



**ORGANIZATION,**

**MANAGEMENT AND CONTROL MODEL**

**GENERAL PART**

**PURSUANT TO LEGISLATIVE DECREE**

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## INTRODUCTION

**The Consortium of Parma Ham** (hereinafter the “**Consortium**”), is an Italian Consortium established in accordance with laws applicable in Italy.

The Consortium of Parma Ham is particularly focused on ensuring conditions of fairness and transparency in the conduct of its business and company activities - while respecting and protecting the environment, work safety and the well-being of its employees - and is therefore aware of the importance of adopting **an Organization, management and control model** (hereinafter the “**Model**”) designed to prevent unlawful conduct by its own directors, senior managers, and employees.

**This document governs the organization, management and control model adopted by the Consortium of Parma Ham pursuant to Legislative Decree no. 231 of 8 June 2001 and subsequent amendments and additions (hereinafter, for the sake of brevity, also the "Decree").**

The Model is intended for corporate body members, employees of the Consortium - by which is meant all persons linked to it by an employment relationship, including senior managers - as well as, in general, for those who are carrying out - for or on behalf of the Consortium or as a result of a collaboration relationship, a collaboration, agency or supply contract and/or any form of direct and/or indirect collaboration - one or more of the identified activities at risk.

This document consists of:

- **Section I** aimed at explaining in a general way the function and principles of the Model, as well as the content of the Decree and of the main



reference standards, and to detail the Consortium's organization of the Model by identifying its contents: adoption, identification of activities at risk, definition of the protocols;

- **Section II** containing the description of the general rules of conduct implemented by the Consortium for each category of crimes;
- **Section III** containing the areas at risk of crime that were identified and the description of the preventive controls implemented by the Consortium in order to prevent the commission of the crimes provided by Legislative Decree 231/01 considered relevant for the Consortium. Given its importance, this Section is presented in the separate document “**Special Part - Specific control principles in the areas at risk**”;
- **Section IV** which deals in detail with the operation of the Supervisory Body and with information flows;
- **Section V** which deals with the planned training and information activities;
- **Section VI** dedicated to the guidelines of the disciplinary system;
- **Section VII** concerning updates to the Model;
- **Section VIII** containing an appendix on the crimes identified by Legislative Decree 231/01.

This Model is complemented by the attached **Group Code of Group Ethics** (hereinafter also “Code of Ethics” or “the Code”) (see **Annex A**), which is an integral and substantial part of it.

The Consortium constantly monitors the current Model - including through the Supervisory Body and the Ethics Committee - in order to ensure that its contents are always in line with changes that could pertain to the organization or the activities of the Consortium, and keeps abreast of the relevant legislation.



## SECTION I

### 1. LEGISLATIVE DECREE 231/2001 AND RELEVANT LEGISLATION

#### 1.1. THE REGIME OF ADMINISTRATIVE LIABILITY FOR LEGAL PERSONS

In execution of the mandate given under Art. 11 of Law no. 300 of 29 September 2000, Legislative Decree no. 231 was issued on 8 June 2001, containing the "Discipline of the administrative liability of legal persons, of the Consortium and of associations with or without legal personality" (hereinafter, the "**Entities**").

The Decree, which entered into force on July 4 2001, introduces into the Italian legal system a specific regime of liability of Entities for a number of crimes committed in their interest and/or to their advantage:

- by natural persons who hold representative, administrative or management positions in such Entities or in one of their organizational units with financial and functional autonomy, as well as by natural persons who exercise, even de facto, the management and control of the Entities (so-called "persons in senior positions");
- by physical persons under the management or supervision of one of the above-mentioned persons (so-called "subordinates").

This liability, which is ascertained in, and with the guarantees of, criminal proceedings, is added to that of the natural person who materially committed the act.

The substantial autonomy of this liability means that the Entity is responsible for the crime even when the author of the crime has not been identified or cannot be charged, or when the crime is no longer punishable for reasons other than amnesty.



The extension of liability is designed to involve the entities, in whose interest or for whose benefit the crime was committed, in the punishment of the criminal offences expressly provided by the Decree.

For all of the offences committed, a pecuniary sanction and the confiscation of the price or profit of the crime or of the amounts of money, goods or other benefits of equivalent value are always applied; in the most serious cases, disqualification measures are imposed such as suspension or revocation of licenses and concessions, prohibition to enter into contracts with the Public Administration, prohibition to conduct business, exclusion or revocation of loans and grants, prohibition to advertise goods and services.

The liability established by the above-mentioned Decree also applies in relation to crimes committed abroad, in the cases referred to in Art. 4 of the Decree, provided that the Country where the crime was committed does not take legal action against them.

For the purposes of asserting the liability of the Entity, in addition to the existence of the above-mentioned requirements, which make it possible to objectively connect the crime to the Entity, the legislator also requires the Entity's guilt to be ascertained.

This last subjective condition is organizational fault, meant as the violation of rules of diligence self-imposed by the Entity and aimed at preventing the specific risk of crime.

**1.2. CRIMES THAT DETERMINE THE**  
**ADMINISTRATIVE LIABILITY OF THE ENTITY**

Crimes involving the administrative liability of the Entity are set out in SECTION III of the Decree.

In the original draft, this Section included only crimes against the Public Administration.





As a result of subsequent legislative measures, the catalogue of “predicate crimes” was expanded to include:

1. **Crimes against the Public Administration** (Articles 24 and 25 of the Decree);
2. **IT crimes and unlawful data processing** (Article 24-*bis* of the Decree);
3. **Organized crime offences** (Article 24-*ter* of the Decree);
4. **Crimes relating to counterfeiting currency, public credit notes, revenue stamps and identification instruments or marks** (Article 25-*bis* of the Decree);
5. **Crimes against industry and commerce** (Article 25-*bis.1* of the Decree);
6. **Corporate crimes** (Article 25-*ter* of the Decree);
7. **Crimes for the purpose of terrorism or the subversion of democratic order** (Article 25-*quater* of the Decree);
8. **Practices of female genital mutilation** (Article 25-*quater.1* of the Decree);
9. **Crimes against individual personality** (Article 25-*quinquies* of the Decree);
10. **Market abuse** (Article 25-*sexies* of the Decree);
11. **Manslaughter or serious or very serious injuries committed in violation of occupational health and safety provisions** (Article 25-*septies* of the Decree);
12. **Crimes of receiving stolen goods, money laundering and the use of money, goods or benefits**



- with unlawful origins, as well as self-laundering** (Article 25-*octies* of the Decree);
13. **Crimes relating to copyright infringement** (Article 25-*novies* of the Decree);
  14. **Crime of persuading another person not to make statements or to make false statements to the legal authorities** (Article 25-*decies* of the Decree);
  15. **Environmental crimes** (Article 25-*ter* of the Decree);
  16. **Crime of employment of citizens of third countries who are not legally resident in the country and people trafficking** (Article 25-*duodecies* of the Decree);
  17. **Racism and xenophobia** (Article 25-*terdecies* of the Decree);
  18. **Fraud in sporting competitions, abusive gambling or betting and games of chance played on banned devices** (Art. 25-*quaterdecies* of the Decree);
  19. **Transnational crimes**, introduced by Law no. 146 of 16 March 2006, *“Ratification and execution of the United Nations Convention and Protocols against transnational organized crime”*.
  20. **Tax crimes**, introduced with the final approval of the Senate of the Republic of Legislative of Bill no. 1638 of conversion into law with amendments of decree law no. 124 of 26 October 2019, containing urgent provisions on tax matters and for unavoidable needs.

For a detailed analysis of the cases covered by the Decree and corresponding sanctions, please refer to **Section VIII “Appendix”** of this Model.



### **1.3. SANCTIONS PROVIDED BY THE DECREE**

Legislative Decree 231/01 provides for the following types of sanctions applicable to the entities to whom the legislation is addressed:

- (a) administrative pecuniary sanctions;
- (b) disqualification sanctions;
- (c) confiscation of the price or profit of the crime;
- (d) publication of the sentence.

**(a) The administrative pecuniary sanction**, governed by Articles 10 and following of the Decree, constitutes the “basic” sanction” of necessary application, which the Entity is responsible for paying with its assets or common fund.

The Legislator has adopted an innovative criterion for determining the type and extent of the sanction, requiring the Judge to conduct two different and successive assessments. This involves greater adaptation of the sanction to the seriousness of the offence and to the economic and financial conditions of the Entity.

The first evaluation requires the Judge to determine the number of shares (in any case not less than one hundred and not more than one thousand) taking into account:

- the seriousness of the offence;
- the degree of responsibility of the Entity;
- the activity carried out to eliminate or mitigate the consequences of the offence and  
to prevent the commission of further offences.

During the second evaluation, the Judge determines, within the minimum and maximum values established for the relevant offences, the value



of each share, from a minimum of 258 Euro to a maximum of 1549 Euro. This amount is set "*on the basis of the economic and financial conditions of the entity in order to ensure the effectiveness of the sanction*" (Articles 10 and 11, paragraph 2, Legislative Decree 231/01).

As stated in point 5.1. of the Report to the Decree, "As regards the methods for ascertaining the Entity's economic and financial conditions and its assets, the judge shall refer to financial statements or other documents that provide an accurate picture of these conditions. *In some cases, evidence may be gained by also taking into account the size of the entity and its position on the market. (...) The judge shall immerse him/herself, with the help of consultants, in the company's business, in order to access information regarding the economic and financial soundness of the entity and its assets*".

Article 12 of Legislative Decree 231/01 sets forth a number of cases in which the pecuniary sanction is reduced. These are summarized in the following table, showing the reduction and the requirements for application of the reduction.

Reduction	Requirements
1/2  (and it cannot in any case exceed 103,291 Euro)	<ul style="list-style-type: none"><li>• The author of the crime committed the act mainly in his/her self-interest or in the interest of third parties <i>and</i> the Entity did not gain any advantage from the offence or gained minimal advantage from it;</li></ul> <p><u>or</u></p> <ul style="list-style-type: none"><li>• the financial damage caused is negligible.</li></ul>



Reduction	Requirements
from 1/3 to 1/2	<p>[<u>Before</u> the opening statement of the first-instance hearing]</p> <ul style="list-style-type: none"><li>• The Entity has paid full compensation for the damage and has eliminated the harmful or dangerous consequences of the crime or has taken effective action to do so;</li></ul> <p><u>or</u></p> <ul style="list-style-type: none"><li>• an organization model capable of preventing crimes of the type that have been committed has been implemented and made operational.</li></ul>
from 1/3 to 2/3	<p>[<u>Before</u> the opening statement of the first-instance hearing]</p> <ul style="list-style-type: none"><li>• The Entity has paid full compensation for the damage and has eliminated the harmful or dangerous consequences of the crime or has taken effective action to do so;</li></ul> <p><u>and</u></p> <ul style="list-style-type: none"><li>• an organization model capable of preventing crimes of the type that have been committed has been implemented and made operational.</li></ul>

**(b) The following disqualification sanctions** are established by the Decree and are applied only in relation to the crimes that carry the following penalties:

- prohibition to conduct business;



- suspension or revocation of authorizations, licenses or concessions used to commit the offence;
- prohibition to enter into contracts with the Public Administration, except to obtain a public service;
- exclusion from benefits, funding, grants and subsidies, and/or the revocation of those already granted
- prohibition to advertise goods or services.

In order for the disqualification sanctions to be imposed, the existence of at least one of the conditions referred to in Article 13 of Legislative Decree 231/01 shall be present, namely:

- *"the entity has profited significantly from the crime and the crime has been committed by persons in senior positions or by subordinates to the supervision of others, in which case the commission of the crime has been caused or facilitated by serious organizational shortcomings";* or
- *"in case of repetition of the offences"*<sup>1</sup>.

In addition, disqualifications sanctions can also be requested by the Public Prosecutor and applied to the Entity by the Judge as a precautionary measure when:

- there are serious grounds for believing the Entity to be liable for an administrative offence related to a crime;
- valid and specific elements emerge that indicate the presence of a real danger of offences being committed similar to the ones that are being prosecuted;

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<sup>1</sup> Pursuant to Article 20 of Legislative Decree no. 231 of 2001 *"repetition occurs when the entity, having already been sentenced at least once for an offence related to a crime, commits another one within five years following the final judgement."*



- the Entity has profited significantly from the crime.

In any case, disqualification penalties are not applied when the offence has been committed mainly in the interest of the author of the crime or of third parties and the Entity gained minimal or no advantage, or the financial damage caused is negligible.

Disqualification penalties do not apply when the Entity has put in place the remedial measures referred to in Article 17 of Legislative Decree no. 231 of 2001, specifically, when the following conditions are met:

- *“the entity has paid full compensation for the damage and has eliminated the harmful or dangerous consequences of the crime or has taken effective action to do so”;*
- *“the entity has eliminated the organizational shortcomings that gave rise to the crime through the adoption and implementation of organization models for preventing crimes of the kind that had occurred”;*
- *“the entity has made the profit from the crime available for confiscation.”*

Disqualification penalties have a length of not less than three months and not more than two years and the choice of the measure to be applied and its duration is made by the Judge on the basis of the previously indicated criteria for determining the type and extent of the pecuniary penalty, *“taking into account the suitability of the individual sanctions for preventing offences of the type that have been committed”* (Art. 14, Legislative Decree 231/01).

The Legislator then specifies that the ban on business activities has a residual nature compared to the other disqualification penalties.

- (c) Pursuant to Article 19 of Legislative Decree 231/01 the sentence always involves the **confiscation** - including by equivalent means - of the price (money or other economic benefit given or promised to persuade or cause



another person to commit the crime) or of the profit (immediate economic





benefit) of the crime, except for the portion that can be returned to the injured party and without prejudice to the rights acquired by third parties in good faith.

- (d) The Judge can order the **publication of the sentence** in one or more newspapers, in summary or in full, as well as the display of notices in the municipality where the Entity has its head office, when a disqualification penalty is applied. Publication of the sentence is carried out by the clerk of the court's office of the Judge and costs are paid by the Entity (pursuant to Article 18, Legislative Decree 231/01).

There are also penalties for attempted crimes. Specifically, in the case of attempts to commit the predicate crimes referred to in the Decree, pecuniary penalties (in terms of amount) and disqualification penalties (in terms of time) are reduced by a third to a half, while penalties will not be imposed when the Entity voluntarily prevents the action from being carried out or the event from taking place (Article 26 of the Decree).

#### **1.4. EXEMPTING CONDUCT**

Articles 6 and 7 of the Decree provides for exemption if the Entity can prove to have adopted and effectively implemented, before the commission of the crime, **“an organization, management and control model designed to prevent the types of the crimes that have occurred.”**

Pursuant to the provisions of the Decree, the Model shall, therefore, meet the following requirements:

- a) identify the activities during the performance of which the crimes referred to in the Decree could be committed;
- b) provide for specific protocols aimed at planning the formulation and implementation of the Entity's decisions regarding the crimes to prevent;



- c) identify the methods for managing the appropriate financial resources for preventing these crimes;
- d) provide for obligations to disclose information to the body appointed to supervise the operation of and compliance with the Model;
- e) introduce a disciplinary system that imposes penalties for non-compliance with the measures set out in the Model.

More specifically, in the case of a crime committed by persons in senior positions, the Entity is not liable if it can prove that:

- 1) before the action was committed, the executive body adopted and effectively implemented an organization and management model capable of preventing the type of crimes that occurred;
- 2) the task of supervising the operation of and compliance with the Model and of making any updates has been entrusted to an Entity body with independent powers of action and control;
- 3) the persons committed the crime by fraudulently circumventing the Model;
- 4) monitoring by the Supervisory Body was not lacking or insufficient.

In the case, on the other hand, when the crime is committed by persons subordinate to management or to the supervision of a person in a senior position, the Entity is liable if the commission of the crime was made possible by non-compliance with management and supervision obligations.

This lack compliance is excluded if the Entity, before the crime was committed, adopted and effectively implemented a Model capable of preventing crimes of the type committed, according to an evaluation that must be carried out a priori.

It needs to be pointed out that mere adoption of the Model by management is an insufficient condition for obtaining exemption



of the Entity from liability, as the Model must also be efficient and effective.

Effectiveness of the Model is linked to its efficient implementation which, according to Article 7, paragraph 4, of the Decree, requires:

- a) regular verification and possible modification of the same if significant violations of its provisions are discovered or if there are changes in the organization or in business activities (updates to the Model);
- b) a disciplinary system that imposes penalties for non-compliance with the measures set out in the Model.

Pursuant to the aforementioned Art. 6 of the Decree, exemption from liability follows the adoption and effective implementation of the Model before the crime was committed; however, pursuant to Art. 17, disqualification sanctions are not applied when the Entity, having met the other conditions set forth in the aforementioned Article, has adopted and implemented - after the crime was committed and before the opening statement of the first-instance hearing - "organization models capable of preventing crimes of the type committed" and which remedy the organizational shortcomings that gave rise to the crime, without prejudice to the application of pecuniary sanctions.

It appears evident that, while the "ex ante" adoption of the model must necessarily be placed in a prognostic perspective and therefore one of general prevention of possible criminal conduct, the adoption of such an "ex post" model can only start from the realization of the current inefficiency of the existing model and the identification of appropriate remedies, based on a critical analysis of the history of the Entity and of the risk signals indicated by the Entity itself.

The same Decree establishes that the models can be adopted, ensuring the aforementioned requirements, on the basis of codes of conduct



drawn up by representative trade associations, and communicated to the Ministry of Justice which, together with the competent Ministers, may raise comments within 30 days on the suitability of these models to prevent crimes.



## **2. ADOPTION OF THE MODEL BY THE CONSORTIUM OF PARMA HAM**

### **2.1. DESCRIPTION OF THE CONSORTIUM AND REASONS UNDERLYING THE ADOPTION OF THE MODEL**

**The Consortium of Parma Ham**, a not-for-profit organization operating in Italy and internationally, is a voluntary consortium pursuant to Art. 2072 et seq. of the Civil Code.

In order to protect its position and image, the expectations of Consortium Members and the works of its employees, the Consortium of Parma Ham is particularly careful to ensure conditions of fairness and transparency in the conduct of its business and company activities and is aware of the importance to adopt an Organization, Management and Control Model capable of preventing the commission of unlawful conduct by its directors, senior managers, employees and collaborators subject to the management or supervision of the Consortium.

In order to ensure conditions of fairness and transparency in the performance of its business activities, the Consortium has launched a project to analyse the legislation relating to the Entities' administrative liability and to evaluate the impact resulting from the application of these regulations to corporate business, with the aim of adopting an organization and management model in line with the provisions of the Decree.

This initiative, together with the drafting of a document entitled Code of Ethics, was undertaken in the belief that the adoption by the Consortium of an organization, management and control model - going beyond the provisions of the Decree, which indicate that the model itself is an optional and not a mandatory element - can be an effective tool for raising the awareness of all the Consortium employees and all other persons involved with it (consumers, suppliers, licensees, dealers, distributors,



agents, procurers and collaborators in various capacities), so that their business conduct is correct and transparent, such as to prevent the risk of the commission of the offences referred to in the Decree.

## **2.2. OBJECTIVES OF THE MODEL**

The Model prepared by the Consortium of Parma Ham is based on a structured system of protocol and monitoring activities of potentially at-risk areas and processes in the company business, that is, of activities considered to have a higher likelihood of crimes being committed.

Through the adoption of the Model, the Consortium of Parma Ham intended to pursue the following objectives:

- a) define an internal regulatory system aimed at planning the formulation and implementation of the Consortium decisions regarding the prevention of risks/crimes, also through a Code of Ethics, which sets out the general guidelines;
- b) define formalized protocols, aimed at regulating in detail operational procedures in the “sensitive” sectors;
- c) ensure that the recipients of the Model are aware that, in case of violation of the provisions set forth therein, they may be committing offences that can result in criminal sanctions against them, as well as in administrative sanctions imposed directly on the Consortium;
- d) reiterate that these kinds of unlawful conduct are strongly condemned by the Consortium of Parma Ham, as being not only contrary to the law provisions but also to the ethical principles that underlie the business activities of the consortium;



- è allow the Consortium, through monitoring of the areas of activities at risk, to intervene promptly to prevent or counter the commission of the crimes in question;
- ì introduce in the organization a system of delegation of functions that will ensure clear and transparent management of the decision making and implementation process;
- è establish a consistent organizational structure, aimed at inspiring and monitoring conduct, guaranteeing clear and structured allocation of duties, applying an adequate level of segregation of duties and ensuring the actual implementation of the desired organizational structure;
- h) identify the management and monitoring processes of financial resources for the performance of activities at risk;
- ì assign to the Supervisory Body the task of monitoring the operation of and compliance with the Model;
- ì prepare a structured prevention and monitoring system, aimed at reducing the risk of commission of crimes related to business activities, with particular focus on preventing/countering any unlawful conduct;
- h) inform all those who operate in any capacity in the name, on behalf or in the interest of the Consortium that any violation of the provisions contained in the Model will result in the application of appropriate sanctions or in the termination of their contractual relationship;
- ì reiterate that the Consortium of Parma Ham does not tolerate unlawful conduct of any type and regardless of any purpose, as such conduct is always contrary to the ethical principles that guide the Consortium.

### **2.3. RECIPIENTS**

The provisions of this Model are, therefore, binding on the directors, employees (by which are meant all those who are in



an employment relationship with the Consortium, including senior management), and collaborators subject to the direction or supervision of the Consortium's corporate management (hereinafter the "**Recipients**").

#### **2.4. FUNDAMENTAL ELEMENTS AND STRUCTURE OF THE MODEL**

As regards the requirements identified in the Decree, the fundamental elements developed by the Consortium of Parma Ham in the definition of the Model can be summarized as follows:

- mapping of "sensitive" activities, the results of which have been incorporated in the document;
- identification of the ethical principles in relation to the conduct that may constitute the types of offences provided for by the Decree, which are referred to in the Code of Ethics adopted by the Parma Ham Consortium, and set out, in more detail, in this Model;
- provision of specific protocols about the company processes deemed to be at greater risk of crime, aimed at expressly regulating the Consortium's formulation and implementation of decisions, in order to provide specific recommendations about the preventive controls system in relation to the individual types of crime to be prevented (the protocols also contain the methods for managing the financial resources required to prevent the commission of crimes associated with company activities);
- establishment of a Supervisory Body (hereinafter also "**Body**") and assignment of specific supervisory duties over the efficient implementation and effective application of the Model;
- definition of a sanctioning system capable of ensuring the effective implementation of the Model, and containing the disciplinary provisions applicable in case of non-compliance with the measures outlined in the Model;





- organization of information, awareness and dissemination activities for the Recipients of the current Model, which is also given out to new hires.

## **2.5. CODE OF ETHICS AND MODEL**

The Consortium of Parma Ham, operating according to the ethical principles meant to guide its business activities, the pursuit of corporate objectives, and growth in compliance with current legislation, has adopted a Code of Ethics aimed at prescribing a number of principles of “company deontology” which it recognizes as its own and which require compliance by consortium bodies, its own employees and all those who work in any capacity towards the Consortium’s objectives.

This Code of Ethics has, therefore, a general scope and it represents a set of ethical-behavioural principles, voluntarily adopted by the Consortium, which the Consortium recognizes, accepts and shares. Their objective is to promote a strong ethical code at all levels of the Consortium organization and to foster a greater awareness of laws and regulations about conduct.

The Model is a response to specific provisions contained in Legislative Decree 231/2001, aimed at expressly preventing the commission of the types of crime set out in the Decree (for actions which, having been committed in the interest or to the advantage of the Consortium, can result in the criminal liability of the latter based on the provisions of the Decree).

## **2.6. IDENTIFICATION OF ACTIVITIES AT RISK**

In compliance with the provisions contained in the Decree - which states that the Model shall “identify the activities during the performance of which the crimes could be committed” (see Art. 6, paragraph 2, letter a) - the Consortium has carried out a detailed verification of its activities, as well of its organizational



structures, in order to identify the “sensitive” corporate processes in relation to the commission of the offences provided for by the Decree and, consequently, to identify the “crime risks” present in the different activity sectors. For a careful and meticulous analysis of the “sensitive” activities and of the controls set up to mitigate their risks, please refer to **Section III “Special Part - Specific control principles in the areas at risk”** of this Model.

The Model was therefore implemented in several stages, all developed in compliance with the fundamental principles of documentation and accountability of the activities, so as to enable the understanding and reconstruction of all planning activities carried out, and in compliance with the provisions of the Decree.

The Model was designed and drawn up by a working group within the Consortium with the support of leading external consultants.

## **2.7. METHODOLOGICAL PROCESS: IDENTIFICATION OF ACTIVITIES AT RISK OF CRIME**

In Art. 6, paragraph 2, letter a), the Decree expressly provides that the organization, management and control model of the entity shall identify the consortium activities during the performance of which the crimes referred to in the Decree can potentially be committed.

The Consortium has therefore carried out, with the support of the necessary structures and consultants, an analysis of its activities and organizational units, with the specific objective of identifying those areas of activities during the performance of which the crimes referred to in the Decree could theoretically be committed, identifying examples of possible ways of carrying out such crimes, as well as business processes during which the conditions and/or instruments for the commission of those types of crimes (so-called “instrumental” processes”) could potentially be created, in addition to more strictly functional processes.



## **2.8. METHODOLOGICAL PROCESS: IDENTIFICATION OF THE RELEVANT MACRO-CATEGORIES OF CRIME**

Some of the types of crimes that can currently result in Entities being held administratively liable pursuant to the Decree have not been judged relevant to this Model, insofar as it was deemed that the risk of commission of such crimes was only theoretical, and not actually possible. In particular, following a careful evaluation of the specific business activities carried out by the Consortium of Parma Ham and its history, the following categories of crime were considered **relevant**:

- ☐ Art. 24 and Art. 25: Crimes against the Public Administration
- ☐ Art. 25-ter: Corporate crimes
  - Art. 25-quinquies: Crimes against individual personality
- ☐ Art.10 of Law 146/2006: Transnational crimes
- ☐ Art.25-septies: Manslaughter or serious or very serious injuries committed in violation of occupational health and safety provisions.
  - Art. 25-octies: Receiving stolen goods, money laundering and the use of money, goods or benefits with unlawful origin, as well as self-laundering.
- ☐ Art. 24-octies: IT crimes and unlawful data processing
  - Art. 24-ter: Organized crime offences
- ☐ Art. 25-bis.1: Crimes against industry and commerce
- ☐ Art. 25-octies: Crimes relating to copyright infringement
  - Art 25-decies: Persuade another person not to make statements or to make false statements to legal authorities.
- ☐ Art. 25-undecies: Environmental crimes
- ☐ Art. 25-duodecies: Employment of citizens of third countries who are not legally resident in the country
- ☐ Art. 25-terdecies: Racism and xenophobia
- ☐ Art. 25-quinquiesdecies: Tax crimes



and the following crime categories were considered **not relevant**:

- Art. 25-bis Crimes relating to counterfeiting currency, public credit notes, revenues stamps and identification instruments or marks
- Art. 25-quater Crimes for the purpose of terrorism or the subversion of democratic order
- ☐ Art. 25-sexies Market abuses
- ☐ Art. 25-quater.1 Practices of female genital mutilation
- ☐ Art. 25-quaterdecies Fraud in sporting competitions, abusive gambling or betting and games of chance played on banned devices.

In any case, the ethical principles of the Consortium's Model and its governance structure also aim to prevent the types of crime that, due to their irrelevance, are not regulated by specific provisions in the Special Part of this Model.

In the preparation of the Model, the Consortium has taken into account its existing internal control system, in order to verify its effectiveness and to prevent the types of crime covered by the Decree in the identified areas of activities at risk.

More generally, the internal control system of the Consortium of Parma Ham guarantees, with a reasonable degree of certainty, the achievement of operational, information and compliance objectives:

- the operational objective of the internal control system concerns the effectiveness and efficiency of the Consortium in employing resources, protecting itself from losses and safeguarding the economic values associated with the protection of Parma Ham. This system is also aimed at ensuring that staff works towards the achievement of the company's objectives, without putting their interests ahead of those of the Consortium itself;
- the information objective means in practice the preparation of prompt and reliable reports for the internal and external decision



making process;

- the compliance objective, on the other hand, ensures that all operations and actions are conducted in compliance with laws and regulations, prudential requirements and internal procedures.

The internal control system separates operational and oversight duties within every area of business activity conducted by the Consortium of Parma Ham, thus reasonably reducing all possible conflicts of interest.

The following principles underpin the internal control system of the Consortium of Parma Ham:

- each operation, transaction and action must be truthful, verifiable, consistent and documented;
- no one may manage an entire process independently (so-called segregation of roles and duties)
- the internal control system documents the performance of controls, including supervisory ones.

The responsibility for the correct functioning of the internal control system rests with each department for all the processes for which they are responsible.

The type of control structure implemented by the Consortium of Parma Ham includes:

- line controls, performed by the individual operational units on the processes for which they are responsible, aimed at ensuring the correct performance of the operations;
- monitoring activities, performed by the persons in charge of each process and aimed at checking the correct performance of underlying activities, on the basis of hierarchical controls.



- Detection, evaluation and monitoring activities of the internal control system of the processes and administrative-accounting systems involved in the preparation of financial statements.

In spite of the existing internal control system, broadly described above, also containing numerous useful elements for being used in the prevention of the crimes provided for by the Decree, the Consortium, aware of the need to ensure fairness and transparency in the conduct of business and consortium activities and to protect its own reputation and image, has carried out a careful analysis of its own organization, management and control tools, with the aim of verifying the correspondence between the principles of conduct and procedures in place with the objectives of the Decree and, when necessary, it has adapted them as explained below.

## **2.9. AMENDMENTS AND ADDITIONS TO THE MODEL**

As this Model - in compliance with the provisions of Art. 6, paragraph 1, letter a), of the Decree - is an “an official document issued by the executive body”, its adoption, as well as its subsequent amendments and additions, fall within the competence of the Board of Directors of the Consortium.



## SECTION IV

### 3. GENERAL PRINCIPLES OF CONDUCT

Below are listed the general rules of conduct that must be adopted by the Recipients in order to prevent the risk of commission of the crimes associated with the Consortium activities. In case of doubts about the correct application of these rules to activities under his/her responsibility, the interested party can consult his/her manager or the Supervisory Body.

Violation of these rules entitles the Consortium to apply the sanctions provided for by this Model.

#### **a. Conduct to be adopted in relations with the Public Administration and with Independent Administrative Authorities**

The following principles of general conduct apply to the Recipients of this Model who, in any capacity, have relations with the Public Administration and/or with Independent Administrative Authorities on behalf or in the interest of the Consortium.

As a general rule, Recipients are prohibited from undertaking, collaborating in or causing actions which, taken individually or collectively, constitute or may constitute, directly or indirectly, the types of crimes referred to in Articles 24 and 25 of Legislative Decree 231/2001 referred to above.

It is also prohibited to act in such a way as to cause conflicts of interest with representatives of the Public Administration and/or Independent Administrative Authorities.

In line with the principles of professional conduct outlined in the Model and in the Code of Ethics adopted by the Consortium, it is forbidden to:



- Accept undue requests for money or services or goods coming, directly or indirectly, including under inducement, from exponents, bodies, representatives, members, employees and consultants of public offices, public administrations, political parties or movements, public bodies, public companies and any public officer in exchange for services related to his/her role.
- Establish contacts or further the interests of the Consortium through illegal donations of money or valuable assets or through the granting of benefits of any kind, in order to obtain for oneself or one's position or for the company any service or facilitation or favour in the form of a public act.
- Offer money or gifts to senior managers, officers or employees of the Public Administration or of Independent Administrative Authorities or to their relatives, whether Italian or from other countries, with the exception of gifts of modest value or during the holidays. In particular, it is prohibited to give any kind of gift to public officials or to their family members that may influence their independent judgement or ensure any benefit for the Entity.
- Provide services or payments to collaborators, suppliers, consultants, partners or other third parties working on behalf of the Consortium, which cannot be reasonably justified in terms of the contract entered into with them and of current local practices.
- Favour, during the purchasing processes, collaborators, suppliers, consultants or other third parties because recommended by representatives of the Public Administration or Independent Administrative Authorities, as a condition for the execution of future activities.
- Engage in deceptive conduct that may lead the Public Administration or Independent Administrative Authorities to the wrong technical and financial evaluation of the submitted documentation, including





through the submission of false or altered documents and data or through the omission of required information in order to influence their decisions in one's favour.

- Use benefits, subsidies, and public funding for purposes other than the ones for which they were obtained.

Finally, the Recipients are required to comply with the following provisions:

- ☐ In the case of requests for donations of money or valuable assets from a public official, the interested person is obliged to: refuse all payments, even if subjected to unlawful pressure; immediately inform his/her manager about what happened and make a formal report to the Supervisory Body.
- ☐ In case of conflicts of interest while dealing with the Public Administration, the interested party shall promptly inform his/her manager or the Supervisory Body.

Relations with representatives of the Public Administration are managed only by specifically authorized people or by persons who are formally delegated by them, and always in compliance with company procedures.

The Recipients who, on behalf of the Consortium, deal with the Judicial Authorities or with the Police (in regard to any kind of proceeding) or with representatives of Control bodies are obliged to apply the rules of conduct set out above, undertaking to ensure maximum transparency, openness and cooperation.

In the event of judicial proceedings, investigations or inspections it is prohibited to:

- destroy, alter or hide recordings, reports, accounting records and any type of document or data;



- make a false declaration or persuade others to do it;
- promise or give gifts, money or other benefits to officials in charge of assessment or control activities, in exchange for advantages for oneself and/or for the Consortium.

**b. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of crimes against industry and commerce, introduced by Law 99/2009**

The following principles of general conduct apply to the Recipients of this Model who, in any capacity, are involved in “sensitive” activities exposed to the risk of the crimes against industry and commerce identified in the activities at risk of crime and in relevant company processes in the context of Decree 231.

As a general rule, these persons are required to ensure high quality standards of service, in compliance with laws protecting competition, the market and consumers.

**c. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of the crime of “Persuading another person not to make statements or to make false statements to the legal authorities” introduced by Law 116/2009**

The following principles of general conduct apply to the Recipients of this Model who, in any capacity, may be involved in criminal proceedings that - directly or indirectly - affect the Consortium.

In this situation, it is absolutely forbidden for anyone to use threats or intimidation, promises or offers of benefits (i.e., sums of money, salary increases, promotions) to persuade a colleague summoned before the judicial authorities not to make statements or to make false



statements, with the aim to prevent the Consortium from becoming involved in criminal proceedings, or to obtain a favourable ruling or any other kind of benefit.

As a general rule it is required to:

- handle fairly and in good faith all requests from the criminal police and judicial authorities, providing all information, data and news that may be useful;
- adopt a conduct, when dealing with criminal police and judicial authority bodies, that is respectful of their institutional role, and helpful and collaborative in every situation.

**d. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of corporate offences**

The following principles of general conduct apply to the Recipients of this Model who, in any capacity, may be involved in “sensitive” activities exposed to the risk of corporate offences pursuant to Art. 25 ter of Legislative Decree 231/2001.

As a general rule it is required to:

- Maintain fair, transparent and collaborative standards of conduct, compliant with law regulations and internal procedures, in all the activities aimed at preparing the financial statements and other Consortium communications, in order to provide consortium members and the public with true and correct information about the economic, capital and financial situation of the Consortium.
- Comply strictly with all legal provisions protecting the integrity and effectiveness of the share capital, in order not to impair the guarantees of creditors and of third parties in general.
- Guarantee the regular functioning of the Consortium and consortium bodies, ensuring and facilitating all forms of internal management control



required by law.

- Carry out promptly, fairly and in good faith all communications required by law to Independent Administrative Authorities, without hindering in any way the performance of their functions.
- Guarantee the utmost cooperation with the Supervisory Body, ensuring that all information provided is complete and clear, and that the data is accurate.

In line with the principles of professional conduct outlined in the Model and in the Code of Ethics adopted by the Consortium, it is forbidden to:

- Carry out simulated transactions or disseminate false news about the Consortium and its business;
- Present or transmit, for the preparation of financial statements, reports or other corporate communications, data that is false, incomplete or otherwise untrue about the economic, capital and financial situation of the Consortium.
- Omit data and information required by law about the economic, capital and financial situation of the Consortium.
- Engage in actions that hinder, through the concealment of documents or the use of other fraudulent means, the implementation of control and auditing activities by the Board of Statutory Auditors.
- Omit to send the reports required by law, in a complete and timely manner, to Independent Administrative Authorities, or data and documents required by law and/or specifically requested by them.



- Present untrue facts in the aforementioned communications, or hide relevant facts about the economic, capital or financial conditions of the Consortium.
- Engage in actions that hinder the performance of the functions of Independent Administrative Authorities, including during inspections (as an example: outright opposition, specious refusals, as well as obstructive and non-cooperative actions, such as delays in communication or in making documents available).

In addition, the following is absolutely prohibited:

With specific reference to “sensitive” activities exposed to the risk of the crime of “corruption between private parties”, Recipients are also prohibited from promising and/or giving money, other benefits (such as gifts, promises of employment and/or benefits of any kind) to directors, general managers and persons subject to the supervision of the latter and in charge of relations with suppliers and business partners, for the sole purpose of influencing their judgement and/or obtaining through unlawful means favourable conditions (completely out of line with market values) for the Consortium of Parma Ham.

**e. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of negligent crimes set out by Law 123/2007**

The Consortium, whose primary objective is compliance with current legislation on **accident prevention and the protection of the health and safety of its staff**, has introduced in all work sites a **Safety Management System** that is compliant with legal provisions and aimed at guarding against the risks to which everyone working at the Consortium is exposed to, through measures and means designed to keep the workplace safe and healthy over time.

In addition to the above, the Consortium complies with the **safety standards required pursuant to Legislative Decree 81/ 2008 for the protection of the health and**



**safety of its employees** and with the prevention and protection measures implemented to guard against the safety risks identified in the Risk Assessment Documents (hereinafter “**RAD**”) drawn up pursuant to the aforementioned decree.

In particular, for effective risk prevention and in compliance with the requirements established by Legislative Decree 81/2008, and in accordance with the segregation of roles, duties and responsibilities within the Consortium, the interested parties are expressly requested to carry out the duties assigned to them by the Consortium in compliance with the powers of attorney and procedures in place, taking care to inform and train staff who, in the performance of their work activities, become exposed to the safety risks identified in the RADs. In particular:

- to persons appointed by the Consortium pursuant to Legislative Decree 81/2008 (i.e., Prevention and Protection Service staff; staff in charge of implementing fire prevention measures, fire control, evacuation of workers in case of danger; First Aid Officers) are required to perform, within their skill set and roles, the safety duties specifically identified by current legislation;
- all employees are obliged to take care of their own health and safety and of that of other people in the workplace by complying with the measures, safety procedures and instructions issued by the Consortium and, where necessary, by using, for effective protection from the identified risks in the performance of their activities, the means and the Personal Protective Equipment (PPE) provided by the Consortium.

Any behaviour by the Recipients that breaches these standards shall be sanctioned by the Consortium of Parma Ham through a disciplinary procedure.



**f. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of IT crimes**

The following principles of general conduct apply to the Recipients of this Model who, in any capacity, are:

- responsible for the collection of data relevant to the Consortium business, including from third parties;
- responsible for the management of business and institutional relations with third parties requesting access and/or information;
- Responsible for the management of the IT systems of the Consortium, as well as for accounting and management transactions with third parties.

The Consortium establishes and disseminates the rules for guiding the actions of employees who, due to internal requirements, have access to third-party IT systems.

With specific regard to the entity's operational activities which, in principle, involve the risk of committing IT crimes - in particular the management of electronic document transmission through the use of digital signature devices - the staff involved in this area of work must comply with the provisions contained in the following regulations:

- access control policy established by management;
- procedure for the management of remote access established by management;
- third-party access control standards established by management;

The following is absolutely prohibited:

the use of software without the necessary authorizations/licenses or in



breach of the latter;

- the reproduction or replication of the media containing the software, without having secured the necessary rights to use it;
- the installation and use of unauthorized software on IT systems used by the Consortium;
- the installation and use, on IT systems made available by the Entity, of software, such as P2P, file sharing or instant messaging, that allows users to share within the internal network any kind of file (such as videos, documents, songs, data, etc.) without the authorization of the Consortium;
- the duplication and diffusion of any kind of programs and files except for the purposes for which they were assigned and in compliance with their licenses;
- the reproduction of CDs and, more generally, of media that is subject to license.

In case of doubt regarding the terms and conditions for the use of software or databases, before using them the Recipients shall ask their manager or the person with the relevant expertise for information and clarifications.

**g. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of environmental crimes introduced by Legislative Decree 121/2011**

The following principles of general conduct apply to the Recipients of this Model who, in any capacity, may be involved in “sensitive” activities exposed to the risk of environmental crimes pursuant to Art. 25-undecies of Legislative Decree 231/2001.

In particular, Recipients are required to:

- verify the authorizations and registrations of the environmental managers





entrusted by the Consortium with the collection, transport, recovery and disposal of hazardous and non-hazardous waste produced in the course of the plant activities;

- verify that the suppliers of waste management services, where required by Legislative Decree 152/2006 and further legal and regulatory sources, give evidence, based on the service they provided, of compliance with the rules on waste management and protection of the environment;
- ascertain, before entering into a business relationship with them, the professionalism and reliability of the suppliers of waste management services;
- as a general rule, implement the obligations set out by the legislation applicable to the Consortium and prepare the documentation to be submitted to the Public Administration Bodies responsible for the issue/renewal of authorizations or for the control of environmental legislation in compliance with current, national, European and international laws, with the utmost diligence and professionalism, so as to provide clear, accurate, complete, trustworthy and truthful information;

**h. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of the crime of employment of citizens of third countries who are not legally resident in the country**

The following principles of general conduct apply to the Recipients of this Model who, in any capacity, may be involved in “sensitive” activities exposed to the risk of the crime of employment of citizens of third countries who are not legally resident in the country pursuant to Art. 25-Duodecies of Legislative Decree 23/2001:

- staff is hired with a regular employment contract, no form of irregular work is allowed;
- when employing non-EU staff, all legal obligations relating to residence and



work in the national territory shall be met;

- during the employment contract with non-EU staff, the validity of the residence permit/or other similar document of the non-EU employee and their expiry dates shall be regularly monitored.

In any event, the Recipients are expressly prohibited from hiring non-EU employees who do not have the legal right to reside and work in the national territory.

**i. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of organized crime offences and transnational crimes (Articles 24-ter and 25-decies of Legislative Decree 231/01, Law 146/2006)**

In carrying out their functions, in addition to the rules of this Model, Recipients must, as a general rule, know and comply with the regulations on the prevention of the crimes in question.

In particular, Recipients are expressly prohibited from:

- ☐ undertaking, collaborating in or causing actions which, taken individually or collectively, constitute, directly or indirectly, the types of crimes referred to in the Articles under consideration here;
- using, even occasionally, the Consortium of Parma Ham for the purpose of allowing or facilitating the commission of one or more of the crimes analysed in this Section;
- undertaking, collaborating in or causing actions which, although not crimes in themselves, may potentially turn into crimes.
- ☐ provide services to third parties that are not adequately justified



by the contractual relationship with them;

- pay fees to third parties that are not adequately justified by the type of task to be performed and by local practices;
- receive payments supplies or services which are non-existent or which fall outside the scope of ordinary business activity;
- Supply, directly or indirectly, funds to persons who, directly or as nominees, are involved in organized crime (including transnational crime), facilitating their criminal activities by providing financial assistance or in any case increasing their financial resources.

In light of the above, in order to prevent the commission of the crimes in question considered relevant to the Consortium, the latter adopts standards of conduct focused on:

- verifying that any financial transaction assumes prior knowledge of the- at least direct - beneficiary, at least the direct beneficiary, of the cash amount;
- verifying the business and professional reliability of the suppliers and of any business/financial partners;
- verifying that data collected about relations with third parties is complete and updated in order to both identify them correctly and promptly, and to carry out an accurate assessment of their profile;
- verifying the regularity of payments, with reference to full matching between, on the one hand, recipients and persons ordering payments and, on the other, the counterparties actually involved in the transactions;



- arranging adequate staff training programmes.

**j. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of crimes against individual personality (Art. 25-quinquies Legislative Decree 231/01.**

In order to prevent and avoid Crimes against individual personality, particularly illegal intermediation and labour exploitation, the Recipients shall comply with the following general rules of conduct:

- abstain from undertaking or participating in actions which, considered individually or collectively, may constitute the types of crime under consideration;
- abstain from undertaking or participating in actions which, although in themselves they do not constitute the types of crimes under consideration, may potentially lead to these crimes.

In this regard, by way of example only and not in any limitative sense, it is prohibited to:

- manage human resources in breach of current labour law provisions (with particular focus on health and hygiene conditions, safety, trade union, association and representation rights, children’s and women’s rights);
- enter into contract (relating to the undertaking of tasks or the purchase of goods and services, etc.) with persons who do not comply with current labour legislation, particularly as regards child labour and health and safety provisions.

**k. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of crimes of receiving stolen goods, money laundering and the use of money,**



**goods or benefits with unlawful origin, as well as self-laundering  
(Art. 25-octies Legislative decree 231/01.**

In order to prevent and avoid the crimes under consideration here, identified and deemed relevant to the Consortium of Parma Ham, the Recipients, as identified in the General Part of this Model, shall comply with the following general rules of conduct:

- abstain from undertaking or participating in actions which, considered individually or collectively, may constitute the types of crime under consideration;
- abstain from undertaking or participating in actions which, although in themselves they do not constitute the types of crimes under consideration, may potentially lead to these crimes.

More particularly, in the context of the above-mentioned conduct it is prohibited to:

- receive, send, transfer, sell, buy or in any case move, goods, money or other benefits, knowing or suspecting their unlawful origin;
- breach current law regulations about receipt and/or payment methods.

It is also compulsory to;

- maintain fair, transparent and collaborative standards of conduct, compliant with law regulations and internal procedures, in all activities concerning company operations, and in particular in the performance of Sensitive Activities, keeping up to date with the relevant legislation;
- verify the reliability of suppliers and any business and financial partners on the basis of key indicators (i.e., prejudicial public information or the acquisition of business information about the company, its partners and



administrators);

- be guided by criteria of transparency in the performance of consortium activities and in the selection of suppliers and any business and financial partners, paying close attention to news about third parties, with whom the Consortium has financial or corporate relations, which may raise the suspicion of the commission of one of the crimes in question;
- verify the regularity of receipts/payments, with reference to full matching between, on the one hand, recipients and persons ordering payments and, on the other, the counterparties actually involved in the transactions;
- use bank transfers as the receipt and payment method of choice;
- ensure the traceability of the phases of the decision making process relating to financial and corporate relations with third parties;
- store the documentation relating to financial and corporate operations, applying all necessary security measures;
- promptly notify the relevant manager - in compliance with the provisions of the international regulations - every time one knows, suspects or has reasonable cause to suspect that money laundering operations are in progress or have been committed or attempted.

**1. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of copyright infringement crimes (Art. 25-novies of Legislative Decree 231/01.**

In order to prevent and avoid crimes relating to copyright infringement and deemed relevant to the Consortium of Parma Ham, the Recipients, as identified in the General Part of this Model, shall comply with the following general rules of conduct:



- abstain from undertaking or participating in actions which, considered individually or collectively, may constitute the types of crime under consideration;
- abstain from undertaking or participating in actions which, although in themselves they do not constitute the types of crimes under consideration, may potentially lead to these crimes.

In this regard, by way of example only and not in any limitative sense, Recipients are prohibited from:

- uploading, without authorization, software on workstations provided by the Consortium;
- illegally reproducing or distributing phonograms or videograms of musical or audiovisual works;
- reproducing, moving to another medium, distributing, sharing, presenting or showing to the public the content of a database without first obtaining authorization from the legitimate owner of the copyright and/or the rights of economic exploitation of the database.

With reference to the Consortium buying or using any goods protected pursuant to the Copyright Law, Recipients are also obliged to obtain from the respective owners and/or licensors of the rights in the goods in question specific statements certifying the following: (i) they are the legitimate owners of the rights of economic exploitation of the goods being transferred or have obtained from the legitimate owners the authorization to grant such rights for use to third parties;

(ii) they guarantee that the goods being transferred or granted in use are not in breach of any intellectual property rights held by third parties; (iii) they undertake to indemnify and hold the Consortium harmless from any damage or financial and non-financial



loss that it might incur due to the untruthfulness, inaccuracy or incompleteness of their statement.

**m. Conduct to be adopted in the performance of “sensitive” activities exposed to the risk of tax crimes (Art. 25-quinquiesdecies of Legislative Decree 231/01.**

In order to prevent and avoid tax crimes identified and deemed relevant for the Consortium of Parma Ham, the Consortium has identified and mapped out:

- A specific fiscal strategy, with the support of leading external consultants;
- Formalized and adequately separated fiscal roles and responsibilities;
- Formalized fiscal risk analysis and management procedures;
- Formalized procedures for reporting to management bodies.

In order to ensure compliance with and application of the above, the Consortium has set up a regular testing and monitoring process as protection from fiscal risk.





## SECTION III

### 4. SPECIAL PART - SPECIFIC CONTROL PRINCIPLES IN THE AREAS AT RISK

In compliance with Art. 6 of Legislative Decree 231/01, the Consortium has drawn up a separate document that identifies the areas at risk and the corresponding preventive measures. For these aspects, therefore, please refer to the aforementioned document “**Special Part - Specific control principles in the areas at risk**”.



## SECTION IV

### **5. SUPERVISORY BODY OF THE CONSORTIUM OF PARMA HAM**

#### **5.1. IDENTIFICATION OF THE SUPERVISORY BODY**

The Decree provides for a “body within the entity” endowed with independent powers of action and control (Art. 6, paragraph 1, letter b), which shall be entrusted with the task of overseeing the operational effectiveness of and compliance with the Model, and ensuring that the latter is constantly and promptly updated. This body is called **Supervisory Body** (hereinafter also “S.B.” or “Body”).

In this regard, the Confindustria Guidelines point out that, although the Decree makes it possible for the Supervisory Body to be composed of either a single member or several members, the choice between the two solutions must take into account the objectives of the law and, therefore, ensure the effectiveness of controls in relation to the entity’s size and organizational complexity.

The Confindustria Guidelines also specify that this supervisory body must be composed both by internal staff, to allow continuity of action, and by external staff, in order to best ensure its autonomy and independence.

In accordance with the provisions of the Decree, the recommendations of the Confindustria Guidelines, and the guidance from the jurisprudence in this area, the Consortium of Parma has decided to set up a collegiate body which will report directly to the Board of Directors and be appointed by it, and whose composition will ensure knowledge of the Consortium business and, at the same time, the authority and independence necessary to guarantee the credibility of its functions.



**More specifically, the Supervisory Body of the Consortium of Parma Ham consists of 3 members, one of whom acts President (appointed by the Board of Directors).**

The Supervisory Body was set up so as to ensure the following requirements indicated by the trade associations and confirmed by the jurisprudence in the area:

- **Autonomy and independence**: this requisite is ensured by the multi-member composition, the absence of hierarchical reporting by the Body within the organization and the related right to report to the top level of corporate management, yet without being subordinate to the latter.
- **Professionalism**: this requisite is guaranteed by the wealth of professional, technical and practical knowledge of the members of the Supervisory Body.
- **Continuity of action**: regarding this requisite, the Supervisory Body uses its powers of investigation to monitor compliance with the Model on an ongoing basis and represents a constant point for reference for the staff of the entity. In performing its duties it relies on the constant support of all the Consortium units.

## **5.2. TERM OF OFFICE, SUSPENSION AND REMOVAL**

The term of office for members of the Supervisory Body is 1 year and they cannot be re-elected.

They are chosen among individuals with an outstanding ethical and professional profile, they shall not be members of the Board of Directors, nor shall they be spouses or relatives up to the fourth degree of members of the board.



No person who has been banned from holding public office, is legally incapacitated, bankrupt or who has been convicted, even if the sentence was not final, to a penalty that involves even a temporary disqualification from holding public office or management positions, or has been convicted, even if the sentence was not final or a plea-bargain, for having committed one of the crimes provided for by Legislative Decree. 231/2001 shall be appointed as member of the Supervisory Body. 231/2001.

Another reason for ineligibility for the position of member of the Supervisory Body is conviction by final judgement, without prejudice to the effects of rehabilitation or the extinction of the crime, resulting in:

- à A prison sentence for one of the crimes provided for by the special legislation governing the insurance, credit and securities markets sectors, as well as by current anti-money laundering legislation;
- ò imprisonment for one of the crimes provided for in Title XI of Book V of the Civil Code and in bankruptcy law;
- ø imprisonment for a period not less than a year for a crime against the Public Administration, against public faith, against property, against public order, against the public economy or for a tax crime;
- đ imprisonment for a period not less than two years for any crime with criminal intent; subjection to prevention measures ordered by the Judicial Authorities, without prejudice to the effects of rehabilitation.

Finally, a reason for ineligibility for the position of member of the Supervisory Body is having worked, in the three years preceding the appointment to the S.B., in administration, management or supervision positions in companies subject to insolvency proceedings, into receivership or similar proceedings, or in companies operating in the credit, financial, securities and insurance sectors under extraordinary administration.



The following constitute reasons for suspension from the position of member of the Supervisory

Body:

- a) evidence of a reason for ineligibility;
- b) in the case of an internal member (i.e., Consortium staff), the termination, for any reason, of the employment relationship or a change of job involving the assignment of duties within the company which are incompatible with those of a member of the Body;
- c) missing three or more meetings, whether consecutive or not, in any twelve consecutive months without a reasonable excuse;
- d) the occurrence of circumstances that seriously impair the member's independence or autonomy of judgement.

To ensure their independence, throughout their term of office members of the S.B. shall not:

- a) have economic relations with the Consortium (excluding any professional duties that are detrimental to independence, and the employment relationship), with members of the Board of Administration, with Consortium members, of such importance as to influence autonomy of judgement, which is also assessed in relation to the individual's specific financial situation;
- b) own, directly or indirectly, a number of company shares that can exert significant control or influence on the Consortium;
- c) have family ties with the Board of Directors of the Consortium or with the persons in the situations identified in the two previous points;
- d) have interests that conflict with the Consortium, such as to compromise one's independence of judgement.

In the event of the suspension of a member of the Body, the Board of Directors shall replace him/her not later than the 14th day after the one on which they learn about the need to



appoint a new member of the S.B.; the newly-appointed member shall remain in office for the entire duration of the other members' term of office.

In the event of the resignation, supervening incapacity, death, revocation or suspension of the President, when possible the oldest member shall take over temporarily until the Board of Directors appoints the new President. In the event of the resignation, supervening incapacity, death or suspension of a member of the S.B., the President (or President *pro tempore*) of the S.B. shall promptly notify in writing the Board of Directors, which shall replace him/her. In the absence of such communication, once the Board of Directors learns of the resignation, supervening incapacity, death or suspension of a member of the Supervisory Body it shall replace him/her on its own initiative.

The S.B. implements regulations of its own which govern its functioning, the scheduling of activities, the minuting of meetings and the regulation of information flows from the entity's units to the S.B. itself. The adoption of these regulations is brought to the attention of the Board of Directors.

The Board of Directors can remove the members of the Body at any time, but only for good cause. The following constitute good cause for removal of the members of the Supervisory Body:

- ⦿ gross negligence by the Supervisory Body in performing their duties;
- ⦿ evidence of a reason for suspension;
- ⦿ failure to report to the Board of Directors a conflict of interest that disqualifies a member or members of the S.B. from holding office;
- ⦿ final judgement of the Consortium or a plea-bargain for one of the crimes provided by the Decree, based on omitted or insufficient supervision by the Supervisory Body;



- ⌘ breach of the confidentiality obligations regarding news and information acquired in the performance of Supervisory Body duties;
- ⌘ initiation of disciplinary proceedings for actions that can result in dismissal against the internal member who is in a subordinate employment relationship with the Consortium.

### **5.3. DUTIES AND FUNCTIONS OF THE S.B.**

The Supervisory Body is entrusted with the duty of monitoring the operation of and

compliance with the Model, and ensuring it is updated. These duties

are carried out by the Body through the following activities:

- supervision of the dissemination of knowledge, understanding and compliance with the Model within the company;
- supervision of the validity and accuracy of the Model, in particular with reference to behaviours within the Consortium;
- verification of the effective ability of the Model to prevent the crimes provided for by Legislative Decree 231/2001 and identified in the Model;
- proposals for updating the Model should it become necessary and/or opportune to make corrections and/or amendments to it, as a consequence of legislative and/or corporate changes.

In the performance of such activities, the Body:

- verifies that the Consortium carries out, on a regular basis, the necessary training activities, aimed at promoting knowledge of the Model provisions among the Consortium staff;
- verifies that the dedicated information channels, aimed at facilitating the flow of reports and information from company staff to the Body have been set up and are operational;
- collects, checks and stores all information relevant to compliance with the Model;



- regularly checks and monitors the areas/operations at risk identified in the Model, through an annual monitoring plan covering all the processes relevant to the 231 Model and carried out with the support of the Consortium units;
- monitors that the crime prevention provisions issued by the entity to implement the Model are accurate and up to date.
- in the event of the actual commission of crimes and serious breaches of the Model, evaluates the appropriateness of introducing amendments to the Model, and submits them to the Board for its consideration;
- checks the effectiveness and functionality of the Model amendments adopted by the Board;
- oversees the adequacy of the system of proxies and powers of attorney in order to ensure the constant effectiveness of the Model.

For the purposes of performing the above-mentioned functions, the Body has the power to:

- issue instructions and service orders designed to govern the activities of the Body itself;
- freely access, without requiring prior authorizations, all corporate documents and information relevant to the performance of the functions assigned to the Body pursuant to Legislative Decree 231/2001;
- order that the heads of the departments and, in any event, all Recipients promptly provide all information, data and/or news requested of them in order to identify aspects connected with the various corporate activities relevant to the

Model, and to verify the effective implementation of the latter by the organizational units of the entity;

- make use of external consultants with proven expertise where this is necessary for carrying out audit and control activities or for updating the Model.





For a better performance of its activities, the Body can delegate one or more specific duties to individual members, who carry them out in the name and on behalf of the Body.

The Board of Directors assigns an annual expense budget to the Supervisory Body for carrying out its functions, on the proposal of the Body itself. The Body decides autonomously on the expenses to be incurred. Any expenses exceeding the approved budget, and considered necessary for the performance of the activities of the Body, must first be reported to the Board of Directors.

#### **5.4. REPORTING OF THE S.B. TO THE CORPORATE BODIES**

In order to ensure full autonomy and independence in the performance of their functions, the Supervisory Body reports directly to the corporate bodies that have the authority to convene the Shareholders' Meeting.

In particular, the Supervisory Body reports on the implementation of the Model, on the results of its supervising activity and on any actions deemed necessary for a better implementation of the Model in the following manner:

- at least once a year through a written report to the Board of Directors, presented by the Body during a meeting of the Board, and in the presence of the Statutory Auditors;
- on a regular basis to the Board of Statutory Auditors, in order to coordinate the control activities carried out by each monitoring body, as well as in cases of alleged violations committed by the company's management or by the members of the board, during which the Body may receive requests for information or clarifications by the Board of Statutory Auditors.

The Supervisory Body may be convened at any time by the Board of Directors of the Consortium and can, in turn,



request that the Board of Directors and the Statutory Board of Auditors be convened every time it deems it necessary to investigate or take action about matters concerning the functioning and the effective implementation of the Model or in relation to specific situations.

#### **5.5. INFORMATION FLOWS TO THE SUPERVISORY BODY**

Among the requirements for ensuring the effectiveness of the Model, the Decree provides for the obligation to report to the Supervisory Body.

To this end, the Consortium has prepared a protocol regulating the information flows to the Supervisory Body which sets out, with reference to specific areas, the information that employees, senior managers and all those who work towards the Consortium's objectives must report to the Supervisory Body.

The S.B. has the right to incorporate, in a general way or on a specific basis, the information - relevant to the controls on the adequacy of and compliance with the Model - that must be sent by the recipients of the Model, within the times and in the manner specified by the Supervisory Body itself.

In any case, the corporate bodies must report to the Supervisory Body all information relating to the functioning of and compliance with the Model in its entirety, including, therefore, the Code of Ethics. In order to ensure a correct and effective information flow and the full and proper performance of its duties, the Body may also request clarification or information directly from the top operational managers.

In addition, specific information channels have been set up to ensure confidentiality and facilitate the flow of reporting and information to the Supervisory Body. In particular:



- a dedicated email address.

These methods of communication ensure the confidentiality of whistleblowers and prevent retaliation and any other kind of discrimination and/or disciplinary action against them.

The Supervisory Body assesses the reports it receives, including anonymous ones, and if it deems it appropriate can summon the alleged author of the violation, initiating all necessary fact-finding procedures and investigations to verify the veracity of the claims.

In addition to the above-mentioned spontaneous reporting, the company staff, both employees and self-employed, must report information about actions that may constitute violations of the Model provisions or involve the commission of crimes:

- measures and/or news about criminal proceedings, even against unknown persons, which are related to matters of interest to the Consortium;
- measures and/or news about important administrative proceedings or civil disputes relating to requests or initiatives by Independent Administrative Authorities, Public finance administration, local administrations and Public Administrations regarding public funding contracts, applications and/or management;
- requests for legal assistance submitted by staff to the Consortium in the event of initiation of criminal or civil proceedings against them;
- reports prepared by the heads of department as part of their control activities, which may reveal facts that are relevant for the purposes of compliance with the Model;
- reporting of serious accidents (manslaughter or serious or very serious negligent personal injuries and, in any case, any injury with a prognosis of more than 40 days) that have occurred to staff, maintenance workers, contractors and/or collaborators present in the Consortium workplace;
- reporting of attempts at unauthorized access to internal information systems;



- anomalies, irregularities or breaches of the Model that may have been detected.

#### **5.6. DISCLOSURE OBLIGATIONS REGARDING OFFICIAL DOCUMENTS**

In addition to the reports, including unofficial ones, referred to in the previous paragraph,

recipients are obliged to communicate to the S.B. information concerning:

- measures and/or news about criminal proceedings, even against unknown persons, which are related to matters of interest to the Consortium;
- measures and/or news about significant administrative proceedings or civil disputes relating to requests or initiatives by independent Authorities, public finance administration, local administrations and Public Administrations regarding public funding contracts, applications and/or management;
- requests for legal assistance submitted by staff to the Consortium in the case of initiation of criminal or civil proceedings against them;
- reports prepared by the heads of Consortium departments as part of their control activities which may reveal facts that are relevant for the purposes of compliance with the Model;

In the performance of its inspection duties, the Supervisory Body can freely access all information sources of the Consortium of Parma Ham, view documents and consult Consortium data.

All information, documentation and reports collected in the performance of its official duties are stored and kept by the Supervisory Body, ensuring the confidentiality of all the documents and information obtained, and in compliance with the Privacy Policy.



## SECTION V

### 6. STAFF TRAINING AND DISSEMINATION OF THE MODEL

#### 6.1. ADVERTISING AND DISSEMINATION OF THE MODEL

Adequate training and constant communication of information to the recipients regarding the principles and provisions contained in the Model are extremely important factors for the proper and effective implementation of the prevention system that has been adopted.

All recipients of the Model, including licensees and external collaborators, must be fully cognizant of the objectives of correctness and transparency underpinning the Model and of the methods through which the Consortium intends to pursue them.

The Consortium undertakes to implement a plan for communication information to employers and collaborators consisting of:

**an initial communication** about the adoption of the present document to all personnel currently employed by the Company. New hires are given an information pack containing the text of the Decree, the present document “Organization, Management and Control Model pursuant to Legislative Decree no. 231 of 8 June 2001” and the Code of Ethics, in order to ensure they are provided with the most important information. Successful delivery of the above documentation shall be ensured by systems - including IT ones - designed to prove actual receipt;

**specific training activities**, to be considered “ongoing” and which can be implemented making use of IT tools and procedures and/or through meetings and regular training and refresher workshops. The content and delivery of these activities may vary according to the



qualification of the recipients, the level of risk of the area in which they operate, and

whether or not they act as representatives of the Consortium.

In addition, the Consortium has provided for the online publication of the Consortium website, so as to make its Code of Ethics and the principles that inspire its Organization, Management and Control Model available to third parties with whom it comes into contact through work, such as consultants and collaborators of the Consortium in various capacities.

The Consortium ensures that all its employees and collaborators are kept informed of any updates to the Model.

## **6.2. TRAINING**

As mentioned above, different training initiatives are offered according to the position and responsibilities of the recipients and to whether they operate in areas at risk, so as to provide customized training that meets the needs of the individual units and resources.

Therefore, the training involves a common module as well as specific, in-depth modules targeted at each area considered at risk.

More specifically:

### **a) module for senior managers:**

The Model will be presented to all senior management staff, with the aid of tools that enable effective and memorable information.

During the meeting the following topics will be addressed by the competent company units:

- 1) introduction to the legislation: all staff will be made aware of the consequences for the Consortium resulting from the commission of crimes by individuals working for it, of the essential features



of the crimes described in the Decree and of the function that the Model serves in this context;

- 2) explanation of the individual components of the Organization Model and of the specific preventive role that it is meant to fulfil.

b) training module for all employees:

Explanation of the Model in specific classroom sessions or through self-training courses to be activated on the company intranet. In all cases, attendance and learning assessment will be certified.

c) in-depth modules:

Organization of targeted meetings in each of the areas at risk in order to explain, with reference to the individual company processes, to the operational practices connected with the performance of the single business areas deemed to be at risk, and to the controls in place, with training designed to be as interactive as possible,

d) modules for new hires:

As part of the training modules for new hires, there will be a section dedicated to topics relating to the Decree.

These modules will be run by the competent Consortium department, acting in agreement with the Supervisory Body.

The Supervisory Body is entrusted with ensuring that the company departments implement the projects for the dissemination of knowledge and understanding of the Model.

Participation in the training sessions described above is mandatory and will be formalized by collecting signatures of attendance.

As part of its duties, the Supervisory Body can carry out specific monitoring activities, including random checks and/or assessment tests, aimed at evaluating the quality of the training programmes and their actual effectiveness.



### **6.3. INFORMATION TO EXTERNAL COLLABORATORS**

The Consortium of Parma Ham also promotes knowledge of and compliance with the Model among consultants, collaborators of the Consortium in various capacities, and suppliers. The latter will therefore be provided with specific information on the principles, practices and protocols that the Consortium has adopted on the basis of the present Model, as well as with the text of the contract clauses which, aligned with said principles, practices and protocols, will be adopted by the Consortium.





## **SECTION VI**

### **7. GUIDELINES OF THE DISCIPLINARY SYSTEM**

#### **7.1. GENERAL OUTLINES**

For an effective implementation of the Model, it is of fundamental importance to introduce an adequate, specific disciplinary system that serves to impose penalties for non-compliance with the provisions contained in the Model and protocols, and acts as a deterrent.

This disciplinary system applies in particular -to the extent relevant for the purposes of the Decree - to members of the Board of Directors and of the Statutory Board of Auditors, to employees, collaborators and third parties working on behalf of the Consortium.

With reference to employees, this disciplinary code must complement the suitability requirements pursuant to the Decree with the labour law regulations laid out in current codified law, in special legislation and in the national and corporate collective agreement.

The disciplinary system is subject to ongoing oversight and evaluation by the Supervisory Body with the support of the competent company functions, with reference also to the dissemination of the disciplinary code and the adoption of adequate means for raising awareness of it among all the individuals bound to comply with its provisions.

The Supervisory Body reports to the executive body, so that the it may take the necessary measures, any proven violation of the Organization Model of which it becomes aware.

Powers about the detection and notification of infringements of the Model and the application of penalties also rest, within the limits of their respective powers of attorney and responsibilities, with the senior managers and heads of department of the entity, who shall at all times



keep the Supervisory Body informed of any penalty procedure that is initiated and of its outcome.

Penalties are always imposed in accordance with the principle of proportionality between the penalty and the offence.

Since each violation involves peculiar and often unrepeatable aspects, it was considered appropriate to identify - pursuant to the provision in Art. 133 of the Criminal Code - certain parameters that can objectively govern the application of the penalty - in compliance with the above-mentioned principle of proportionality - in the event of violation of the Model.

When deciding which penalty to apply the following parameters shall be taken into consideration:

- extent and severity - including outside the Consortium - of any negative consequences for the Consortium resulting from the violation of the Model;
- intentionality of the conduct or degree of negligence, imprudence or inexperience regarding also the predictability of the event;
- the nature, kind, means, object, time, locations and any other aspect of the action  
(i.e., having taken the initiative to neutralize the negative consequences of one's conduct);
- severity of the damage or of the danger caused to the Consortium;
- plurality of violations and repetition of them by an individual who has already been sanctioned;
- type of relationship established with the individual who commits the violation;
- employee's duties and/or position in the company whose Model he violates;
- other particular circumstances about the disciplinary offence.

The severity of the employee's behaviour and its ability to affect the bond of trust that ties him/her to the Consortium can and must be assessed separately from the criminal implications of the action.



In consideration of the above and within the limits mentioned, the disciplinary code applicable to the individuals who collaborate with the Consortium as employees (executive and non executive) and to the members of the Consortium bodies, as well as to collaborators, consultants and third parties working on behalf of or in the interest of the Consortium, shall comply with the guidelines described in the following paragraphs.

## **7.2. PENALTIES**

Art 6, paragraph 2, of the Decree includes, among the elements making up the Organization, Management and Control Model therein provided for, the adoption by the Consortium of a disciplinary system that imposes penalties for non-compliance with the measures of the Model.

That said, all Consortium of Parma Ham employees as identified by Art. 2094 of the Civil Code, not belonging to senior management, shall be considered subject to the disciplinary system.

Measures referred to in Art. 2013 of the Civil Code can be applied to senior managers., in addition to, if applicable, termination of employment pursuant to Articles 2118 and 2119 of the Civil Code.

As regards individuals with relationships of collaboration pursuant to Art. 2222 of the Civil Code (self-employed workers) or pursuant to Art. 409 of the Civil Code (open-ended employees), who work on behalf of the Consortium and, in general, external consultants and all those who are in contractual relationships with the Consortium of Parma Ham, application of the measures may lead to withdrawal or termination of contract.

The Sanctioning System is applicable in the case of proven violations of the Model, regardless of the initiation or the result of any investigation or criminal proceedings.



The principles of correlation and proportionality between the violation and the penalty imposed are ensured by compliance with the following criteria:

- severity of the violation;
- duties, position, responsibility and autonomy of the employee;
- predictability of the event;
- intentionality of the conduct or degree of negligence, imprudence or inexperience;
- overall conduct of the perpetrator of the violation, with regard to the existence or otherwise of previous disciplinary actions under the terms provided for by the applicable CCNL (National Collective Labour Agreement);
- other particular circumstances about the violation.

The disciplinary measures and penalties which can be imposed on the following categories of persons are detailed below:

### **7.3. SANCTIONS FOR EMPLOYEES (NOT SENIOR MANAGERS)**

Employee conduct that does not comply with, and is in violation of, the behavioural regulations provided by the Model and/or the Code of Ethics, law regulations, obligations to disclose information to the Supervisory Body, as well as, in general, conduct that can expose the Consortium of Parma Ham to the application of administrative sanctions provided by the Decree, may lead to the application of sanctions that fall short of dismissal or result in termination of employment, in accordance with the applicable provisions of Article 2016 of the Civil Code, of Articles 7 and 18 of Law 300/1970, and of the collective agreement.



In particular, offences by employees may result in the imposition, depending on their seriousness, of one of the following disciplinary measures:

- a) verbal reprimand;
- b) written reprimand;
- c) fine not exceeding the amount equal to three hours' pay;
- d) suspension from work without pay for a period not longer than 3 days;
- e) dismissal without notice.

Normally, the verbal or written reprimand will be imposed in the case of a first violation; the fine in the case of a recurrent violation; the suspension in the case of a recurrent violation punished with a fine in the previous six months.

However, when offences are more serious, including in relation to the performance of duties, a fine or suspension may be imposed for a first violation.

Dismissal with immediate termination of the employment relationship without notice shall be imposed for the most serious violations.

Furthermore, dismissal for just cause without notice shall apply to the employee who engages in conduct that is clearly in breach of the provisions of the Model, including the Code of Ethics, by violating the duties established by regulations and internal protocols, committing one of the crimes within the scope of application of the Decree to the Consortium, as the provisions of the Model are to be considered an integral part of the contractual obligations undertaken by the employees.

Violation of the provisions of the Model may, therefore, constitute non-fulfilment of contractual obligations, with all the legal consequences involved, including with regard to possible compensation for damage.



#### **7.4. SANCTIONS FOR SENIOR MANAGERS**

In the performance of their professional activities, senior managers of the Consortium of Parma Ham are obliged to comply with, and have their collaborators comply with, the provisions contained in the Model, in the Code of Ethics, in the law regulations, and with the obligations to provide information to the Supervisory Body.

In case of violation of the Model adopted by the Consortium by senior managers, disciplinary power over the latter will be exercised in compliance with legal provisions.

Violations by employees in executive positions, as well as inadequate oversight and failure to promptly inform the Supervisory Body, may result in precautionary suspension from work, without prejudice to the senior manager's right to remuneration, or in the assignment of different duties, in compliance with Art. 2013 of the Civil Code.

As far as disciplinary measures are concerned, the same sanctions will be applied as for other employees, insofar as they are compatible, when the same violations are involved.

An assessment of the most appropriate actions to take shall consider the specific circumstances, conditions and manner in which the conduct breaching the Model and/or Code of Ethics occurred.

If, following this assessment, the bond of trust between the Consortium and the executive manager is revealed to be irreparably damaged, the sanction will be dismissal.

By way of example only and not in any limitative sense, a senior manager commits a violation subject to dismissal when he/she:

- commits serious and conscious violations of the Model and/or the Code of Ethics;



- voluntarily fails to monitor the conduct of staff operating within his/her sphere of responsibility so as to check their actions in areas at risk of crime and in the performance of key activities in terms of operational processes at risk of crime;
- fails to report irregular or anomalous situations he/she learns about, such as to compromise the effective implementation of the Model or in any case to result in a real - even if only potential - danger of the application to the Consortium of sanctions provided for by the Decree.
- fails to promptly and fully report to the Supervisory Body any issues relating to areas of application of the Model that may have emerged following inspections, checks or communications by the competent authorities.

The above is without prejudice to the right to claim compensation for any further losses incurred by the Consortium due to the conduct of the executive in question.

#### **7.5. SANCTIONS FOR EXTERNAL PERSONS IN A CONTRACTUAL RELATIONSHIP WITH THE CONSORTIUM**

Non compliance - by consultants, external collaborators or other individuals with contractual relationships with the Consortium - with contract clauses aimed at avoiding conduct or behaviours that may result in the application of sanctions pursuant to the Decree, will be sanctioned according to the provisions of the specific contractual clauses which shall be included in the different contracts and may result - if allowed by the applicable regulations - in the termination of the relationship, without prejudice to the compensation for any damages incurred by the Consortium or that the Consortium has been requested to reimburse, and without prejudice to any legal prerogatives of the Consortium to enforce its rights.



#### **7.6. SANCTIONS FOR THE MEMBERS OF THE BOARD OF DIRECTORS**

Should violations of the provisions of the Model be committed by one of the Members of the BoD, the Supervisory Body shall inform the entire Board by means of a written report.

The BoD, excluding those who committed the violation of the Model, will carry out the necessary investigations and take, in consultation with the S.B., the necessary measures.

In assessing the conduct in breach of the Model of one of its members, the Board shall take into account the particular circumstances, conditions and manner in which the conduct occurred, and, if the legal requirements are met, can remove from office and bring an action of liability against the individual responsible for the infringement of the Model, without prejudice to the right to compensation for any damages that the infringement may cause to the Consortium, and without prejudice to the exercise of all other legal prerogatives.





## **SECTION VII**

### **8. UPDATING THE MODEL**

The Model, as a tool aimed at regulating the operations of company and reflecting its organization, needs to be not only effective in a real and specific way, but also dynamic, that is to say, capable at the same time of monitoring and guiding the organizational changes of the Consortium.

Permanent responsibility for the adoption and effective implementation of the Model lies, by express provision of the Decree, with the executive body (represented, in our specific case, by the Board of Directors). Therefore the latter, also on the basis of suggestions and recommendations regularly provided by the S.B., is responsible for every assessment of effective implementation of the updates, additions, or, in general, changes to the Model.

In any event, updates to the model aim to constantly ensure the adequacy and suitability of the Model and are assessed in terms of the ability to prevent the crimes provided for by the Decree.

The responsibility for verifying the need for updates to the Model lies, pursuant to the Decree, with the Supervisory Body, which recommends to the BoD every amendment deemed necessary for the above purposes, whenever it identifies the need for changes and/or additions to the Model following altered corporate and/or legal conditions, or as a result of the commission of violations.