity of Action

In order to guarantee the effective and constant implementation of the OMC 231, the Supervisory Board operates continuously. Therefore, in the operational solutions adopted, the Supervisory Board guarantees a prevalent, though not necessarily exclusive, commitment, which is nevertheless suitable for the effective and efficient performance of its institutional tasks.

### 2.8.4 Organizational Placement

Article 6 of Legislative Decree no. 231/01 requires that the Board be internal to the Company and a part of the organizational structure. Only in this way can the Supervisory Board stay informed about Company events and carry out the necessary coordination with other Company bodies. Similarly, only the inherent nature of the Supervisory Board can guarantee the necessary continuity of action.

The Supervisory Board is a **staff function** of the Board of Directors and is appointed by the latter. In order to further guarantee the requirement of independence, the Supervisory Board is required to report to shareholders.

In addition, constant information flows between the Supervisory Board and the Board of Directors are guaranteed by virtue of their inherent nature and organizational position within the Company.

### 2.8.5 Composition

Applying all the principles above to the Company's corporate circumstances and in consideration of the specific nature of the tasks referred to the Supervisory Board, the Company has established a monocratic Supervisory Board.

Marco Bombardieri will be part of the Supervisory Board.

The Supervisory Board has the right to its own specific authorized secretary to provide operational support within the scope of its full decision-making autonomy. The secretary's operational activities in support of the Supervisory Board are regulated by a specific mandate or appointment.

The tasks that can be delegated externally relate to any technical activities, without prejudice to the obligation of the department or other external Subject that may be used as support to report to the Supervisory Board. In fact, it is clear that in granting this type of delegation, the responsibility of the Supervisory Board with regard to the supervisory function conferred on it by law is not diminished.

The composition is recognized as adequate to ensure that the Supervisory Board has the prescribed requirements of autonomy to act and continuity of action.

### 2.8.6 Functions

The Supervisory Board performs the tasks described in Articles 6 and 7 of Legislative Decree no. 231/01, and in particular:

- supervisory and control activities;
- monitoring activities with reference to implementation of the Code of Ethics;
- activities to adapt and update the OMC 231;
- reporting to Company bodies;

### 2.8.6.1 supervisory and control activities

The primary function of the Supervisory Board relates to ongoing supervision of the functionality of the OMC 231.

The Supervisory Board must oversee:

- compliance with the provisions of the OMC 231 by the Subjects regarding the different types of offences covered by Legislative Decree no. 231/01;
- the actual effectiveness of the OMC 231 in relation to the Company structure and its effective capacity to prevent the offences set out in Legislative Decree no. 231/01.

In order to perform this important function adequately, the Supervisory Board must periodically check the individual sensitive areas, verifying the effective adoption and correct application of protocols, the preparation and regular maintenance of the documentation envisaged in the protocols themselves and the overall efficiency and functionality of the measures and precautions adopted in the OMC 231 with regard to preventing and impeding the offences set out in Legislative Decree no. 231/01.

In particular, the Supervisory Board is responsible for:

- verifying the effective adoption and correct application of the control protocols laid down in the OMC 231. It should be noted, however, that control activities are the primary responsibility of operational management and are considered an integral part of every business process, hence the importance of a staff training process.
- making periodic checks, also with the secretary's operational support, of specific operations or actions, especially in the context of sensitive activities, the results of which are summarized in a special report whose contents are detailed in communications to Company bodies as described below;
- collecting, processing and storing information relevant to compliance with the OMC 231;
- monitoring initiatives to disseminate knowledge and understanding of the OMC 231.

### 2.8.6.2 Monitoring Activities with Reference to Implementation of the Code of Ethics

The Supervisory Board monitors the application of and compliance with the Code of Ethics, which was adopted by the Company's Board of Directors on 29 January 2020.

The Supervisory Board oversees the dissemination, understanding and implementation of the Code of Ethics.

The Supervisory Board presents any needs to update the Code to the Board of Directors.

### 2.8.6.3 Activities to Update the OMC 231

The Supervisory Board is responsible for assessing whether it is appropriate to make changes to the OMC 231, presenting an appropriate proposal to the Board of Directors should any changes become necessary as a result of

- significant breaches of the provisions of the OMC 231 as adopted;
- significant changes in the internal structure of the Company or the way in which Company activities are carried out;

- regulatory changes.

In particular, the Supervisory Board is responsible for:

- conducting surveys on company activities in order to update the mapping of sensitive activities;
- coordinating with the manager responsible for training programmes for staff and collaborators;
- interpreting the relevant legislation on the offences in question, as well as any guidelines that may have been prepared, including updates to existing guidelines, and verifying the adequacy of the internal control system in relation to the regulatory requirements or the Confindustria guidelines;
- verifying the need to update the OMC 231.

#### 2.8.6.4 Reporting to Company Bodies

The Supervisory Board must have constant relations with the Board of Directors.

The Supervisory Board reports to the Board of Directors:

- when necessary, if it is unable to reach decisions unanimously;
- when necessary, to formulate proposals for any updates or adjustments to the OMC 231;
- immediately, regarding any ascertained breaches of the OMC 231 in cases where such breaches may give rise to liability for the Company, so that appropriate measures may be taken. In cases where appropriate measures must be taken against directors, the Supervisory Board is required to inform the shareholders;
- periodically, via an informative report at least twice a year regarding auditing and control activities and their outcome, as well as in relation to any critical issues that have emerged in terms of conduct or events that may affect the adequacy or effectiveness of the OMC 231 itself.

The Supervisory Board may be convened at any time by the aforementioned body or may itself make such a request to report on the operation of the OMC 231 or on specific situations.

#### 2.8.6.5 Management of Information Flows

In order to facilitate control and supervisory activities, information flows to the Supervisory Board must be activated and guaranteed.

It is therefore necessary for the Supervisory Board to be constantly informed of what is happening in the Company and of any significant aspects.

The obligation to provide information to the Supervisory Board guarantees orderly supervisory and control activities regarding the effectiveness of the OMC 231. Such reporting periodically concerns the information, data and news specified in detail in the Special Parts or further identified and/or requested by the Supervisory Board from individual Company departments.

This information must be transmitted at the times and in the ways detailed in the Special Parts, or as defined by the Supervisory Board (information flows).

The obligation to inform the Supervisory Board also occasionally concerns any other information relating to implementation of the OMC 231 in the areas of sensitive activities and compliance with the provisions of

Legislative Decree no. 231, which may be useful for fulfilling the duties of the Supervisory Board. In particular, the following is mandatory:

- information on the effective implementation of the OMC 231 at all Company levels, with evidence of any sanctions imposed or measures to close sanction proceedings, along with the reasons for such measures;
- the emergence of new risks in areas covered by the various managers;
- any reports prepared by the various managers as part of their control activities, highlighting critical facts, actions or omissions that may emerge with regard to compliance with the provisions of Decree 231 or the requirements of the OMC 231;
- any anomalies, atypicalities or results found by Company departments regarding the control activities performed to implement the OMC 231;
- measures and/or information from the judicial police or any other public authority that make it clear that investigations are being conducted for the offences referred to in Decree 231, even against unknown persons;
- internal reports from which responsibility for the alleged offences emerges;
- reports or requests for legal assistance forwarded to the Company by senior subjects or subjects under the direction of others in the event legal proceedings are brought against them for one of the offences covered by Legislative Decree no. 231/01;
- reports by apical subjects or subjects under the direction of others regarding presumed violations or non-compliance with specific behavioural precepts, or of any suspicious behaviour relating to the crimes covered by Legislative Decree no. 231/01;
- reports by collaborators, agents and representatives, consultants and self-employed individuals in general, suppliers and partners (including in the form of temporary associations of companies or joint ventures), and, more in general, by anyone who operates for any reason within the so-called areas of sensitive activities on behalf of or in the interests of the Company.

The Supervisory Board is not required to punctually and systematically verify all phenomena presented; it is therefore not obliged to act every time there is a report, since the Board has the discretion and responsibility to assess specific cases for which it is appropriate to activate more detailed verifications and interventions.

With regard to the way in which reports are transmitted by senior management or Subjects under the direction of others, it is emphasized that the obligation to inform the employer of any conduct contrary to the OMC 231 falls within the employee's broader duty of diligence and loyalty. Consequently, the employee's correct fulfilment of the obligation to provide information cannot give rise to disciplinary sanctions. On the other hand, any improper information, whether in content or form, with a slanderous intent will be subject to appropriate disciplinary sanctions.

In particular, the following requirements apply:

- information and reports, including those relating to any breach or suspected breach of the OMC 231, its general principles and the principles set out in the Code of Ethics, must be made anonymously in writing. The Supervisory Board acts such that the authors of the reports are protected against any form of retaliation, discrimination, penalty or any consequence deriving therefrom, ensuring the

confidentiality of their identity, though without prejudice to legal obligations and the protection of the rights of the Company or persons accused wrongly and/or in bad faith;

- information and reports must be sent by the person reporting the incident directly to the Supervisory Board;
- the Supervisory Board evaluates the reports received. All Subjects obliged to provide information are required to collaborate with the Board, enabling the collection of any additional information deemed necessary for a correct and complete evaluation of the report.

Information flows and reports are stored by the Supervisory Board in a special database on computer and/or paper. The data and information stored in the database are provided to parties outside the Supervisory Board with the Board's prior authorization, unless access is required by law. With a specific internal provision, the Board defines the criteria and conditions for access to the database, as well as the storage and protection of data and information in compliance with the regulations in force.

## 2.8.7 Powers

The main powers of the Supervisory Board are:

- self-regulation and definition of internal operating procedures;
- supervision and control.

In reference to the powers of self-regulation and definition of internal operating procedures, the Supervisory Board holds exclusive competence with regard to:

- the way in which it records its activities and decisions;
- the methods of communication and direct relationship with each Company structure, as well as the acquisition of information, data and documents from the structures;
- procedures for coordinating with the Board of Directors and participation at its meetings upon the initiative of the Board itself;
- the way in which it organizes its supervisory and control activities and reports on the results of said activities.

With reference to the powers of supervision and control, the Supervisory Board:

- has free and unconditional access to all Company functions without the need for any prior consent in order to obtain any information or data deemed necessary to perform the tasks provided for by Legislative Decree no. 231/01;
- may freely manage its initial and periodic budgets without any interference in order to meet any requirements necessary to perform its duties properly;
- may, if necessary, rely — under its direct supervision and responsibility — on the assistance of all Company structures;
- likewise, it may, in full decision-making autonomy and when specific skills are required and nevertheless to perform its tasks professionally, avail itself of the operational support of the Company's operating units or even the collaboration of particular professionals outside the Company, using its own periodic

budget for this purpose. In such cases, people external to the Supervisory Board operate as mere technical-specialist support in an advisory capacity;

- may, having conducted the appropriate investigations and assessments and heard from the person accused of the violation, report the event in accordance with the rules established in the system of sanctions adopted pursuant to Legislative Decree no. 231/01, with the understanding that the process of formal notification and application of the sanction is carried out by the employer.

## 2.8.8 Budget

In order to further reinforce the requirements of autonomy and independence, the Supervisory Board is provided with an adequate initial budget and periodic budgets previously approved by the Board of Directors and proposed, in consideration of its needs, by the Supervisory Board itself.

The Supervisory Board may use these economic resources in complete autonomy, without prejudice to the need to report on the use of the budget at least once a year and to justify presentation of the budget for the subsequent period in its periodic report to the Board of Directors.

## 2.9 Requirements for Handling *Whistleblowing* Reports

### 2.9.1 The Role of the Supervisory Board

To implement the provisions on the protection of employees who report offences, the Supervisory Board of the Company is required, without prejudice to the possibility of forwarding any reports down the hierarchical line, to oversee the procedure for handling reports, since general obligations already exist to provide information regarding the implementation of the OMC and compliance with the provisions contained in the Decree.

In particular, the following requirements apply:

- Individuals in senior management positions, those subject to the direction of others or anyone who collaborates or interacts with the company in any way are required to send written communication directly to the Supervisory Board at Via degli Olivetani 10/12, Milan or [odv@milkmantechologies.com](mailto:odv@milkmantechologies.com) regarding any circumstantial reports of unlawful conduct under the terms of Legislative Decree no. 231/2001 of which they have become aware by reason of the functions they perform within the Company;
- Once the report is received, the Supervisory Board gathers any additional information it deems necessary for a correct and complete assessment of the report, also relying on the collaboration of all Subjects obliged to provide information, without prejudice to the right to confidentiality of the identity of the person submitting the report;
- The Supervisory Board is not required to punctually and systematically verify all potentially suspicious or illegal phenomena submitted to its attention. In fact, the assessment of specific cases in which it is appropriate to proceed with more detailed checks and interventions is left to the discretion and responsibility of the Board itself, which is not required to consider reports that initially appear to be irrelevant, groundless or not adequately substantiated based on the facts.
- Therefore, two different scenarios may arise:



- 1 If the Supervisory Board deems it unnecessary to conduct internal investigations or proceed to ascertain the report, it must draw up a reasoned report which is submitted to the Board of Directors (and the Board of Auditors);
  - 2 If, on the other hand, the Supervisory Board deems that the report leads to the verification of unlawful conduct or violation of the Organization, Management and Control Model, it shall notify the Employer in order to initiate disciplinary proceedings against the employee pursuant to Article 7 of the Workers' Statute and with full respect for the principle of cross-examination between the Parties, accounting for the specific legal status of the Subject against whom proceedings are being taken (senior management, subject to the direction of others, or collaborator).  
In consideration of the necessary involvement of the Supervisory Board in the procedure to impose disciplinary sanctions, it must formulate non-binding opinions at the end of the preliminary investigation regarding the type and extent of the sanction to be imposed in the specific case.
- Nevertheless, the Supervisory Board collects and stores all reports in a special database on computer and/or paper. Data and information stored in the database may be provided to parties external to the Supervisory Board subject to its authorization, unless access is required by law.
  - With a specific internal provision, the Board also defines the criteria and conditions for access to the database, as well as the storage and protection of data and information in compliance with the regulations in force;
  - In order to guarantee the confidentiality of the identity of the person making the report, the Supervisory Board and persons appointed to support it undertake to maintain the strictest confidentiality regarding the reports and not to disclose any information they may have become aware of when performing their duties. In particular, the Supervisory Board must act to protect the person submitting a report from any form of retaliation, discrimination or penalty and, in general, any related negative consequences, ensuring the utmost confidentiality regarding the identity of the person making the report. Nevertheless, any legal requirements and protection of the rights of the Company or of Subjects accused wrongly, in bad faith and/or slanderously are not affected.

### 2.9.2 Invalidity of Retaliatory and Discriminatory Measures against the Person Making the Report

The person reporting the violation has the right to report any resulting discriminatory measures to the National Labour Inspectorate, in addition to the right to contact his or her trade union of reference directly, pursuant to Article 2, paragraph 2 ter of Law 179/2017.

Nevertheless, Article 2, paragraph 2 quater of Law 179/2017 establishes the invalidity of retaliatory or discriminatory dismissal or a change of duties pursuant to Article 2103 of the Italian Civil Code ('Work Performance'), as well as any other retaliatory or discriminatory measures taken against the person making the report.

In disputes related to the application of disciplinary sanctions, dismissals, transfers or organizational measures after a person has submitted a report which has led to direct or indirect negative effects on working conditions, the legislation places the burden on the employer to show that such measures are based on reasons unrelated to the report itself (so-called 'reversal of the burden of proof in favour of the person making the report').

### 2.9.3 Loss of Guaranteed Legal Protections in Cases of Bad Faith

The protections granted to persons in senior positions, those under the direction of others and those who collaborate with the Company cease if criminal liability of the person making the report is ascertained, even if only in a first-phase judgement, for offences of slander, libel or other crimes concretely attributed to the falsehood of the report. Likewise, the protection of whistleblowers is not guaranteed if they are held liable in civil court for having made a report in bad faith supported by fraud or gross negligence.

