



casagrande

DISCIPLINARY SYSTEM

*Management and Control Organisational Model pursuant to (It.)
Legislative Decree 231/01*



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1. GENERAL PRINCIPLES

Casagrande S.p.a. (hereinafter **CASAGRANDE**) has adopted an Organisational and Management Model (pursuant to (It.) Legislative Decree 231/01) whose purpose is to draw up a set of rules and controls suitable for preventing unlawful conduct by companies and their employees in the performance of work. The Model can be considered effectively implemented only if it provides for a disciplinary system suitable for sanctioning the failure to comply with the measures indicated therein.

This disciplinary system is aimed at employees and managers, providing for adequate disciplinary sanctions, without prejudice to the applicability of the General Disciplinary Code referred to in the National Collective Bargaining Agreement and labour legislation ((It.) Law 300/70 and related standards).

The violation of the rules of behaviour of the measures provided for by the Model by employees of the Company and/or its managers, constitutes a breach of the obligations deriving from the employment relationship, pursuant to art. 2104 of the (It.) Civil Code and art. 2106 of the (It.) Civil Code. In particular, art. 2104 of the (It.) Civil Code, identifying the duty of "obedience" by the worker, states that the employee must observe the legal and contractual provisions issued by the employer in carrying out his/her work. In the event of non-compliance with these provisions, the employer may impose disciplinary sanctions, graded according to the severity of the infringement, in compliance with the provisions contained in the current National Collective Bargaining Agreement of reference.

The application of disciplinary sanctions is independent of the outcome of possible criminal proceedings, as the rules of conduct and internal procedures are binding for the recipients, regardless of the actual commission of an offence as a consequence of the relative behaviour. It must in fact be considered that the purpose of the Model, in its entirety (Code of Ethics and specific Protocols), is not limited to identifying only the correct behaviours to be followed to avoid the risk of commission of the offences, but also wants to take the opportunity to extend the scope of application to the sphere of business, drawing inspiration from the broader principles of fairness and transparency indispensable in the conduct thereof, for the protection of the interests of third parties, as well as of the company's image and reputation.

2. DISCIPLINARY OFFENCES

Disciplinary offences are defined as the behaviour of workers in breach of the duties and powers indicated in the Organisational Model and in the Code of Ethics. The type and extent of the sanctions applicable to individual cases of disciplinary offence vary according to the seriousness of the shortcomings and based on the following general criteria:

- conduct of the worker: wilful deception or serious misconduct (negligence, imprudence, incompetence);
- duties and grade of the worker;
- relevance of the obligations breached;

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- potentiality or actuality of the resulting damage to the Company or to individuals;
- previous disciplinary measures;
- possible sharing of responsibilities with other workers who have contributed in the shortcoming.

If several offences, that are subject to different sanctions, are committed by means of one act only, the more severe sanction shall apply. The system of sanctions also provides for an “escalation” of sanctions according to two key principles, namely:

- *the principle of proportionality*: the system of sanctions adopted adjusts the sanctions according to the severity of the infringements committed (see above); this adjustment considers, among other things, the different hierarchical positions within the company, as well as the real powers of the party concerned to fulfil the tasks assigned to him/her.
- *the principle of equality*: the system of sanctions adopted does not contain inequality of treatment deriving from different provisions relating to identical or similar cases.

3. RECIPIENTS OF DISCIPLINARY MEASURES

The subjects to whom the rules of this Disciplinary System apply are identified as the Directors and members of the corporate bodies, all employees of the Company and all those who, directly or indirectly, permanently or temporarily, establish relations with **CASAGRANDE**, or, in any case, work to pursue the company’s goals and objectives, in all the Countries where **CASAGRANDE** operates.

The system is subdivided by employment category of the subordinated workers (art. 2095 of the (It.) Civil Code); therefore different disciplinary measures are adopted for the Employer, Executives and workers.

4. DISCIPLINARY MEASURES

4.1 Measures against Workers in general

The disciplinary system must in any case respect the limits to the sanctioning power imposed by (It.) Law no. 300 of 1970 (so called Statute of Workers’ Rights), art. 7, paragraph 2, the specific disciplinary part of the National Collective Bargaining Agreement, both as regards the sanctions that can be imposed and the way in which this power is exercised. The sanction must however be adequate in order to guarantee the effectiveness of the Model.

In particular, the disciplinary system will comply with the following principles:

- a) the system will be duly publicised by being posting in a place accessible to workers and possibly subject to specific refresher and information courses;
- b) the fine may not be greater than 4 hours of the basic salary, or half a day's work;
- c) suspension from service and remuneration may not exceed 10 days;
- d) the right of defence will be assured to the worker who has been charged with the breach (art. 7 of (It.) law 300/1970, paragraph 2, art. 2106 of the (It.) Civil Code: the claim must be timely and the worker may send written remarks to the Head of the competent office (Human Resources Office), within 5 working days from the notification and, if requested, he/she must be guaranteed

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the right to be heard by the manager of the competent office, or by his/her direct Manager; in any case, the most serious disciplinary measures of the verbal or written reprimand may not be applied before five working days have elapsed from the written notification of the event which gave rise thereto.

The disciplinary sanctions envisaged for Workers in general are shown in the following table:

EMPLOYED WORKERS IN GENERAL	
DISCIPLINARY MEASURES	SUMMARY OF POSSIBLE REASONS
<p>Verbal reprimand The sanction of the verbal reprimand will be applied in cases of violation of the powers and tasks provided for by the Model and/or procedural errors, without serious relevance</p>	<ul style="list-style-type: none"> - Failure to comply with the preventive tasks attributed to each, in the context of this Organisational Model;
<p>Written reprimand The sanction of written reprimand will be applied in cases of repeated infringement of the Model (within one year) and/or in the case of serious breaches, namely such that can cause (or have caused) serious damage to the company or to persons</p>	<ul style="list-style-type: none"> - Untruthful entries of the information subject to monitoring, investigation or other planned surveillance activities;
<p>Fine the fine can be applied in all cases where there is recourse to written reprimand and/or in the presence of culpable behaviour that may render the implementation of the Organisational Model ineffective, in whole or in part</p>	<ul style="list-style-type: none"> - Breach and/or avoidance of the supervisory system, through the removal, destruction or alteration of the envisaged documentation;
<p>Suspension from work and pay The sanction of suspension from work and remuneration will be applied, as well as in cases of recurrent infringements, also in cases of serious breaches, but which are deemed not to deserve the extreme choice of dismissal</p>	<ul style="list-style-type: none"> - Impeding the appointed subjects, including the Supervisory Body, from controlling or accessing information and documentation
<p>Dismissal due to misconduct The sanction of dismissal, with or without notice, will be applied in the most serious cases of breaches, especially if such breaches have exposed people to serious risks for the environment or when such breaches have significantly compromised the effectiveness of the Model</p>	<ul style="list-style-type: none"> - Commission of one of the offences implied pursuant to the Model

Any breach of the Code of Ethics and of the provisions of the law and the contract will in any case be suitably sanctioned.

Disciplinary measures will not be taken into account in any way after two years from their application.

It is understood that all the provisions and guarantees provided for by the law and by the employment contracts regarding disciplinary proceedings will be followed: in particular, the worker to whom a disciplinary sanction has been applied may have recourse to the conciliation procedure provided for by (It.) Law no. 300/1970, in art. 7, paragraph 2.

As regards the ascertainment of infringements, disciplinary proceedings and the imposition of sanctions, the powers conferred on the Company's management remain valid, within the limits of the respective powers of

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attorney, powers and competences. Even the Supervisory Body, if it becomes aware of events deemed to be punishable, will communicate the fact to the Chairman of the Board of Directors or his/her Delegate who will handle the disciplinary procedure according to the aforementioned powers conferred to the Management.

The Chairman of the Board of Directors or his/her Delegate will provide the Supervisory Body with information on the measures generally adopted.

4.2 Measures against Executives

In case of breach of the current legislation, or failure to comply with the internal procedures set forth by the Model or the Code of Ethics by the Managers and Executive Officers, the following measures will be applied to the persons responsible in compliance with the provisions of current legislation and by the current National Collective Bargaining Agreement for Executives.

EXECUTIVES	
DISCIPLINARY MEASURES	SUMMARY OF POSSIBLE REASONS
<p>Written reprimand</p> <p>The sanction of written reprimand will be applied in cases of breach of the powers and tasks provided for by the Model and/or procedural errors, without serious relevance</p>	<ul style="list-style-type: none"> - Failure to comply with the preventive tasks attributed to each, in the context of this Organisational Model
<p>Fine (from €50 to €200)</p> <p>The fine will be applied in cases of repeat breaches of the Model and/or in the case of serious breaches, namely such that may cause (or have caused) damage to the company or to people. It can be applied in all cases where there is recourse to written reprimand and/or in the presence of culpable behaviour that may render the implementation of the Organisational Model ineffective, in whole or in part</p>	<ul style="list-style-type: none"> - Untruthful entries of the information subject to monitoring, investigation or other planned surveillance activities
<p>Suspension</p> <p>Suspension will be applied in the case of serious breaches of the model, namely such that can cause or have caused significant damage to the company or to people.</p>	<ul style="list-style-type: none"> - Breach and/or avoidance of the supervisory system, through the removal, destruction or alteration of the envisaged documentation
<p>Dismissal</p> <p>The sanction of dismissal, with notice, will be applied in the most serious cases of breaches, especially if they have exposed the environment to serious risks or if they have significantly compromised the effectiveness of the Model</p> <p>Where the breach of one or more indications of the Model and/or of the Code of Ethics is of such severity as to irreparably damage the relationship of trust, not allowing the, even temporary, continuation of the employment relationship, the worker shall incur the sanction of dismissal without notice</p>	<ul style="list-style-type: none"> - Commission of one of the offences implied pursuant to the Model (corruption, bribery, etc.)

Any breach of the Code of Ethics and of the provisions of the law and the contract will in any case be suitably sanctioned.

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4.3 Measures against the Employer as qualified by (It.) Legislative Decree no. 231/2001 and subsequent amendments

The Employer must also answer for any breaches of the Organisational and Management Model and/or the Code of Ethics and as the position of Employer is originally a guarantee position, vested with decision-making and expense powers, disciplinary measures will be more serious, as shown in the following table:

EMPLOYER	
DISCIPLINARY MEASURES ¹	SUMMARY OF POSSIBLE REASONS
<p>Fine (from €75 to €400) The amount of the fine will be decided by the Board of Directors in all cases where there is a breach as regards to the tasks assigned to the Employer under the Organisational Model</p>	<p>Any breach with respect to the assigned preventive tasks, within the framework of this Organisational Model and/or the Code of Ethics Commission of one of the offences implied pursuant to the Model (money laundering, self-laundering, environmental damage, etc.)</p>
<p>Withdrawal of powers the measure will be applied by the Board of Directors in all cases where there is a serious or repeated breach of the tasks assigned to the Employer under the Organisational Model</p>	
<p>Action for compensation (c.c.) The action for the compensation of damages deriving from the non-compliance with the duties imposed on the executive officer, will be applied in all cases there is a violation with respect to the tasks attributed to the same within the Organisational Model, which has produced a financial loss, such as to compromise the fiduciary nature of the relationship</p>	

4.4 Measures against consultants, suppliers, partners or other third parties connected to the Company

To supplement the system of sanctions, note that any behaviour in contrast with the Code of Ethics (or with the Organisational Model) by Consultants, Collaborators, external companies or Third parties in general who have relations with **CASAGRANDE**, may result, as provided by specific contractual clauses that will be included in the letters of assignment, in the agreements and in the contracts, in the immediate termination of the relationship and the eventual claim for compensation by **CASAGRANDE**, if such behaviour causes financial damage to things or persons.

4.5 Measures additional to the sanctions

Given that every person involved in sanctions, according to the previously illustrated criteria, will be given the possibility, as required by the labour law and legal and legislative regulations in general, to be able to understand the reason for the sanction and to comply/justify themselves, the system of sanctions will also include so-called measures “additional” to the sanctions, i.e. information, education and training activities for workers who, by repeatedly breaching the provisions of the Organisational Model or the Code of Ethics, show that they have not fully understood the importance of environmental protection activities or the proper functioning of operations, within the scope of their powers.

¹ It should be noted that in the event of a claim for disciplinary measures against the Employer by the SB, the company's Board of Directors will be the body appointed to adopt the most appropriate disciplinary measure.

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The necessity of the “additional” measures will be established by the Employer, directly or upon possible notification by the SB.

4.6 Sharing and approval of this system of sanctions

The system of sanctions was structured taking into account the indications relating to the disciplinary measures envisaged by the sector National Collective Bargaining Agreement (rather “supporting” it, but not replacing it) and the Workers’ Statute, and was drawn up within a shared and “transparent” process, approved by all parties concerned in the application of this Model. The system of sanctions referred to here is consistent with the specific protocol “System of sanctions of the Organisational and Management Model pursuant to (It.) Legislative Decree 231/2001”.

4.7 The levels of responsibility of the system of sanctions

Given the hierarchical structure of the roles identified by the company organisation chart for **CASAGRANDE**, the following “levels of responsibility” are set out, in descending order, concerned with the possible application of the disciplinary measures provided for in this system of sanctions²:

1. EMPLOYER
2. EXECUTIVES
3. SUPERVISORS
4. WORKERS
5. SUPPLIERS / COLLABORATORS / THIRD PARTIES IN GENERAL

5. SANCTIONS FUND

The sanctions fund relating to the disciplinary measures applied to employed workers will be allocated to the employee pension provision, as envisaged by the National Collective Bargaining Agreement for the applicable category.

With regards to the sanctions applied to the Employer and Executives, the provision will be allocated to contributions for voluntary activities and/or support for humanitarian initiatives, defined annually by the company management.

This company’s disciplinary system must be permanently posted in company places accessible to all, and made known to the subjects referred to in point 4.7.

² Please note that, in addition to the system of sanctions referred to in this Model, the system of disciplinary provisions of the National Collective Bargaining Agreement for the applicable category that concerns all workers remains valid and applicable