



**Organizational and Management
Model**
**pursuant to Legislative Decree
no. 231 of 8 June, 2001**
GENERAL PART

DOCUMENT MATRIX		
Approved by resolution by the Sole Shareholder (AU)	Date 14/03/2019	Signature: <i>Giuseppe Motta</i>

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PREMISE

GMM Farma was founded in 2014 as importer for the registration, marketing and distribution of European-branded drugs in Italy.

GMM Farma is the holder of the marketing authorization for generic medicines and high-quality healthcare products from EU countries. In Europe, GMM Farma operates in the parallel trade sector, a legal practice adopted throughout the European community.

In order to safeguard business continuity, Management has decided to adopt this Organizational, Management and Control Model (hereinafter, also the "Model"), according to Confindustria Guidelines.

Compliance with Legislative Decree 231/2001 also afforded the opportunity to review corporate organizational, management and control tools, in order to verify the correspondence of existing company procedures to purposes envisaged by the Decree, and to integrate behavioral principles and procedures already adopted.

This initiative was taken in the belief that the adoption of the 231 System could be a valuable tool to raise awareness of all those working in the name and on behalf of GMM FARMA, to ensure that they behave correctly and transparently in carrying out their activities, so as to prevent the risk of committing the offenses envisaged by the Decree.

In particular, through general compliance with Legislative Decree no. 231/2001, the Company intends to pursue the following main objectives:

- relatively to all those working in the name and on behalf of GMM FARMA, particularly in the areas of risk-crime activities, raise awareness, in case of violation of the provisions contained in the organizational models, as to the possible application of disciplinary sanctions and, if warranted, also criminal penalties, as well as exposure of the Company to the sanctions established by the Decree;
- thanks to periodic monitoring on the areas of activities at risk, allow GMM FARMA to intervene promptly to prevent, stop or dissuade others from continuing the commission of crimes;
- help to make all Company personnel understand the meaning of the organization of which they are part, through compliance with rules and operating procedures and respect of professional roles, with the awareness of the possible consequences in terms of liability inherent in decisions made on behalf of the Company.

The Company disseminates the Model and the Code of Ethics, inside and outside the Company, so that the entire company structure and, in general, persons who

have relations with the Company, can review and comply with its principles, values and ethical-behavioral norms.

1. CORPORATE LIABILITY VIS-A-VIS THE LIABILITY OF VIOLATOR

As introduced by Legislative Decree 231/01, any corporate liability is assessed if an offense is committed in the interest or to the advantage of the institution (Article 5, paragraph 1) and is added to a (criminal) liability of the person who committed the crime. The criminal judge must, therefore, simultaneously determine the liability of the violator who committed the crime and the liability of the corporate entity in the interest or to the advantage of which the crime was committed. In this regard, it should be noted that the Decree deems a corporate entity liable for any unlawful act regardless of the actual punishment of the violator, who may not be identified or not be chargeable, or benefit from specific circumstances that extinguish a crime or its punishment (e.g., time-barred or pardon) without such events having also effect on the proceedings against the corporate entity¹.

The liability of the corporate entity is configured as autonomous with respect to the liability of perpetrators and is attributed to the company as a whole, for not having an organizational system aimed at preventing crimes (so-called **corporate culpability**).

The liability provided for by the aforementioned Decree also occurs in relation to crimes committed abroad by the entities having their registered office in Italy, provided that the country in which the violation was committed does not also initiate legal proceedings (Art. 4 of the decree).

Legislative Decree n. 231/2001 introduced for the first time in Italy the direct responsibility of corporate entities in criminal cases, for crimes committed in the interest or to their advantage by:

- **individuals in senior management positions** [Art. 5 lett. a) of the Decree], i.e., persons who perform functions of representation, administration or management of the entity or of an organizational unit with financial and functional autonomy, as well as persons exercising, even *de facto*, management and control thereof;
- **individuals in subordinate position** [Art. 5 lett. b) of the Decree] i.e., persons subject to the direction or supervision of one of the above-mentioned individuals. The latter category includes not only subjects linked

¹Pursuant to Art. 8 paragraph 1 of the Decree, *“The liability of the entity exists even when the offender has not been identified or is not chargeable, or the crime is extinguished for a reason other than amnesty”*.

to the Company by corporate bond, but also those who, although not subject to direct management by virtue of a hierarchical or functional subordination relationship, are any case subject to supervision by senior managers.

The system of sanctions introduced by the Decree aims not only to affect the assets of the corporate entity, but also its operation, prohibiting and/or limiting the exercise of the activity. In particular, Art. 9 provides for two different types of penalties:

- **monetary**, applicable to all offenses, to varying degrees depending on the severity of the crime and the financial conditions and capital assets of the corporate entity;
- **debarment**, applicable in cases of greater severity or in the eventuality of recurrence of crimes according to a ranking that includes:
 - ✓ debarment from the exercise of activity in which the offense occurred;
 - ✓ suspension or revocation of authorizations, licenses or concessions functional to the commission of the offense;
 - ✓ prohibition of contracting with the public administration, except to obtain the provision of a public service;
 - ✓ exclusion from benefits, loans, grants or subsidies and the possible revocation of those already granted;
 - ✓ prohibition of advertising goods or services.

Furthermore, it should be pointed out that disqualification is also applicable as a precautionary measure - before defining the judgment of merit to be borne by the institution, where there are serious indications as to the responsibility of the entity, or danger of recurrence of the crime - already at the stage of preliminary investigations.

Furthermore, accessory sanctions include:

- **seizure of financial value or profit of crime**, applicable without limitation, in order to prevent the institution from becoming unjustly enriched through the commission of crimes;
- **publication of conviction**, to be applied jointly to the disqualification sanctions, in particularly serious cases.

In short, relevant crimes, for the purposes of the statutory provision under examination (Article 24 *et seq.*), can be divided into the following categories:

- Crimes against the Public Administration - updated pursuant to Law 190/2012 (Articles 24 and 25 of the Decree);
- IT crimes (Article 24-bis);

- Organized crime offenses (Article 24-ter);
- Crimes against public faith (Article 25-bis);
- Crimes against industry and commerce (Article 25-bis 1);
- Corporate crimes - updated with the provision referred to in Law 190/2012 (Article 25-ter);
- Crimes with the purpose of terrorism or subversion of the democratic order (Article 25-quater);
- Crimes against the person (Article 25-quinquies);
- Crimes of market abuse (Article 25-sexies);
- Transnational crimes (Articles 3 and 10, Law No. 146/2006);
- Crimes of culpable homicide or serious or very serious injuries committed in violation of the accident prevention regulations and the protection of health and safety at work (Article 25-septies);
- Crimes of receiving stolen goods, money laundering and use of money, assets or other benefits of illicit origin - as well as of self-laundering - updated to Law 186/2014 (Article 25-octies);
- Crimes concerning the violation of copyright (Article 25-novies);
- Crimes of obstruction of justice (Article 25-decies);
- Environmental crimes updated in accordance with Law n. 68 of 22 May, 2015 (Article 25 -undecies);
- Offenses concerning the employment of third-country nationals whose stay is not legal (Article 25 - duodecies).

1.1. THE BENEFIT OF THE EXEMPTION

The Decree expressly provides that, when certain conditions are met, the Company may benefit from an "exemption" mechanism from liability. This exemption varies according to the person who has committed the crime. In particular, where the crime is committed by persons in senior positions, the administrative liability of the Company will be excluded if the Company proves:

- to have adopted and effectively implemented organizational and management models suitable for preventing crimes of the kind that occurred before the commission of the offense;
- that people have committed the crime by fraudulently ignoring the organization and management models;
- that the task of supervising the functioning and observance of the models and of updating them has been entrusted to an organization of the

Company, provided with independent powers of initiative and control (Supervisory and Control Body, hereinafter, SB);

- that there was no omitted or insufficient supervision by the SB.

In the second case, where the crime is committed by persons subject to the management or supervision of persons in senior positions, administrative liability (Article 7 paragraph 1 of the Decree) exists in the event that the commission of the offense was made possible by the failure to comply with the management and supervision obligations that the top managers maintain towards such persons. However, Art. 7 paragraph 2, sets forth that: *"in any case, non-observance of management and supervision obligations is excluded if the Company, before committing the offense, has adopted and effectively implemented a model of organization, management and control suitable for preventing offenses similar in nature to those that occurred"*.

Finally, corporate liability is excluded (Article 5 paragraph 2 of the Decree) if the perpetrators acted in the exclusive interest of themselves or third parties. However, the use, beside the interest or advantage of the institution, of a personal interest of the violator or of third parties, does not *per se* rule out the existence of the liability of the entity that, as already noted, is independent of the liability of natural persons.

The Decree also provides that, in relation to the extension of powers granted by proxy and the risk of commission of offenses, the Organization, Management and Criminal Risk Control Model must meet the following requirements:

- a. identify areas at risk of committing the offenses envisaged by the Decree;
- b. prepare specific protocols in order to plan training and implementation of the corporate entity's determinations in relation to the crimes to be prevented;
- c. provide for the identification and management of financial resources suitable for preventing the commission of such offenses;
- d. define information obligations towards the body in charge of supervising functioning and observance of the Model;
- e. configure an internal disciplinary system suitable for sanctioning failure to comply with the measures set forth in the Model.

The same Decree provides that the Organization, Management and Control models can be adopted on the basis of behavior codes (so-called Guidelines) drawn up by representative associations of professional categories, disseminated and endorsed by the Ministry of Justice (Article 6, paragraph 3).

2. THE 231 SYSTEM IN THE CONTEXT OF GMM FARMA

One of the guiding principles in the drafting of the Company's Model 231 consists in optimizing what can be surmised from the organizational structure of the Company, not only in terms of structure, roles and duties of personnel, but also in terms of the implementation of procedures and control systems already existing and implemented within GMM. The underlying logic is to avoid redundancies and superstructures designed to create diseconomies that would risk weighing down the management and control activities of the Model, potentially undermining the fundamental purposes envisaged by the law. This strategic choice appeared to be suitable to ensure the correct functioning of the Model over time, as it allows the integration of the requirements and protocols for managing sensitive activities, in the flow of current business processes. In order to improve the efficiency of the organizational models required by Decree 231, it will be appropriate to enhance the synergy with other administrative measures adopted by the Company (represented by internal operating manuals and procedures).

To this end, compliance with Legislative Decree 231/2001 also afforded the opportunity to review corporate organizational, management and control tools, in order to verify the correspondence of existing company procedures to purposes envisaged by the Decree, and to integrate behavioral principles and procedures already adopted.

This initiative was taken in the belief that the adoption of the 231 System could be a valuable tool to raise awareness of all those working in the name and on behalf of GMM FARMA, to ensure that they behave correctly and transparently in carrying out their activities, so as to prevent the risk of committing the offenses envisaged by the Decree.

In particular, through general compliance with Legislative Decree no. 231/2001, the Company intends to pursue the following main objectives:

1. relatively to all those working in the name and on behalf of GMM FARMA, particularly in the areas of risk-crime activities, raise awareness, in case of violation of the provisions contained in the organizational models, as to the possible application of disciplinary sanctions and, if warranted, also criminal penalties, as well as exposure of the Company to the sanctions established by the Decree;
2. thanks to periodic monitoring on the areas of activities at risk, allow GMM FARMA to intervene promptly to prevent, stop or dissuade others from continuing the commission of crimes;

3. help to make all Company personnel understand the meaning of the organization of which they are part, through compliance with rules and operating procedures and respect of professional roles, with the awareness of the possible consequences in terms of liability inherent in decisions made on behalf of the Company.

2.1 THE GMM FARMA ORGANIZATIONAL, MANAGEMENT AND CONTROL OF ADMINISTRATIVE LIABILITY FOR CRIMES

In light of the foregoing, in relation to Legislative Decree 231/2001, GMM formalizes and describes herein, in the special parts attached hereto, as well as in the management protocols of specific sensitive processes, an organic complex of principles, rules and instruments of control, functional to the realization and detailed management of an organizational system able to effectively prevent and contrast the risk of crimes that, according to the Decree, involve the Company's administrative liability.

The administrative body of the Company - taking into account the results of the mapping of activities at risk of crime formalized in a specific risk assessment document that preceded the drafting of this Model - decided to adopt and implement a structured and organic system of rules, procedures and monitoring activities aimed at preventing the risk for the Company to be investigated or sentenced as liable for offenses resulting from crimes attributable to corporate operators or persons in any case connected to the corporate organization.

GMM has also prepared this model, taking into account, in addition to the results of the risk assessment, the recommendations contained in the Confindustria Guidelines for the drafting of the organizational, management and control models pursuant to Legislative Decree 231/2001, initially approved on 7 March, 2002 and subsequently updated for the first time on March 31, 2008 and later in March 2014, though approved on 21 July, 2014 by the Ministry of Justice (pursuant to Article 6.3 of the Decree).

Therefore, the Organizational Model, on the one hand, incorporates the best practices in the sector, on the other, the rules of correct conduct and management procedures of corporate processes sensitive to the risk of crime, as it pertains to GMM Farma operations.

2.2. MODEL FUNCTION AND ITS ESSENTIAL POINTS

The Model pursues the objective of configuring a structured and organic system of prescriptions, protocols and work instructions, as well as control activities aimed at preventing the commission of various types of crimes contemplated by the Decree. In particular, by identifying areas of risk activities and their appropriate regulations, the Model proposes the following aims:

- relatively to all those who work in the name and on behalf of GMM, particularly in the areas of risk-crime activities, raise awareness, in case of violation of the provisions contained in the organizational models, of administrative and criminal violations to be incurred by both violator and Company;
- reiterate that such forms of unlawful conduct are strongly condemned by GMM because - even if the Company was apparently in a position to take advantage of it - they are in any case contrary to the provisions of the law, as well as to the ethical-social and organizational principles the Company intends to comply with in pursuit of its corporate mission;
- allow the Company to intervene promptly to prevent or combat the commission of offenses through constant monitoring of the areas of activity at risk.

The essential points of the Model, in addition to the principles already indicated, are:

- sensitizing and dissemination activities, at all company levels, concerning behavioral rules and established functions for the prevention of crimes, and involvement of the Company operators in the implementation of such rules;
- mapping of corporate areas of activity at risk, with focus on activities in which the possibility of crimes being committed is considered higher;
- attribution to the SB of specific supervisory tasks on the effective and correct functioning of the Model;
- application of and compliance with, in all company activities, the principle of segregation of duties, which rests on the principle that no one can independently manage an entire process;
- conferment of authorizing powers and devices consistent with responsibilities assigned and duties effectively disengaged by each operator;
- after-the-fact verification of corporate behavior, as well as the effective implementation of the Model, with consequent periodic updating.

2.3. RECIPIENTS OF THE MODEL

The following are to be considered as recipients of the Model:

1. Corporate Bodies (Members, Sole Shareholder, as well as any other person who exercises, even in practice, powers of representation, decision-making and /or control within the Company);
2. Personnel formally included in the workforce both on the basis of employment contracts and non-employee professional relationships;
3. Consultants not included in the workforce and anyone providing (in an individual or associated form) services in the name and/or on behalf of the Company, or, in any case, under its control (e.g., agents and carriers).

All recipients are explicitly forbidden from keeping any conduct that does not comply with the provisions of the Model, even if implemented in the interests of the Company or in order to provide benefits to it.

2.4. ADOPTION OF MODEL AT GMM FARMA

The adoption and any subsequent amendments of and additions to the Model fall within the purview of the Sole Shareholder of GMM FARMA, to be exercised with a specific determination, in which he declares that he is committed to compliance with this Model. In fact, the Model constitutes an "act of dissemination of the governing body", pursuant to Art. 6, par. 1 lett. a) of the Decree.

The Company undertakes to ensure that the recipients have effective awareness of the Model through specific communication activities, as well as to activate a periodic training plan for personnel on related contents, as better specified herein.

The Supervisory Body (hereinafter, also "SB", or "Body"), established pursuant to Art. 6, paragraph 1, lett. b) of the Decree, is the body responsible for verifying the correct implementation of this Model among all recipients, taking care of updated thereto, as it pertains to statutory developments, any change in the organizational and management structure of the Company and economic, financial and commercial developments relating to business activities. Each corporate function is responsible for the application of the Organizational Model within the scope of its duties.

2.5 INTERVIEWS AND ANALYSIS OF "231-MODEL" RISKS AT GMM FARMA

The Sole Director of GMM FARMA has commissioned an integrated working group - internal resources and external consultants - to implement compliance with Legislative Decree 231/01 within the Company. The team conducted a series of interviews with the various top-line corporate contacts with the aim of mapping the actual functioning of production dynamics, understand the business model and adherence of the business organization to the corporate structure. Risks related to

the specific areas of activity of the Company have been examined in depth for each of the following areas:

- Governance
- Administrative
- Purchasing
- Sales
- Marketing
- Technical Direction
- Regulatory
- Sistemi informativi
- Sicurezza e Ambiente

This risk mapping process was formalized in the Risk Assessment document where, for each function, the operating areas were identified which, in relation to the current corporate context, could entail a level of risk that would justify the introduction of an internal control system to prevent the commission of crimes and, consequently, to define the behavioral principles on which to base the construction of the Model.

The working group then proceeded to collection and analysis for each area: a) of existing company practices and controls, b) procedures adopted, c) segregation of roles and responsibilities, d) formalized delegations and powers of attorney, as well as subsequent identification of improvement actions aimed at reducing the level of risk and implementation of significant control principles (so-called gap analysis).

Basically, with a view to the implementation of a program of systematic and rational measures for the definition of the organizational model, the mapping of corporate processes was prepared, and the so-called "risk activities" were identified within them, or those that, by their nature, are among the activities to be analyzed and monitored in light of the provisions of the Decree.

Following the identification of "activities at risk", the working group took into account, in the preparation of the Organizational Model:

- a. provisions of Legislative Decree n. 231 of 2001;
- b. first legal documentation relating to the identification of suitable parameters to be able to complete appropriate screening of an organizational Model;
- c. recommendations contained in the aforementioned Confindustria Guidelines for the drafting of Organizational, Management and Control models.

All these activities were defined within the business context in which the Company operates.

3. STRUCTURE OF THE ORGANIZATIONAL MODEL AT GMM FARMA

On the basis of the results of the Risk Assessment document, the Organizational, Management and Control Model, divided into this General Section, contains statutory references and objectives pursued, also describing tasks and functions of the SB and sanctions system; it also contains single Special Sections relating to relevant types of offense, as identified in the previous risk-analysis activity.

In the event that it becomes necessary to proceed with the issuance of additional Special Parts, the Managing Director of GMM FARMA has the authority to confer powers to supplement this Model t a later stage, by means of a specific resolution.

The following key points are discussed in the General Section:

- structure and operational configuration of the Company;
- organizational structure;
- delegations and powers of attorney;
- corporate governance system;
- management of financial resources;
- Code of Ethics;
- communication to and training of staff;
- protocols and procedures;
- disciplinary system;
- appointment, duration, composition and powers of the Supervisory Body.

The Special Part details the organizational safeguards adopted for risk management in individual areas subject to detection in the risk assessment phase, highlighting in particular:

- activities sensitive to crime risk;
- functions, services and corporate offices that operate in areas at risk of crime or sensitive activities;
- "instrumental" areas, as well as individuals operating within such areas;
- relevant control principles within individual risk and instrumental areas;
- principles of behavior to be complied with in order to reduce and, where possible, eliminate the risk of committing crimes.

4. THE ORGANIZATIONAL STRUCTURE OF THE COMPANY

The organizational analysis of GMM FARMA was carried out on the basis of the documental completed during the risk-assessment phase.

By way of example, we analyzed Company's business information, operating manual and organizational procedures, Company organization chart, financial statements and related attachments. The organizational context of the Company is

based on a structured and organic segmentation of roles and responsibilities (segregation of duties), based on the key principle of the "231 system" of separation of duties, according to which **no one can independently manage an entire process.**

The corporate organizational structure is as follows:

- **Single Shareholder**
- **Managers in charge of corporate functions, in relation to the following areas:**
 - Administrative
 - Acquisti
 - Vendite
 - Marketing
 - Direzione tecnica
 - Regulatory
 - Sistemi informativi
 - Sicurezza e Ambiente

The aforementioned Managers adjust their conduct based upon the requirements of the Model and of the Code of Ethics, also verifying scrupulous compliance by the staff and collaborators, such as:

- ✓ **dependent employees** in different areas;
- ✓ **external consultants**, not included in the workforce and anyone providing (in an individual or associated form) services in the name and/or on behalf of the Company, or, in any case, under its control (e.g., agents and carriers).

The Supervisory Body was instituted as an autonomous body functioning independently of any other group, as established by Art. 6 of the Decree, for the purpose of overseeing the effective implementation of the Organizational Model against the commission of crimes.

5. CORPORATE GOVERNANCE SYSTEM AT GMM FARMA

The Company has adopted a traditional system of administration set up by the **Sole Shareholder** with the widest powers for management without exception of any kind, having the powers to carry out all deeds he deems appropriate for the implementation and achievement of the corporate mission, with the sole exclusion of powers that the law reserves to other Shareholders.

The Sole Director performs his/her functions for the implementation and achievement of the corporate purpose, within the limits of what is permitted by law and by the Bylaws, with professionalism, autonomy, independence and responsibility towards the Company, public bodies and, in general, third parties. Indeed, he/she legally represents the Company before third parties and in Court, before any authority.

In addition, the Single Shareholder:

- ❖ has the power to define the strategic guidelines of the Company, and verify the existence and efficiency of the organizational and administrative structure of the Company;
- ❖ has the obligation to refrain from any activity that could harm the interests of the Company - including the interest in complying with this Model and the Code of Ethics - or from pursuing his/her own interests or those of third parties, even if only potentially conflicting and/or prejudicial to the Company.

In such cases, the Supervisory Body, pursuant to Art. 2391 of the Italian Civil Code, must be informed promptly;

- ❖ commits to scrupulously complying with behavioral prescriptions set out in this Model and the values set out in the Code of Ethics.

6. DIRECTION AND COORDINATION ACTIVITIES

GMM FARMA is subject to the management and coordination of Co.Fi.Mo SpA, owner of 100% of the property.

7. DELEGATIONS AND POWERS OF ATTORNEY

The issue of power delegation assumes a relevant profile within the scope of Legislative Decree No. 231/2001. Legislative Decree 231/2001 also provides that (Art. 6, paragraph 2), in relation to the extension of powers granted by proxy and the risk of commission of offenses, the Organization, Management and Control models must meet the following requirements:

- identify activities in whose context crimes may be committed;
- prepare specific protocols in order to plan training and implementation of the corporate entity's determinations in relation to the crimes to be prevented;
- provide for the identification and management of financial resources suitable for preventing the commission of such offenses;
- include notification requirements for the SB;

- introduce an internal disciplinary system suitable for sanctioning failure to comply with the measures set forth in the Model.

As repeatedly stated in the enunciation of the general principles of the 231 Models, in order to effectively implement the principle of segregation of duties, under which no one can autonomously manage an entire process, it is opportune that top management formally delegate some activities and the relative powers of intervention, maintaining under its purview more or less broad control tasks, in relation to the delegated matter and the qualification/level of delegated entities.

“**Delegation**” refers to the corporate organizational tool used to attribute to a person other than the institutional recipient of criminal liability, the obligations and responsibilities identified as originally due to the principal.

The criteria for assigning a delegation of functions are the expression of parameters borrowed from the jurisprudence and codified, within a general scope, by the new Consolidated Law on labor safety (Article 16 of Legislative Decree 81/2008), according to which:

- a) the proxy is a written deed with a certain date;
- b) the delegate must possess all the requisites of professionalism and experience required by the specific nature of the delegated functions;
- c) the proxy grants the delegate all the powers of organization, management and control required by the specific nature of the delegated functions;
- d) the delegate must be provided with autonomy of expenditure necessary for the performance of the delegated functions;
- e) the proxy must be accepted by the delegate in writing;
- f) the proxy must be given adequate and prompt publicity.

The delegation of functions does not exclude the duty of supervision on the part of the principal, as regards the correct execution by the delegate of the transferred functions.

“**Power of attorney**” refers to the legal act, addressed to third parties, with which a person (called represented) confers the power to perform legal acts in his name and in his interest to another person (called representative); the effects of these legal acts will be directly imputed to the represented person.

Criteria for conferring powers of attorney are as follows:

- a) **general powers of attorney** - conferred in order to take care of all business matters concerning the represented body (or a category of business matters) - are conferred only to the owners of those corporate functions that required powers of representation of the company;

- b) **special powers of attorney** - which concern the fulfillment of specific deeds - describe the conferred management powers, the extension of the powers of representation and the limits of the power of signature and/or expenditure.

The powers of attorney conferred become extinct with the completion, by the attorney-in-fact, of the deeds for which the power of attorney had been conferred; with the death, revocation or resignation of the attorney-in-fact, or bankruptcy of the principal.

7.1. DELEGATIONS AND POWERS OF ATTORNEY SYSTEM AT GMM FARMA

GMM FARMA has adopted a system of delegated functions and powers of attorney in compliance with the requirements of Legislative Decree 231/01.

The subjects holding offices or qualifications are:

- ❖ **Dr. Gian Maria Morra:** appointed as Sole Director with resolution dated 14/03/2013, for an indefinite period of time.
- ❖ **Dr. Fabio Sabbatino,** on 14 September, 2016, the Employer conferred upon him a special power of attorney indicating the following
 - a) in relations with the Italian Medicines Agency, take care of all communications regarding the notification of the printed matter and/or samples of medicines relabeled or repackaged with the Trademark Owner and/or the Marketing Authorization Holder in Italy of the corresponding (original) product to be imported;
 - b) with regard to the Trademark Holders and/or the Marketing Authorization Authorities in Italy of the corresponding (original) product to be imported, take care of notifications which will then be communicated to AIFA;
 - c) stipulate agreements and contracts with both Italian and foreign suppliers with a spending limit or monthly expense commitment not exceeding € 35,000.00 for each individual supplier, unless expressly authorized by the principal company, authorization to be granted exclusively in writing.
- ❖ **Technical Director:** upon whom a special power of attorney is conferred, from which it is clear that the TD is responsible for the correct application of the regulations in force concerning the correct storage and distribution of Medicinal Products in general, as well as products processed by the Company.

In this regard, the Confindustria Guidelines identify as a component of a preventive control system, in addition to the adoption of a code of ethics, personnel training and internal communication, "a sufficiently formalized and clear organizational system" as regards attribution of responsibility", lines of hierarchical dependence and "description of tasks", with a specific provision of control principles such as, for example, the juxtaposition of functions".

8. MANAGEMENT OF FINANCIAL RESOURCES

Article. 6, paragraph 2, lett. c) of Decree 231/2001 provides for the obligation to identify specific methods of management of financial resources suitable for preventing the commission of offenses.

To this end, the Company operates in compliance with the principles of management of financial resources, based on the three cardinal principles identified and explained by the Confindustria Guidelines:

1. **Principle of segregation** - "*No one can independently manage an entire process*". In accordance with this principle, GMM FARMA adopts, in the management of financial resources, a consolidated practice that ensures the separation and functional independence between those who make decisions to use financial resources, those who implement these decisions and those entrusted with controls on the correct management of financial resources used; it also provides the constant updating of the organization chart so that it accurately reflects corporate duties and responsibilities. In accordance with the Confindustria Guidelines, limits must be set for decision-making independence as it pertains to the use of financial resources, by setting precise quantitative thresholds in line with management skills and organizational responsibilities assigned to individual persons. Overcoming these quantitative limits may take place in compliance with the appropriately established authorization and representation procedures, always ensuring separation and hierarchical independence among those who authorize the expenditure, those who must implement it and those who are entrusted with financial controls.
2. **Traceability principle** - "*Every operation, transaction, action must be: verifiable, documented, consistent and congruous*". In compliance with this principle, all transactions involving the use or commitment of financial resources must have an express and verifiable reason and be documented and recorded, by manual or electronic means, in accordance with the principles of professional correctness and accounting. The relative decision-

making process must always be verifiable and for no reason is it allowed that the Company's funds and any relevant transaction are not properly documented.

- 3. Principle of control** - "*Documentation of control activity*". In compliance with this principle, all transactions involving the use or commitment of financial resources must be subject to a control system, exercised by the SB, suitable for documenting - for example through the drafting of reports or minutes - inspections and/or supervision activity. In particular, the Company activates specific processes for monitoring financial resources, aimed at avoiding the allocation of financial resources with funds used to perpetrate a variety of offenses involving handling of cash flows (corruption, laundering, false corporate communications, etc.).

9. CODE OF ETHICS

The Code of Ethics expresses the principles, values and rules of conduct inherent in activities carried out at GMM FARMA. It sets out rights, duties and responsibilities with which business and corporate activities must comply, respecting the legitimate interests of Company, employees, customers, commercial and financial partners, and the community at large.

The GMM FARMA Code of Ethics, in line with the provisions of Legislative Decree n. 231/01, establishes the behavioral guidelines to be followed and regulates the role and relationships of GMM FARMA with the entirety of subjects with which the Company relates in conducting its business.

As required by the Confindustria Guidelines, the Code of Ethics must be inspired by the following principles:

- the Company undertakes to ensure that its employees, sole director, collaborators, suppliers and customers - as well as personnel and officers of other companies with whom they are jointly or temporarily coordinated - consistently comply with laws and regulations in force in all the countries in which the Company operates, as well as the organizational and procedural rules adopted by the institution, in particular those expressly provided for in the Organizational, Management and Control Model to prevent the commission of offenses;
- the Company undertakes to take all preventive measures to protect safety and health in the workplace;
- in carrying out its activities, the Company undertakes to strictly comply with all applicable environmental legislation and regulations

The principles contained in the Code of Ethics are addressed to:

- Sole Director, who, in carrying out his/her functions of direction and coordination of the business activity and in determining and establishing corporate strategies and objectives, takes care of the adequacy of the organizational, administrative and accounting structure of the Company, in the forms and within the limits set forth in Art. 2381 of the Italian Civil Code;
- Staff directly reporting to the Sole Director;
- Area managers who report directly to the Sole Director and must adhere to the principles and protocols of the Model, also verifying compliance with it by the subjects under their supervision;
- Employee and staff under the direct supervision of Managers;

The following categories are required to have knowledge of, accept and comply with the contents of the Code of Ethics:

- a. suppliers and partners of the Company and, in general, all those contractually interact with the Company;
- b. any other private or public entity, even of institutional nature, with which the Company establishes operational relationships, either directly or indirectly, permanently or temporarily, in Italy or abroad.

The recipients of the Code are required to comply with the provisions contained therein and adapt their behavior and actions to the principles expressed therein.

GMM FARMA:

- by resolution by the Sole Director, adopts the Code of Ethics;
- requires compliance with the provisions of the aforementioned Code in all corporate financial relations and endeavors to ensure its widest possible dissemination.

The Code of Ethics, therefore, applies to the entire corporate organization chart of GMM FARMA and to stakeholders with whom the Company entertains business relationships (external collaborators, suppliers, customers, and consultants), without prejudice to the application of mandatory legal provisions.

The principles and values that inform the Code of Ethics and the behavioral rules in which they are translated are pursued and complied with at all times and in every context in which the Company operates.

The recipients of the Code are required to comply with provisions both in their interpersonal relations and in dealings with third parties. In detail:

- the administrative body performs its functions, in particular those of direction, coordination and control, adapting itself to the principles of the Code and verifying compliance with it by Area Managers;
- managers of the various areas adjust their conduct to the principles of the Code of Ethics and verify that the latter is complied with by personnel and collaborators;
- employees adjust their conduct to the principles set forth in the Code and to the instructions given by their supervisors. Specifically, compliance with the Code of Ethics is an integral part of the contractual obligations of employees, also pursuant to and for the purposes of Arts. 2104, 2105 and 2106 of the Civil Code;
- external collaborators (suppliers, consultants, etc.) are bound by the provisions of the Code upon inclusion, in the respective contracts, of specific clauses that establish the obligation to comply; by effect of the same clause, the Company reserves the right to terminate the contract in cases of violation of the provisions of the Code by the aforementioned collaborators.

The Supervisory Body is the body responsible for verifying the correct implementation of this Model among all recipients, taking care of updated thereto, as it pertains to statutory developments, any change in the organizational and management structure of the Company and economic, financial and commercial developments relating to business activities. Each corporate function is responsible for the application of the Organizational Model within the scope of its duties.

Recipients may report an alleged violation of the Code to the Supervisory Body, which will evaluate the report by committing to ensure the confidentiality of the identity of the reporting party, without prejudice to legal obligations. Reports presented in good faith can not have negative repercussions on the reporting person, even an allegation may eventually prove to be unfounded.

10. COMMUNICATION TO AND TRAINING OF STAFF

Training and communication are two fundamental aspects identified by Decree 231 for the correct functioning of the Organizational Model.

For the purposes of proper disclosure and knowledge of the rules of conduct contained in the Code of Ethics and the Organizational Model, these documents are posted on the Company notice board and made available to all recipients, through publication on the Company Intranet.

The communication and training system is managed under the supervision of the Supervisory Body and the Function Managers involved in applying the Model.

10.1. COMMUNICATION ACTIVITIES

The Company is engaged in a campaign of promotion and communication on issues related to ethical matters concerning staff in the context of the business activity, with reference to the prevention of crimes that may result in administrative liability pursuant to Decree 231.

For this reason, corporate disclosure of this Document and of the Code of Ethics within the Company is guaranteed, with a different degree of depth, in relation to the level of involvement of human resources in areas deemed sensitive and instrumental to the potential commission of crimes relevant to the Decree. In particular:

- a. all employees, of any qualification and level, will receive, within 30 days from the adoption of the Model, an informative letter about the adoption of the Model, in order to promote their knowledge and make known to all stakeholders that all are expected to know its content, comply with its provisions and contribute to its implementation;
- b. the same informative letter will be delivered, together with the letter of appointment, to all the newly hired staff (whether they are managerial staff and with representation functions, or whether they are other personnel, of any qualification and level);
- c. in any case, the message of disclosure of the Model to employees must include a clarification concerning the fact that compliance with the Model is a provision for the execution of work pursuant to Art. 2104 of the Civil Code;
- d. the Model will be presented to the Sole Director at the meeting held for its approval;
- e. The Supervisory Body, in cooperation with the Sole Director, will organize, within 60 days from the adoption of the Model, a meeting with other senior executive and Managers of various corporate functions mentioned above, aimed at illustrating the Model, as well as promoting its awareness and adoption;
- f. after this meeting, each Functional Manager will share the information with any other subject under his/her supervision, making sure that all those who work within GMM FARMA are sufficiently informed about the obligation to standardize their own behaviors to what is established in the Model;

- g. the Supervisory Board must also organize, at any subsequent modification of the Model, a similar information meeting aimed at illustrating updates and changes; all subjects described above, as well as third parties interacting with the Company, as appropriate, will be invited to participate in the meeting.

A specific report will be drawn up for each meeting, listing all participants as well as topics discussed.

External collaborators and suppliers will be informed about the release of the Model within 60 days from its adoption, and required to sign a formal letter of acceptance thereof.

10.2. TRAINING ACTIVITIES

The Company considers continuing education a fundamental aspect for the growth of its employees and collaborators.

Training activity, aimed at disseminating knowledge of the legislation referred to in Decree 231/2001, is differentiated in terms of content and methods of delivery according to the qualification of the recipients, the level of risk in the area in which they operate, and powers and tasks assigned to them.

The training plan, in general, provides for the use of different delivery methods, depending upon the position of training recipients - whether "executive" or "subordinate" position - and, above all, the degree of criminal risk relating to the area in which such subjects operate (targeted seminars, classroom training on specific risk prevention protocols, etc.).

The training activity will be carried out in two stages:

- general training, which concerns all entities that collaborate with the employees of the Company. Particular attention will be devoted to the disciplinary system since, in order to have a suitable model, it is necessary to establish an interrelationship between the disciplinary system and the information-training system;
- specific training aimed exclusively at personnel in areas at risk, to illustrate mapping of risks of deficiencies, define specific critical aspects of each area, illustrate adjustment procedures adopted by the Company to prevent deficiencies, and identify managers of each individual area.

The Supervisory Board is responsible for documenting initial or intermediate communication and periodic training activities and, in cooperation with function Managers as well as training consultants/bodies, defines the structure of training courses.

11. PROTOCOLS AND PROCEDURES

Behavioral protocols for managing activities at risk (guidelines, procedures or work instructions) form a substantial part of the Organizational Model adopted by GMM FARMA. Crime prevention is achieved by formulating "precautionary" provisions that are translated into precise operational requirements relating to processes at risk.

Indeed, Decree 231 requires that the Organizational, Management and Control Model, in order to function properly, must "*provide specific protocols aimed at planning training and the implementation of corporate decisions in relation to crimes to be prevented*".

These precautions are resolved in identifying methods of conduct suitable for eliminating or minimizing a well-defined risk, thanks to a process that involves a plurality of subjects and functions called to take sequential decisions.

The implementation of the procedures suggested during risk assessment and the integration of existing procedures with 231-model control measures and information flows to the Supervisory Board takes place on the basis of a series of common inspiring principles of corporate decisions, indicated below:

- each protocol/procedure is verified in accordance with the laws that govern reference subjects, is approved by the relevant Functions and officially determined by the Sole Director;
- updating of protocols/procedures, due to changes in the Company's activities, changes in corporate processes or regulatory changes, is the responsibility of both the Supervisory Body and the Managers of various areas and forms an integral part of the Model;
- each protocol/procedure, in order to ensure full compliance with the principles of traceability and control, contains a description of the internal procedures to be followed for carrying out the activity, and also lists which subjects are in charge, as well as related responsibilities and application methods, support forms for the entire process, archiving provisions and methods of control of the process.

This ensures:

- segregation of duties among authorization, execution and process control functions;
- identification of a single person responsible for the process at risk of crime, as the guarantor of the effective application of the protocol and the first contact person of the SB.

The observance and effectiveness of protocols/procedures is constantly monitored by the SB, which proposes to Top Management both updates and organizational-procedural changes aimed at ensuring adequate supervision of the risks for any non-compliance of behaviors and practices identified in the audit phase.

12. DISCIPLINARY SYSTEM

Article 6, paragraph 2, lett. e) and Art. 7, paragraph 4, lett. b) of Legislative Decree no. 231/2001 expressly establish (with reference to both senior managers and subjects under management), that the exemption from liability of the corporate entity is subject, *inter alia*, to proof of the introduction of "a disciplinary system suitable to sanction failure to comply with the measures set forth in the Model". The disciplinary system completes and makes effective the Organizational Model, whose purpose is to prevent crimes from being committed, and not to repress them when they have already been committed.

The definition of a system of sanctions (commensurate with the violation and deterrent purposes), applicable in case of violation of the rules adopted by the Company in implementation of the reference principles contained in the Model, renders the action of the Supervisory Body effective and has the purpose of guaranteeing the effectiveness and cogency of the 231 Model itself. In fact, the definition of this disciplinary system constitutes an essential requirement of the Model for the purposes of the exemption from liability of the Company.

The application of the disciplinary system and of the relative sanctions is independent of the conduct and outcome of criminal proceedings possibly initiated by judicial authorities against the violator, pursuant to Legislative Decree No. 231/2001. *For details, please refer to Annex II of this document "Disciplinary System pursuant to Legislative Decree 231/2001".*

13. SUPERVISORY BODY: APPOINTMENT, DURATION AND COMPOSITION

GMM FARMA is under the control of the SB, as an independent body that assumes the tasks required by law [Art. 6, paragraph 1, lett. b) of the Decree].

The Supervisory Board is appointed by resolution of the Sole Director. It remains in office for the number of financial years established by the Sole Director or, in the his/her absence, for no later than three financial years.

Unless otherwise determined by the Sole Director, formalized in the determination of appointment, the SB ceases to exist upon expiration of the term on the date of the meeting called for the approval of the financial statements relating to the last financial year in office, while continuing to act on an interim basis until the appointment of the new SB.

The GMM FARMA SB is a body ...

13.1. CAUSES FOR REVOCATION OF THE SB

The Sole Director ensures that the members of the SB members are selected with a view on autonomy, independence and continuity of action required by the law and the Confindustria Guidelines.

Exclusive causes for revocation of the SB include:

- serious breach of supervisory and control obligations;
- prolonged inactivity;
- failure to report critical situations to the Sole Director.

The member(s) of the SB, at the time of appointment and for the entire duration of his/her/their duties, must not:

- a) hold executive or delegate positions in the Administration of the Company;
- b) carry out business functions on behalf of the Company;
- c) maintain business relations with the Company, or maintain significant business relationships with the Sole Director;
- d) have relations with or be part of the family unit of the Sole Director, with the family unit being a unit constituted by the spouse and relatives and similar, up to the fourth family line;
- e) hold, directly or indirectly, significant holdings in the Company's capital;
- f) have been a member of Supervisory Bodies of bodies subject to sanctions provided for by Legislative Decree 231/2001 during the related mandate;
- g) having been subjected to preventive measures ordered by judicial authorities, without prejudice to the effects of rehabilitation;
- h) be subjected to a criminal procedure that can end with conviction that includes:
 - imprisonment for one of the crimes envisaged, in banking, financial and tax matters;
 - imprisonment for one of the crimes provided for in Title XI of Book V of the Civil Code and in Royal Decree no. 267, of 16 March, 1942;
 - imprisonment for a period of no less than six months for crime against the PA, public faith, heritage, public order and the public economy;
 - imprisonment for a period of not less than one year for any crime included in the offenses referred to in Legislative Decree 231/2001.

Res judicata cases referred to in previous letter h) also apply in the case of application of the penalty upon request of the parties, referred to in Art. 444 of the Code of Criminal Law, unless a conviction is vacated.

The members of the SB are required to sign, at the time of appointment and annually, a declaration certifying the existence of such eligibility and honorability requirements and, in any case, to immediately notify the Sole Director and the Supervisory Board of the occurrence of one of the impediment conditions mentioned above.

13.2. SB REQUIREMENTS - FINANCIAL INDEPENDENCE

In order to fully exercise its functions, the GMM FARMA SB must have independent powers of initiative and control, but also adequate financial resources, based on an annual budget approved by the Sole Director and as proposed by the SB, which is bound by annual reporting obligation.

In compliance with the Confindustria Guidelines, during planning of corporate budget, the governing body must assign to the Body an adequate amount of financial resources, on the basis of a proposal formulated by the Body itself, for every necessary requirement and the correct performance of its duties.

The SB - in the first instance at the time of appointment and subsequently at least once a year - will be granted an adequate spending budget for the performance of supervisory and control activities, consistent with the dynamics and size of the Company. The methods of use of the budget by the Body will, on the other hand, be governed by the its operating regulations.

The SB is also granted the right to request a budget increase, for specific needs envisaged from time to time, so that it can always carry out its tasks in full financial and managerial autonomy.²

13.3. SB REQUIREMENTS - INDEPENDENCE

The Supervisory Body does not constitute a subordinate body to Top Management, but a body with independence in the execution of control activities. In fact, the Supervisory Board has access to all the information and documentation necessary to carry out inspections as envisaged in the Model. The corporate organization chart envisages the inclusion of the Supervisory Board as a staff unit in a position absolutely free from the hierarchical line, and the obligation to report only to the Company's senior executives. This position is associated with the non-assignment

²See. SB 231 Requirements and composition of the Supervisory Body - document approved by the Board of Directors of the SB 231 on 27 November, 2009

of tasks that, by making the Body participate in decisions and operating activities, would undermine its objectivity in the assessment of behavior and the Model. For the detailed discipline of its activities, described below, the SB adopts an internal regulation, not subject to approval by other corporate bodies.

13.4. SB REQUIREMENTS - PROFESSIONALISM

The GMM FARMA SB hones the specialized tools and techniques to carry out its assigned activity.

The Supervisory Board is in fact able to make use of both an "inspection" - aimed at ascertaining how a crime has occurred and who has committed it - and of a "advice" approach, aimed at adopting the most suitable measures to prevent, with reasonable certainty, the commission of crimes.

The two approaches used are based on techniques such as: statistical sampling; risk analysis and assessment; measures for containment (authorization procedures, mechanisms for countering tasks, etc.); flow-charting of procedures and processes for the identification of gaps; interview and processing of questionnaires; elements of psychology; methods for detecting fraud, etc.

In addition, the SB has the legal powers - and in particular those related to criminal law - necessary for GMM FARMA and an organizational system suitable for preventing crimes.

In this regard, concerning the issues of protection of health and safety at work and of the environment, the SB uses all the resources activated for the management of related aspects (Head of the Prevention and Protection Services, Managers of Prevention and Protection Services, Representative of Workers' Safety matters, Corporate Physician, etc.).

13.5. ACTIVITIES OF THE SB

In accordance with the provisions of the law and in compliance with the Guidelines issued by Confindustria, the SB is called upon to verify the adequacy and effectiveness of the Model and the Code of Ethics, ensure that it is updated, monitor its application, perform periodic analyzes on individual parts of the Model, as well as ensure the effectiveness of information flows between the governing bodies, the SB and corporate functions, and report any violations that may have been ascertained.

The complete execution of its duties by the SB is an essential element for the Company to benefit from the exemption provided for by the Decree.

The Body is endowed with all the necessary powers to ensure a punctual and efficient supervision of the functioning and observance of the Organizational Model

adopted by GMM FARMA, in accordance with the provisions of Art. 6 of Decree 231, and, in particular, for the accomplishment of the following tasks:

- monitoring the effectiveness of the Model, which consists of verifying the consistency between actual conduct and Model;
- examination of the adequacy of the Model, i.e., its effective (and just theoretical) ability to prevent, in principle, unwanted behaviors;
- analysis of preservation over time of the Model's soundness and functionality;
- updating of the Model as required, when evaluations made corrections and adjustments necessary. This task is carried out in two distinct and integrated moments;
- presentation of proposals to adapt the Model to the corporate bodies/ departments capable of implementing them within the Company. Depending on type and extent of interventions, the proposals will be directed towards Area Managers and other functions involved in sensitive processes or, in some cases of particular relevance, towards the Sole Director;
- *follow-up*, i.e., verification of the implementation and effective functionality of the proposed solutions.

Therefore, once the GMM FARMA Model is implemented at full capacity, it will be up to the SB to:

- periodically check the map of the areas at risk of crime and the adequacy of control points, in order to adapt them to changes in activities and/or company structure. To this end, the Supervisory Board must be notified by management and by the persons in charge of control activities, within the scope of the individual functions, of any situations that may expose the Company to the risk of crime. All communications must be exclusively in writing;
- carry out periodic checks, based on an annual program, normally shared with the Sole Director, aimed at ascertaining the provisions of the Model.

In particular, the SB must verify:

- that control procedures are implemented and documented in a consistent manner;
- that ethical principles are complied with;
- the adequacy and effectiveness of the Model in preventing crimes covered by the Decree.

13.6. OBLIGATIONS OF THE SB

The SB maintains a reporting line, at least semi-annually, to the Sole Administrator. The Supervisory Board proposes to the Sole Director, on the basis of the critical issues encountered, any corrective actions deemed adequate in order to improve the effectiveness of the Model.

The Supervisory Board must report to the Sole Director, immediately and after having collected all information deemed necessary, those violations ascertained by the Model that may lead to the assessment of liability for the Company.

Meetings with the bodies to which the SB reports, must be recorded and a copy of the minutes must be kept by the SB.

The Sole Director has the right to convene the Supervisory Board at any time, which, in turn, has the right to request, through the functions or competent subjects, the convening of the aforementioned body for urgent reasons.

13.7. OBLIGATIONS TOWARDS THE SB

The Supervisory Body must be informed of events that could lead to GMM FARMA's liability, pursuant to Legislative Decree 231/2001 by means of specific notifications from employees, corporate bodies, suppliers, consultants and individuals with which the Company has business relations. Those who report in good faith will be guaranteed against any form of retaliation, discrimination or penalization and, in any case, the confidentiality of the identity of the reporting party will be assured, without prejudice to legal obligations and the protection of the rights of the Company or of the persons accused in bad faith.

Communications to the SB can also be made via the e-mail address (... ..). Only members of the SB with authentication credentials will have access to such email box.

In addition to reports relating to breaches of general nature that could give rise to the Company's liability, pursuant to Legislative Decree 231/01, the SB must be mandatorily and immediately provided with:

- provisions and/or news issued by the judicial police, or any other authority, disclosing investigative activities in progress, also against unknown individuals, for the predicate offenses envisaged by Legislative Decree 231/2001;
- requests for legal assistance forwarded by employees in the event that judicial proceedings are initiated for the offenses envisaged by the Decree;
- any reports prepared by the heads of the corporate departments in the context of their control activities and from which facts, acts, events or

omissions with critical profiles with respect to compliance with the provisions of Legislative Decree 231/2001 may emerge;

- information relating to disciplinary proceedings arising from the violation of the provisions contained in the Protocols prepared pursuant to Legislative Decree 231/01, or for violation of the Code of Ethics and any sanctions imposed (including provisions against employees) or the provisions for filing such procedures, including related reasons.

In individual protocols, designed to protect areas at risk, information flows are specifically formalized (reports) on the performance of related activities, which are periodically sent to the SB by all corporate departments involved.

14. UPDATING AND ADAPTATION OF THE MODEL

The measures to update and/or adaptation of the Model are expressly prescribed by Art. 6, par. 1, lett. b) of Legislative Decree no. 231/2001, and will be implemented essentially on the occasion of:

- ✓ legislative changes and inspiring guidelines of the Model;
- ✓ fulfillment of any hypothesis of violation of the Model and/or results of review of its effectiveness;
- ✓ changes to the organizational structure deriving from extraordinary transactions or changes to the strategy that creates new fields of activity of the corporate structure.

This is an activity of particular importance, since it is aimed at the maintenance over time of the effective implementation of the Model - also in the face of changes to the statutory field or to the corporate structure - as well as in cases when the Model's shortcomings are identified, and, above all, when possible violations occur.

In compliance with the role assigned to it by the law (Article 6, par. 1, lett. b)), the Supervisory Body must communicate to Top Management any information of which it has become aware and that may determine the opportunity to proceed with updating and adaptation of the Model.

The Model will, in any case, be subjected to a periodic review procedure in order to guarantee continuity of its maintenance in relation to the evolution of Company's needs.

Proposals for updating/adapting the Model, developed through the participation of the relevant corporate functions and/or by relying on external experts, where necessary, will be submitted by the Supervisory Body to the Sole Director for final approval.