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

GENERAL SECTION

L.C.I. – LAVORAZIONE CARTA RICICLATA ITALIANA S.R.L.
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SECTION I

ADMINISTRATIVE LIABILITY ARISING FROM OFFENCES PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

1.1 FOREWARD

The Legislative Decree No. 231 of 8 June 2001, "*Regulations governing the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of 29 September 2000*", published in the Official Gazette No. 140 of 19 June 2001, sets out the rules governing the administrative liability of organisations for administrative offences arising from criminal offences.

With this introduction, the Italian legal system has recognised administrative liability on the part of legal persons, in addition to criminal liability – the natural person who actually committed the offence, both of which are the subject of an investigation in the course of the same proceedings before the criminal court.

It should be noted that although the essential features of the liability of the entity are regulated and provided for by a criminal law system, the form of liability envisaged by Legislative Decree no. 231/2001 against the entity is of an administrative nature.

The act constituting an offence committed by an employee or representative of the entity operates on two parallel levels, in that, on the one hand, it constitutes a criminal offence attributable to the individual who committed it, and on the other hand, it constitutes an administrative offence attributable to the entity in whose **interest** or to whose **advantage** that same act or fact was committed.

*

1.2 LEGAL ENTITIES COVERED BY THE LEGISLATIVE DECREE 231/2001

Article 1, paragraph 2, of Legislative Decree 231/2001 identifies the legal entities affected by the regulatory provisions on administrative liability for offences.

These are *"entities with legal personality and Companies and associations, whether or not they have legal status".*

The same article, in paragraph 3, specifies that – the provisions of the decree – do not apply "to *the State, to territorial public bodies, to non-economic public bodies, as well as to bodies that perform functions of constitutional importance*".

On the contrary, they are included in the regulations of Legislative Decree 231/2001: public-law entities (which do not, however, possess public powers) and so-called public economic entities.

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Article 1 -

1. The legislative decree governs the liability of legal entities for administrative offences arising from criminal offences.

2. **Its provisions apply to entities having legal personality and to Companies and associations, including those without legal personality.**

3. **They do not apply to** the State, territorial public bodies, other non-economic public bodies and bodies performing functions of constitutional importance.

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1.3 CASES OF LIABILITY



Articles 5, 6, 7 and 8 of Legislative Decree 231/2001 regulate cases of administrative liability of the entity.

First and foremost, it should be emphasised that the liability in question applies where the offences have been committed in the interests of, or for the benefit of, the organisation itself:

1) by persons in positions of representation, administration or management of the entity or of an organisational unit thereof having financial and functional autonomy, as well as by persons exercising, including de facto, the management and control thereof;

2) by persons subject to the direction or supervision of one of the persons referred to in point 1, when the commission of the offence was made possible by failure to comply with the obligations of direction or supervision.

In any event, the entity shall not be liable if the persons mentioned in points 1) and 2) above **have acted exclusively in their own interest or in the interest of third parties.**

Where the perpetrator of the offence is a person defined as being '*in a senior position*', the organisation shall be exempt if:

- it has **adopted and effectively implemented** prior to the commission of the act constituting the offence, organisation and management models suitable for preventing the commission of offences such as the one that has occurred;
- it has **supervised the proper functioning of and compliance with these models,** through a body of the entity endowed with autonomous powers of initiative and control;
- the **conduct** which caused the offence was carried out by the person in an apical position **fraudulently circumventing** the aforementioned organisation and control models.

If, on the other hand, the criminally relevant conduct is carried out by persons '*under the direction of others*', the following conditions must be met for the organisation to be held liable:

- culpability of the subordinate;
- the commission of the offence in the interest or to the advantage of the entity;

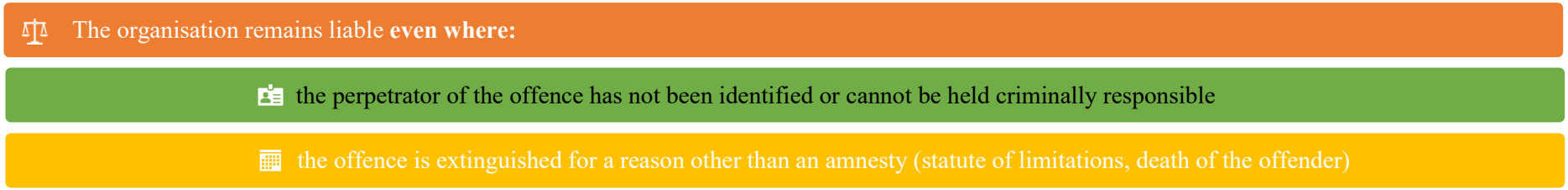
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- non-compliance with management and supervisory obligations by persons in senior positions.

Specifically, Paragraph 1 of Article 7 of Legislative Decree 231/2001 states that *"the entity is liable if the commission of the offence was made possible by a failure to comply with the obligations of management or supervision*", while paragraph 2 of the same article provides that in any case, there is no failure to comply with management or supervisory obligations where the entity has *'adopted and effectively implemented an organisational, management and control model capable of preventing offences of the kind committed*'.

The provision of Article 8 of Legislative Decree 231/2001 makes it clear that the liability of the entity - while presupposing criminal liability - is independent of that of the offender. Since this is an autonomous title of liability, it applies directly to the entity and is in addition to any other forms of financial liability arising from an unlawful act provided for in Articles 190 and 197 of the Criminal Code.

Furthermore, the first paragraph of the aforementioned Article 8 makes it clear that:



This is to avoid impunity of the entity in all those cases in which - in the presence of an offence - the structural and organisational complexity of that legal entity may be an obstacle to identifying the person criminally responsible for the offence.

The liability of the entity remains unaffected even if the offence exists but is extinguished. The only possibility for the extinction of liability against the entity is given by amnesty, upon the occurrence of which, the latter cannot be prosecuted either.

*

1.4 THEORIES OF COMPETITION

The entity's liability may also exist where the employee perpetrating the offence has concurred in its implementation with persons outside the entity's organisation.

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This theory is represented in the Criminal Code by Articles110[1] and113[2].

There may be various areas of *business* in which there is a risk that an employee might be involved in a scheme that benefits the organisation.

In particular, joint liability on the part of an *extraneus* may arise where that person, being aware of the specific legal status of their criminal *partner*, participates in the commission of an offence attributable to the latter.

*

1.5 EXEMPTION

In order, therefore, to exclude and/or limit the organisation's liability, the governing body must, prior to the commission of the offence, have adopted and effectively implemented organisational and management models capable of preventing offences of the kind that occurred, and must have appointed a person (with independent powers of control and initiative) responsible for overseeing the functioning of and compliance with those models.

*

1.6 OFFENCES REFERRED TO IN LEGISLATIVE DECREE 231/2001

offences for which the provisions of Legislative Decree No. 231/2001 are applicable are set out in Articles *24, 24-bis, 24-ter, 25, 25-bis, 25-bis.1, 25-ter, 25-quarter, 25-quater.1, 25- quinquies, 25-sexies, 25-septies, 25-octies, 25-octies.2, 25-novies, 25-decies, 25-undecies, 25-duocedies, 25-terdecies, 25-quaterdecies, 25-quinquiesdecies, 25-sexiesdecies, 25-septiesdecies, 25-duodevicies, 26* (attempted crime), of the same decree.

*

1.7 THE PENALTIES

Penalties for administrative offences arising from criminal offences are governed by Articles 9–23 of Legislative Decree 231/2001 and consist of:

- **financial penalties**, including in cases of attempted offences;
- in **prohibitory sanctions**, including in cases of attempted offences;

1 Article 110 *(Penalty for those who participate in the offence)* Criminal Code: *'Where several persons are jointly liable for the same offence, each of them shall be liable to the penalty prescribed for that offence, subject to the provisions of the following articles.'*

2 Article 113 *(cooperation in culpable offence)* Criminal Code: *"In a culpable offence, when the event has been caused by the cooperation of several persons, each of them shall be subject to the penalties established for that offence. The punishment shall be increased for those who have induced others to cooperate in the offence, when the conditions laid down in Article 111 and in Article 112(3) and (4) are fulfilled."*

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- in the **confiscation** relating to the proceeds or profits of the offence
- the **publication of the judgment**, to which the entity may be sentenced if a disqualification penanlty is imposed against it.

*

- **Financial penalties**

The amount of the financial penalty is calculated in instalments, according to a mechanism that partly mirrors that of the so-called '*daily rates*', which are well known in other European countries but which – in contrast – represent an entirely new development for our system.

This is a proportional model which makes it possible to distinguish between the number of penalty instalments that the judge will determine within the statutory range, taking into account the seriousness of the offence committed by the persons referred to in Article 5, and the amount of each individual instalment, which will be proportionate to the financial and asset-related circumstances of the legal person or organisation.

In other words, in quantifying the financial penalty, the Judge is required to make two separate assessments:

a. firstly, it must determine the number of penalty points on the basis of criteria linked to the seriousness of the offence committed; in particular, it must take into account the seriousness of the offence, the extent of the organisation's liability, and the measures taken to eliminate or mitigate the consequences of the offence and to prevent further offences from being committed (Article 11(1));

b. secondly, it must determine the amount of each individual share, taking into account the economic and asset conditions of the entity, in order to ensure the effectiveness of the sanction (Article 11(2)).

The multiplication of the quotas by the unit of measurement resulting from the second operation determines the total amount of the penalty to be imposed; all of this, of course, in compliance with the minimum and maximum amount of the fine established by Law No. 300/2000.

It should be noted at the outset that, compared with Law No. 689/1981 – a genuine '*framework law*' on administrative offences – the criteria relating to the '*degree of liability*' of the body and *'the measures taken to prevent further offences' represented a new development'.*

The criterion of *"gravity of the fact*" is similar to that laid down in Article 133(1) of the Criminal Code (which speaks, of course, of *"gravity of the offence*") and Article 11 of Law No. 689/1981: the gravity of the damage plays a fundamental role in this.

The Legislative Decree 231/2001 does not, moreover, contain a reference to the provisions of Article 133(2) of the Criminal Code, which refers to '*criminal propensity*': this appears to raise issues regarding the relevance of the organisation's previous convictions, whilst conduct following the offence (Article 133(2)(3) of the Criminal Code) may fall, in part, within the scope of the final criterion set out in Article 11(1).

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Regarding the "*degree of responsibility*" of the entity, it will be all the higher if organisational models are lacking, or the more inadequate or ineffective the models themselves are.

In other words: **the greater the degree of liability of the entity, the more the entity itself has not shown itself willing to adequately protect itself against the "*risk offence*"** (one could say: the more the entity has shown that it did not rise to the level of 'model entity', in relation to the establishment of a culture of internal legality).

In the case of offences committed by persons subject to the supervision of others, the extent and extent of the failure to supervise senior persons should also be considered.

The degree of culpability referred to in Article 133(1) of the Criminal Code must correctly fall within this specific criterion, which the draft revision of the Criminal Code drawn up some years ago by the Grosso Commission (Article 127(4)) more precisely defines as the '*degree of involvement*' of the legal person. Remedial action constitutes a subsequent *step* following the offence, demonstrating remorse and, consequently, a reduced likelihood of future offences.

Prevention activities essentially consist of setting up the *compliance programmes*, i.e. the organisation, management and control models pursuant to Articles 6 and 7.

And indeed, pursuant to Article 12[3] of Legislative Decree 231/2001, the financial penalty may be reduced by between one-third and one-half if, before the start of the trial at first instance, the organisation demonstrates that it has adopted and implemented an organisational model capable of preventing offences of the kind that occurred.

With regard to determining the amount of the instalment, Article 11 (*criteria for determining the financial penalty*) of Decree 231 provides that '[…] *the court shall determine the number of instalments, taking into account the seriousness of the offence, the degree of liability of the organisation, and the measures taken to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences.' The amount of the fine is* ***determined on the basis of the organisation's financial and asset situation, with a view to ensuring the sanction is effective.*** *[...]".*

In this regard, reference is made to the provisions of the Ministerial Report accompanying Decree 231, which states that *"the judge may make use of financial statements or other records that are in any way suitable for providing a snapshot of these circumstances. In some cases, the proof may also be achieved by taking into consideration the size of the entity and its market position...*".

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[3] Article 12 (*Cases of reduction of the financial penalty)* of Legislative Decree 231 of 2001: "*1. The financial penalty is reduced by half and may not, in any event, exceed two hundred million lire if:*
a) the offender committed the offence primarily in their own interest or in the interest of third parties, and the organisation derived no benefit, or only a minimal benefit, from it;
b) the financial loss caused is minor;
2. The penalty shall be reduced by one-third to one-half if, prior to the opening of the trial at first instance:
a) the entity has fully compensated the damage and has eliminated the harmful or dangerous consequences of the crime or has in any case effectively acted in this regard;
b) an organisational model suitable for preventing offences of the kind that occurred has been adopted and made operational.
3. Where both conditions set out in the sub-paragraphs of the preceding paragraph are met, the penalty shall be reduced by between one half and two-thirds.
4. In any case, the fine may not be less than twenty million lire.

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In addition to the quota system, Legislative Decree no. 211 of 30 December 2025 – containing "*Implementation of Directive 2024/1226/EU of the European Parliament and of the Council of 24 April 2024 on the definition of offences and penalties for infringement of Union restrictive measures and amending Directive (EU) 2018/1673*" – introduced a new method of determining the financial penalty, based on the institution's turnover.

In particular, Article 10 of Legislative Decree 231/2001 paragraph 3-bis has been added, which provides that: *"In the cases provided for by law, the financial penalty is determined on the basis of the specific percentage – as specified for each offence – of the organisation's total turnover for the financial year preceding that in which the offence was committed or, if lower, for the financial year preceding the imposition of the financial penalty. Where it is not possible to ascertain the organisation's total global turnover, the financial penalty shall be imposed in the amount determined in respect of each offence."*

The provision therefore introduces an alternative criterion to the quota system, applicable in the cases expressly provided for by law, which links the determination of the financial penalty to a percentage of the entity's total global turnover, thereby reinforcing the principle of proportionality and the deterrent effect of the penalty in relation to the economic scale of the legal person. This new method of determining the penalty applies, in particular, in the cases introduced by Legislative Decree no. 211 of 2025, i.e. the offences provided for by Article *25-* octies.2 of Legislative Decree 231 of 2001 on the breach of the restrictive measures of the European Union.

The application of the quota system and the criteria referred to in Articles 10 and 11 of Legislative Decree 231/2001.

- **Prohibitory sanctions**

More articulated are the requirements for the choice of (more invasive)

prohibitory sanctions. Legislative Decree No. 231/2001 provides for the

following prohibitory sanctions:

a) disqualification from exercising activities;

b) suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;

c) the prohibition to contract with the Public Administration, except to obtain the performance of a public service;

d) exclusion from benefits, financing, contributions or subsidies and possible revocation of those already granted;

e) prohibition of advertising goods or services.

Prohibitory sanctions are **imposed alongside financial penalties** and may, on the one hand, bring the organisation's activities to a standstill and, on the other hand, restrict them by limiting its legal capacity or by depriving it of financial resources.

These are therefore particularly invasive and feared sanctions, which, precisely for this reason, the enabling act requires that they be applied only in the most serious cases.

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Prohibitory sanctions have a **minimum duration of three months and a maximum duration of two years** with the exception of the cases indicated in Article 25(5) of Legislative Decree Law No. 231 of 2001, concerning relations with the public administration, as amended by Law No. 3 of 9 January 2019, (the so-called '*anti-corruption*' law) and the cases referred to in Article 25-octies.2 concerning breaches of European Union restrictive measures, introduced by Legislative Decree No. 211 of 30 December 2025.

Following the aforementioned legislative changes, the duration of these sanctions has been increased, with the duration of disqualifications being adjusted according to the position held by the person who committed the offence, specifically depending on whether that person is a '*senior*' or a '*subordinate*'.

In the first case (*senior*), the duration of the disqualifications ranges from 4 to 7 years; in the second case (*subordinates*), the duration of the disqualifications ranges from 2 to 4 years.

On the other hand, the duration of the corresponding precautionary measures, which may last up to one year or, if ordered after a first instance conviction, one year and four months, has not been changed.

Furthermore, under Law No. 3 of 2019, paragraph 5-bis was added to Article 25 *(Embezzlement, extortion, undue inducement to give or promise benefits, corruption and abuse of office)* of Decree 231, which provides as follows: *"If, before the first degree judgement, the entity has effectively taken steps to prevent the criminal activity from having further consequences, to ensure the evidence of the offences and the identification of the perpetrators or the seizure of the sums or other benefits transferred, and has eliminated the organisational deficiencies that led to the offence by adopting and implementing organisational models capable of preventing offences of the kind committed, the prohibitory sanctions have the duration established in Article 13(2)* 2".

Similarly, with Legislative Decree no. 211 of 30 December 2025, a special regulation was introduced regarding the duration of prohibitory sanctions with reference to the offences referred to in art. 25-*octies.2* of Legislative Decree 231/2001. Notwithstanding the general rules, in such cases the duration of prohibitory santions is longer and is determined on a case-by-case basis depending on the status of the offender who committed the offence. In particular, the prohibitory sanctions apply:

- for a period of not less than two years and not more than six years, where the offence was committed by a person in a senior position;
- for a period of not less than one year and not more than three years, where the offence was committed by a person under the management or supervision of one of the persons referred to in Article 5(1)(a) of Legislative Decree 231/2001.

Of particular importance is the provision of Article 14 4, concerning the *criteria for the choice of prohibitory sanctions.*

4 Article 14 *(Criteria for determining prohibitory sanctions)*: 1. *Disqualification sanctions are aimed at the specific activity to which the entity's offence relates. The court shall determine the type and duration of such penalties on the basis of the criteria set out in Article 11, taking into account the suitability of the individual penalties to prevent offences of the type committed. 2. The prohibition to contract with the public administration may also be limited to certain types of contracts or to certain administrations. Prohibition from exercising an activity entails the suspension or revocation of authorisations, licences or concessions functional to the performance of the activity. 3. If necessary, prohibitory sanctions may be applied jointly. 4.* Prohibition from exercising the activity applies only when the imposition of other prohibitory sanctions proves inadequate.".

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Paragraph 1 states that *"prohibitory sanctions are aimed at the specific activity to which the entity's offence relates"*.

In that case, the court's attention is drawn to the fact that the prohibitory sanction must not be inspired by a generalised and indiscriminate application criterion.

On the contrary, the source – the cause of the offence – must be identified within the context of the activity in question.

Sanctions must, as far as possible, target the *area of business* in which the offence took place, in accordance with the principles of cost-effectiveness and proportionality.

For these reasons, provision has been made, with regard to the prohibition to contract with the Public Administration, for the fractionability of this sanction, which may concern some contracts or only some administrations.

As regards the *applied criteria* in determining the type and duration of the prohibitory sanction to be imposed, those set out in Article 11 5 apply, subject to the requirement that the court take into account the effectiveness of individual sanctions in preventing offences of the type committed.

In any event, as with financial penalties, prohibitory sanctions shall not be imposed in cases where *"the perpetrator committed the offence primarily in their own interest or in the interest of third parties and the organisation derived no benefit, or only a minimal benefit, from it", or where "the financial loss caused is particularly minor"*6.

Finally, it should be emphasised that Decree 231 provides for the possibility of imposing prohibitory sanctions on a permanent basis. In particular, Article 16 *(Prohibitory sanctions applied in a permanent manner)* provides that prohibitory sanctions may be applied in a permanent manner if the organisation has derived a substantial profit from the offence and has already been sentenced, at least three times in the last seven years, to a temporary disqualification from carrying out the activity. A permanent prohibitory sanction – prohibiting the entity from entering into contracts with the public administration or from advertising goods or services – may be imposed where the entity has already been ordered to serve the same penalty at least three times in the last seven years. Finally, if the body or one of its organisational units is used on a permanent basis for the sole or predominant purpose of enabling or facilitating the commission of offences for which it is held liable, a permanent ban on carrying out its activities shall always be imposed, and the provisions of Article 17 7 shall not apply.

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5 Article 11: *1. In the determination of fines, the judge determines the number of shares taking into account the seriousness of the offence, the degree of the entity's liability and the activity carried out to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences. 2. The amount of the fine is determined on the basis of the organisation's financial and asset situation, with a view to ensuring the sanction is effective. 3. "In the cases provided for in Article 12(1), the amount of the fee is always two hundred thousand lire."*

6 See Articles 12 and13 of Legislative Decree 231 of 2001.

7 Article 17 of Legislative Decree no. 231 of 2001: *1. Without prejudice to the imposition of financial penalties, prohibitory sanctions shall not apply where, prior to the opening of the trial at first instance, all of the following conditions are met:*
a) the entity has fully compensated the damage and has eliminated the harmful or dangerous consequences of the offence or has in any case effectively acted in this regard;
b) the entity has eliminated the organisational deficiencies that led to the offence by adopting and implementing organisational models suitable for preventing offences of the kind that occurred;
c) the organisation has made the profits it generated available for confiscation.

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- **Confiscation of the proceeds or profits of the offence**

A conviction shall always be accompanied by an order for the confiscation (Article 19[8] of the Decree) – including by way of equivalent value – of the proceeds or profits of the offence, except for any part that may be returned to the injured party and without prejudice to the rights acquired by third parties acting in good faith.

Confiscation may also relate to sums of money, goods or other utilities of equivalent value to the price or profit of the offence if it is not possible to execute it with regard to the explicit profit of the offence.

- **Publication of the judgment**

Where prohibitory sanctions are imposed on the organisation, the court may order – at the organisation's expense – the publication of the conviction (Article 18 of the Decree) in accordance with Article 36 of the Criminal Code[9], as well as by posting a notice in the municipality where the organisation has its principal place of business.

1-bis. In any event, prohibitory sanctions may not be imposed where they would jeopardise the continuity of operations carried out in industrial plants, or parts thereof, declared to be of national strategic interest pursuant to Article 1 of Decree-Law No. 207 of 3 December 2012, enacted, with amendments, by Law No. 231 of 24 December 2012, No. 231, provided that the entity has remedied the organisational shortcomings that gave rise to the offence by adopting and implementing organisational models suitable for preventing offences of the kind that occurred. The organisational model is always deemed suitable for preventing offences of the kind that occurred when, as part of the procedure for recognising matters of national strategic interest, measures have been adopted aimed at achieving – including through the adoption of organisational models – strike the necessary balance between the need to ensure the continuity of production and safeguard employment, and the protection of safety in the workplace, health, the environment and any other legal interests harmed by the offences committed".

[8] Article 19 of Legislative Decree no. 231 of 2001: *1. Where an entity is convicted, the proceeds or profits of the offence shall always be confiscated, except for any part that may be returned to the victim. The rights acquired by third parties in good faith are without prejudice.*

2. When it is not possible to carry out the confiscation pursuant to paragraph 1, it may concern sums of money, goods or other items of value equivalent to the price or profit of the offence.

2-bis. Where the confiscation relates to industrial plants or parts thereof that have been declared to be of national strategic interest pursuant to Article 1 of Decree-Law No 207 of 3 December 2012, enacted, with amendments, by Law No 231 of 24 December 2012, or facilities or infrastructure necessary to ensure the continuity of production, Article 104-bis, paragraphs 1-septies, 1-octies, 1-novies and 1-decies, of the implementing, coordinating and transitional provisions of the Code of Criminal Procedure, referred to in Legislative Decree No. 271 of 28 July 1989, shall apply".

[9] Under which the sentence of conviction is published as an excerpt, unless the judge decides otherwise, on the website of the Ministry of Justice.

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SECTION II

THE ORGANISATION, MANAGEMENT AND CONTROL MODEL ADOPTED BY THE COMPANY 2.1.

OBJECTIVES OF THE 'MODEL 231'

Through the adoption of the *"Organisation, Management and Control Model pursuant to Legislative Decree 231/2001*" (hereinafter also referred to as "*Model 231*") the *LCI Lavorazione Carta riciclata Italiana S.r.l.* (hereinafter also referred to as LCI) aims to develop a behavioural and organisational framework tailored to the specific requirements for preventing organisations from being held administratively liable for offences committed by those providing services on behalf of the organisation, including employees (clerical staff, middle managers, senior managers) and senior management.

In particular, the objective of this "*Model 231*" is to prevent the commission, for the purposes of or for the benefit of the organisation, of all criminal offences referred to in the provisions of Legislative Decree No. 231/2001, which also constitute the basis for the organisation's administrative liability as governed by the aforementioned body of legislation.

Specifically, the "*Model 231*" pursues the following aims:

- Identify the activities within the scope of which offences may be committed;
- verify and document risk operations;
- determine, in all those who work in the name and on behalf of the Company in the *"areas of activity at risk*", the awareness that they may incur, in the event of violation of the provisions therein, an offence punishable by criminal and administrative sanctions;
- *enable LCI,* through monitoring of the *"areas of activity at risk*', to intervene promptly to prevent or counteract the commission of criminal offences;
- ensure a system for the fulfilment of all legal obligations relating to the management of occupational health and safety [10];
- to monitor and continuously improve the '*Occupational Health and Safety Management System* (OHSMS)';
- set up appropriate systems for recording activities related to occupational safety and health;
- identify the methods of managing financial resources suitable for preventing the commission of offences;

[10] See Article 30 (*Organisation and Management Models*) of Legislative Decree no. 81 of 2008, Consolidated Law on Occupational Safety.

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- to establish specific protocols aimed at planning the development and implementation of the organisation's decisions in relation to the offences to be prevented;
- ensure the maintenance of an *administrative accounting management system* compliant and sized to the needs and complexity of the Company;
- introduce an appropriate disciplinary system to sanction non-compliance with the measures indicated in the "*Model 231";*
- provide for information obligations towards the body in charge of supervising the functioning of and compliance with the "*Model 231*";
- to grant the Supervisory Board specific powers to monitor the effectiveness and proper functioning of the '*Model 231*';
- integrate and strengthen the governance system responsible for the management and oversight of the Company;
- define a structured and organic system of instruments for preventing and controlling the risk of the offences provided for in the Decree being committed;
- inform and train the recipients of the Model on the existence of this system and the need for their conduct to comply with it at all times;
- reiterate that *LCI does not* tolerate unlawful conduct, regardless of the intended purpose or any mistaken belief that such conduct is in the Company's interests or for its benefit, as such conduct is in any case contrary to the ethical principles and values on which the Company is founded and is therefore at odds with the Company's interests;
- raise awareness and ensure that all those acting in the name of, on behalf of or otherwise for the purposes of the Company are aware that committing a predicate offence under the mistaken belief that it is for the purposes of the Company will result not only in criminal sanctions being imposed on the perpetrator, but also in administrative sanctions being imposed on the Company, exposing it to financial, operational and reputational damage;
- inform all those acting in the name of, on behalf of or otherwise for the purposes of the Company that any breach of the provisions set out in the Code will result, prior to and irrespective of whether any offence has been committed, in the imposition of disciplinary and/or contractual sanctions.

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2.2. ***RECIPIENTS OF*** " MODEL 231

The "*Model 231*" is intended for all recipients who work towards achieving LCI's aims and objectives, in accordance with the organisational chart in force at any given time.

Should this document be amended, the Supervisory Board must be notified promptly so that it may assess whether the changes constitute a substantial modification requiring an update to the 231 Model.

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With regard to LCI employees, it should be noted that the rules and requirements set out in the Code supplement the conduct that employees are required to observe in accordance with the principles of due care.

With this in mind, employees must be fully aware of the contents of the Model and the Code of Ethics and encourage their compliance by third parties that have a relationship with the Company.

With regard to third parties, on the other hand, it is specified that they are not direct recipients of the Model 231 since they are external to the organisational structure of the Company, however, they are contractually obliged to comply with the principles of the Code of Ethics made known to them at the time the contract is signed.

To this end, therefore, no supply, procurement or consultancy contracts must be entered into or renewed with persons - natural or legal persons - who have been convicted with a final sentence for one of the offences referred to in Legislative Decree 231/2001.

2.3. PROCEDURE FOR THE ADOPTION, UPDATING ANDDISSEMINATION OF THE MODEL

LCI, with a view to establishing a comprehensive system that ensures fairness and transparency in the conduct of its business activities, in order to safeguard its reputation and meet the expectations of its shareholders, has adopted the 231 Model, recognising the need to implement a comprehensive set of principles, rules and procedures designed to prevent unlawful conduct on the part of all recipients of the Model, whether they are members of the Board of Directors, employees, representatives, partners, consultants, suppliers or third parties in general.

In preparing its Model, the Company was inspired by the "*Guidelines for the construction of Organisation, Management and Control Models",* developed by Confindustria and updated as of June 2021.

The procedure set out by them for drawing up the Model can be summarised as follows:

- identification of areas at risk, with a view to determining in which areas or business sectors offences may be committed;
- the establishment of a control system capable of reducing risks through the adoption of appropriate protocols.

These objectives are achieved through the coordinated action of all organisational structures, activities and operational rules applied, as directed by the senior management, management and company staff, with a view to providing reasonable assurance that the objectives inherent in a sound internal control system will be met.

In view of the provisions of Legislative Decree 231/2001, which qualifies the "*Model 231*' as an act emanating from the Administrative Body, its adoption and updating are decided by the Sole Director.

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In any event, on the basis of the reports, periodic reports, any changes in the organisational and management structure, and regulatory changes to the provisions of Legislative Decree 231/2001, the Supervisory Board, by express provision of the same decree, has the task of indicating the need to update the "*Model 231* in order to ensure its adequacy and suitability, proposing to the Administrative Body any useful intervention.

The Sole Director is as expressly provided for in the text of the Legislative Decree 231/2001, the statutory body responsible for ensuring the effective application of the '*Model 231*'; to this end, it assesses the actual implementation of the '*Model 231*', both in terms of any amendments to it and in terms of its updating or revision.

In view of the jurisprudential indications on the subject, any substantial modification and/or integration of the "*Model 231*" must be approved by the Sole Director. Any amendments to the specific protocols/procedures relating to the predicate offences of the model also require adoption by the Sole Director. To this end, with a view to ensuring the prompt implementation of the aforementioned procedures, a single company representative may be appointed as the point of contact for the Model 231.

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Subsequent to the adoption of Model 231, a *communication*, *dissemination* and *training* activity follows.

It is the responsibility of the management body to communicate the Policy, the relevant Code of Ethics and the company's procedures. The Supervisory Board must ensure that this activity is carried out effectively.

Communication activities may be carried out through:

- communications by ordinary mail;
- communication by e-mail;
- posting on company notice board;
- publication via the Internet;
- delivery of documents in hard copy, accompanied by the signing of a specific form confirming receipt;

this procedure is intended for members of the organisation (the Governing Body, senior management, staff and

new recruits).

The same applies to the implementation of the *Disclosure* by the Administrative Body: this, however, is addressed to external figures (e.g. suppliers, agents, customers, external consultants).

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The *preparation* of Training on the Model and the Code of Ethics is the responsibility of the Administrative Body. It is addressed to both internal and external figures in the organisation and can be realised through:

- corporate intranet;
- *online* courses;
- *e-learning*;
- classroom training;
- appropriate final tests to verify learning;
- preparation of internal training material.

In addition, the training programme must:

- be modulated according to the recipients;
- make it compulsory for staff to attend courses;
- involve all company personnel;
- provide for a review of the effectiveness of the courses, with the help of final learning tests;
- be carried out periodically and each time when updates/changes are made.

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The Model must always be amended or supplemented in a timely manner, including at the proposal of the Supervisory Board, when:

- there have been significant changes to the regulatory framework, the organisation or the activities of the Company;
- there have been breaches or circumventions of the provisions contained therein, which have demonstrated that they are ineffective for the purposes of preventing offences.

To this end, the Supervisory Board receives information and reports regarding changes to the company's organisational structure, procedures, and organisational and management practices.

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In any case, any events that necessitate amending or updating the Model must be reported in writing by the Supervisory Board to the Administrative Body, so that the latter may implement the resolutions within its remit.

The changes to company procedures required to implement the Model are carried out by the relevant departments. The Administrative Body shall update the special part of the Model accordingly, if necessary. The Supervisory Board is constantly informed of the updating and implementation of the new operating procedures and has the right to express its opinion on the changes made.

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2.4. STRUCTURE OF THE "*MODEL 231*" ADOPTED BY THE COMPANY

The "*Model 231*" adopted by the Company consists of a **General Part** and **Special Parts**. The

General Part includes the following aspects:

- **Principles and purposes of Model 231**: illustration of the *rationale* and fundamental principles of Legislative Decree 231/2001.
- **Adoption, dissemination and updating of Model 231**: a description of how the Model is implemented, communicated and updated within the organisation.
- **Supervisory Board (SB) and information flows**: summary of the SB's regulations and the methods of exchange of information between the Company and the Supervisory Board.
- **Training and information:** guidelines to ensure adequate training and information, both within and outside the organisation, on the 231 Model.
- **Organisational structure of the Company**: Activities carried out, corporate bodies and company functions.
- **Code of Ethics**: an integral and substantial part of Model 231, which is a voluntary self-regulatory framework. Through the Code of Ethics, the Company expresses the principles of corporate ethics that it recognises as its own and that it requires to respect all those who work for and with *LCI*. The Code of Ethics serves as the Company's '*Constitution*', setting out the rights, moral duties and ethical and social responsibilities of all members of the organisation. The Code of Ethics is present as **Annex II to this General Part**.
- **Disciplinary system**: containing the rules to sanction any violations of the rules of conduct aimed at preventing the crimes provided for by Legislative Decree 231/2001. It ensures the effectiveness of Model 231 by ensuring compliance with the internal procedures set out in the General Part, the Special Parts, the Code of Ethics and the Procedure for handling reports. The Disciplinary System is present as **Annex III to this General Part**.

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- Whistleblowing Procedure LCI has adopted the *Whistleblowing Procedure* in accordance with the provisions of Legislative Decree No. 24 of 11 November 2023 and in accordance with the provisions of Article 6, paragraph 2 bis Legislative Decree 231/01, as amended by Legislative Decree 24 of 2023, pursuant to which the models provide, in accordance with the legislative decree implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019, for internal reporting channels, a prohibition on retaliation and a disciplinary system.

  The purpose of this procedure is to set out the procedures for receiving, verifying and investigating reports of conduct, acts or omissions that undermine the integrity of the Company, insofar as they constitute breaches of national and European laws, as well as of the principles and rules of conduct set out in Model 231 and the related Code of Ethics.

  To this end, *LCI* has established a special internal reporting channel which, in accordance with the provisions of Article 4 para. 2, Legislative Decree 24 of 2023, is managed by a Reports Manager. This internal channel can be accessed via a dedicated online platform, which enables reports to be submitted electronically and ensures – including through encryption – the confidentiality of the whistleblower and the individuals involved, as well as that of the content of the report and the related documentation. For convenience, the link to the portal is provided: https://lci.segnalazioni.info/#/

  The Reporting channel allows reports in written form and reports in oral form (by uploading an audio file). At the whistleblower's request, it is also possible to make the report in the context of a personal meeting with the manager, which must always be arranged via the platform. Any breach of the provisions of the *Whistleblowing Procedure* shall be sanctioned in accordance with the disciplinary system set out in this Model 231.

  With regard to further aspects relating to the operation of the internal reporting channel and all measures implemented by the Company in accordance with Legislative Decree No. 24 of 2023, please refer to the *Whistleblowing Procedure* attached to this General Part (**Annex IV**).

❖ **Special Parts:**

LCI, pursuant to the provisions of Article 6, paragraph 1, lett. a), of Legislative Decree 231/2001, through a process of risk mapping, evaluation of activities, existing controls and the business context in which it operates (so-called Risk Assessment), has identified the areas at risk within which crimes may potentially be committed among those provided for by the Decree.

[11] Legislative Decree No. 24 of 2023 on the *"Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of national legal provisions"*.

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The areas identified as being at risk of offences under Legislative Decree 231/2001 are categorised by type of offence and listed in the various Special Parts.

The Special Parts of the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 set out the general principles that must guide the Company in establishing the rules for the organisation, management and control of its activities and in defining prevention protocols. Specifically, each Special Part includes:

- **identification of the predicate offences**, with an indication of the relevant criminal acts;
- **mapping of activities at risk of crime** (**risk assessment**), identifying the areas and business processes most exposed to potential breaches;
- **general principles of conduct**, rules of conduct aimed at preventing the commission of offences;
- **preventive protocols**, namely specific procedures and control measures adopted to protect the organisation and mitigate the risk of offences;
- **activities of the Supervisory Body**, and the checks carried out by the Supervisory Body

in relation to each individual Special Part. Based on the risk analysis carried out to date, the following

Special Parts have been identified:

- Special Part A, within the scope of which the risk area of 'offences against the public administration' and offences of 'inducing a person not to make statements
  or to make false statements to the judicial authorities' has been identified";
- Special Part B, within the scope of which the risk area '*cybercrime and unlawful data processing – offences relating to copyright infringement*' has been identified;
- SSpecial Part C, within the scope of which the '*organised crime offences*' risk area has been identified;
- Special Part D, within the scope of which the following risk areas have been identified: *"offences of money laundering, handling stolen goods and the use of money, property or benefits of illicit origin, as well as self-laundering" – "tax offences" and "offences relating to non-cash payment instruments and the fraudulent transfer of funds" – "smuggling" – "breach of EU restrictive measures";*
- Special Part E, within the scope of which the '*corporate offences*' risk area has been identified;
- Special Part F, within the scope of which the '*offences relating to health and safety at work'* risk area has been identified;
- Special Part G, within the scope of which the '*environmental offences*' risk area has been identified;

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- Special Part H, within which the following risk areas have been identified: *'offences against the individual' – 'employment of third-country nationals residing illegally' – 'racism and xenophobia';*
- Special Part I, in which the risk area "*crimes against industry and commerce" and "falsehoods in coins, public credit cards, stamp values and instruments or signs of recognition" were identified.*

For predicate offences that have been deemed to have a lesser impact due to the smaller number of sensitive activities involved, and for which there are no specific Special Parts of the Model, the general principles of conduct set out in the individual Special Parts and the principles contained in the Code of Ethics nevertheless apply.

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SECTION III

CONTROL, EVALUATION AND PERIODIC REVIEW OF THE ORGANISATION, MANAGEMENT AND CONTROL MODEL – THE SUPERVISORY BODY

3.1. GENERALCONSIDERATIONS

The effectiveness of the "*Model 231*" and its constant application by the corporate structure depends on its ability to adapt to the environmental and organisational conditions of the moment.

If these conditions also change the "*Model 231*' must also change in order to maintain effective controls. It is recalled, in fact, that the same Legislative Decree 231/2001 provides for the appointment of a special body within the entity responsible for supervising the operation of and compliance with the *Organisation, Management and Control Model* as well as its updating in the event of regulatory or management changes in the entity itself.

When selecting the Supervisory Body, the Administrative Body must take the following factors into account:

- **autonomy and independence**: the requirements of autonomy and independence imply that the Supervisory Body must not be directly involved in the organisation's management activities;
- **continuity of action:** this is the requirement that characterises the need for a constant, continuous and enveloping monitoring and updating of the Model linked to the evolution of the reference legislation and the changing corporate scenario;
- **professionalism:** the Supervisory Board possesses in-house technical and professional skills appropriate to the functions it is called upon to perform. These characteristics, combined with independence, guarantee objectivity of judgement.

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LCI's Supervisory Body consists of a single member and remains in office for three years (renewable on a case-by-case basis) from the date of acceptance of the appointment resolved by the Sole Director.

Should a conflict of interest 12 on the part of the Supervisory Board arise in the performance of a given activity, it must inform the Administrative Body.

12 The term 'actual (or real) conflict of interest' refers to a situation in which a person's secondary interest (whether financial or non-financial) tends to interfere with the company's primary interest (that is, the common good), towards which the person has specific duties and responsibilities.

The mandate of the Supervisory Board can only be revoked by the Sole Director for just cause, also in order to guarantee its absolute independence, with just cause being understood as serious negligence in the performance of the duties connected to the office.

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3.2. FUNCTIONS, POWERS AND FUNCTIONING OF THE SUPERVISORYBOARD

❖ **Functions and powers**

The Supervisory Board performs the following functions:

- ensures that the recipients of the "*Model 231*" observe the provisions contained therein (inspection and prosecution of offences);
- submit to the Company the need to update the model if the analyses carried out make it necessary to make corrections and adjustments;
- verifies the results achieved through the application of the "*Model 231*' with regard to the prevention of offences and assesses the need to propose amendments to it;
- urges the heads of individual organisational units to comply with the models of conduct;
- directly indicates which corrections and changes should be made to the protocols;
- reports cases of non-implementation of the "*Model 231* "to the heads of the individual company functions.

In carrying out its control activities, the Supervisory Board must:

- carry out periodic checks to verify compliance with the "*Model 231*" and, in particular, to ensure that the procedures and controls set out therein are implemented and properly documented;
- report any deficiencies and/or inadequacies of the *"Model 231"* in the prevention of the offences referred to in Legislative Decree 231/2001;
- initiate extraordinary internal investigations where a breach of the 'Model 231' or the commission of offences is evident or suspected;
- to periodically review the most significant transactions entered into by the Company in areas subject to risk;
- to promote initiatives aimed at raising awareness and fostering a proper understanding of the "*Model 231*", through the dissemination of internal documentation (instructions, clarifications, updates) or through training seminars;
- coordinating and comparing notes with the heads of the various corporate functions to control activities in areas at risk and to identify all issues relating to the implementation of the "*Model 231*";

- require the periodic updating of the map of activities at risk and verify that it is actually updated by carrying out periodic, punctual and targeted checks on activities at risk. To this end, the Sole Director and the heads of the individual corporate functions must report to the Supervisory Body any situations that may expose the Company to the risk of an administrative offence arising from a criminal offence;
- collect, process and store all relevant information received on compliance with the "*Model 231*";
- verify that the rules laid down in the individual Special Sections of this "*Model 231*" are in any case in line with the requirements of Legislative Decree 231/2001.

The Supervisory Board is empowered to:

- have access to all the Company's documentation;
- use of external consultants when there is a need for advice that requires adequate professional knowledge of the subject matter.

❖ **Operation of the Supervisory Board**

At the start of its term of office, and in any event at least once a year, the Supervisory Board plans its annual activities by drawing up a specific calendar, without prejudice to its ongoing monitoring of the adequacy and updating of the MOGC, its ongoing monitoring of information flows, its discretion to examine specific and unplanned aspects should matters of interest arise, and its duty to take action following a report, where deemed appropriate.

All the activities carried out by the Supervisory Board are documented, even in summary form,, in a report to which the documentation that the Supervisory Board has examined in the course of the specific activities is attached, unless the documentation must be kept separately by the Supervisory Board for confidentiality reasons.

The minutes are drawn up, at the same time as or following the audit, by the Supervisory Board (or the person taking the minutes designated by it) and signed, in duplicate, by the members attending the meeting to which they refer.

The minutes and annexes are kept by the Supervisory Board.

The Supervisory Board reports at least annually to the Sole Director on the activities carried out by means of a specific report; in any case, it promptly informs the Sole Director of any news of breaches of the MOGC and/or the commission of relevant offences pursuant to Legislative Decree 231/2001.

Finally, the Supervisory Board shall independently adopt its own Internal Regulations, to which reference should be made for matters not expressly provided for in this chapter of the MOGC.

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3.3. INFORMATION FLOWS FROM THE SUPERVISORY BOARD

The Supervisory Board forwards the reports of the periodic audits to the Model 231 Coordinator and/or the Board of Directors, setting out any requirements for the effective implementation of '*Model 231*' and any suspected breaches thereof.

The Supervisory Board is responsible for:

- communicate, at the beginning of each financial year, the plan of activities it intends to carry out;
- communicate, through the transmission of meeting minutes, the progress of the defined programme and any changes made to the plan;
- report immediately any significant issues arising from supervisory activities;
- report, at least annually, on the implementation of the "*Model 231*". The

Supervisory Board may:

- be summoned, or ask to be called upon, at any time by the corporate bodies in order to report on the functioning of the "*Model 231*" or on other specific situations that may occur in the performance of its activities;
- communicate the results of its investigations to the heads of functions and/or processes, should the activities reveal aspects that could be improved;
- report any conduct and/or actions that do not comply with the "*Model 231*" and with company procedures, so as to enable the Company's governing body to apply:
    - disciplinary sanctions;
    - corrective actions.

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3.4. INFORMATION FLOWS TO THE SUPERVISORY BOARD

In order to facilitate supervision of the effectiveness of the "*Model 231*", any information, communication and documentation, even if originating from third parties, concerning the implementation of the Model must be forwarded to the Supervisory Board.

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Those who provide services to the Company, its employees and its governing bodies must report, in accordance with the provisions of the *Whistleblowing Procedure*, any information relating to the commission – or a reasonable belief that such commission has taken place – of offences, or any information regarding conduct that is not in line with the Code of Ethics or the '*Model 231*', committed by other employees or by members of the Board of Directors, of which they have become aware. This information must be promptly brought to the attention of the SB by the person who received it in compliance with the aforementioned Procedure.

Information received by the relevant parties in accordance with the *Whistleblowing Procedure* and by the Supervisory Board is handled in accordance with the Code of Ethics, so as to ensure respect for human dignity and confidentiality and to prevent any form of retaliation, penalisation or discrimination against whistleblowers.

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3.4.1. COMPULSORY INFORMATION

Information that must be reported to the Supervisory Board, regardless of whether an explicit request has been made, includes the following:

- decisions relating to the application for, allocation and use of public funding;
- any list of tenders awarded to the Company;
- committees of inquiry or internal reports which establish liability for the offences referred to in Legislative Decree No. 231/2001;
- any reports from the Company's Audit Committee regarding irregularities identified in the keeping of the accounts or in the retention of the documentation on which the accounting records are based;
- situations considered illegal and relevant pursuant to Legislative Decree 231 of 2001 or breaches of Model 231 and the Code of Ethics;
- measures/or information, relating to the Company, originating from criminal police bodies or any other authority, from which it can be inferred that investigations are being carried out, even against unknown persons, for offences under Legislative Decree No. 231/2001;
- requests for legal assistance submitted by the AU, by the heads of operational departments and/or by employees against whom the judiciary is taking proceedings for offences under Legislative Decree No. 231/2001;
- information relating to disciplinary proceedings, sanctions imposed, and dismissals of such proceedings with reasons;
- the reports drawn up by the heads of the various corporate functions from which facts, events or omissions emerge that can even only potentially be linked to the types of offences envisaged by the Legislative Decree 231/2001;

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- information on changes in the company organisation on the evolution of activities relating to the risk areas identified by the '*Model 231*';
- the resolutions of the Sole Director;
- the minutes of the Supervisory Board;
- the company's risk assessment, as drawn up pursuant to Legislative Decree 81/2008 and any other document proving compliance with the Consolidated Security Act;
- accidents at work and occupational diseases, near-misses and incidents;
- the results of health surveillance indicating partial or total unfitness for specific duties;
- updates and changes in work organisation;
- organisational provisions and organisational charts of the company, the system of management and function delegations and any amendments thereto;
- any environmental permits;
- any legal disputes and/or administrative penalties incurred;
- any information that enables the Supervisory Board to gain a full understanding of the actual management of the Company and of any changes that have taken place from time to time.

Information flows to the Supervisory Board are sent to the specific e-mail address of the Supervisory Board or, alternatively, by ordinary mail by registered letter with return receipt to the address provided by the Supervisory Board.

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SECTION IV TRAINING AND INFORMATION

For the purposes of implementing this "*Model 231*", staff training and the distribution of the document are managed by the company department responsible for human resources, in close cooperation with the Supervisory Board.

4.1. TRAINING PLAN

The training plan is structured - in relation to content and delivery methods - according to the qualification of the recipients, the risk level of the area in which they work, and the representative functions of the Company.

The training and its contents must be structured as follows:

- **by responsibility** (senior persons, heads of organisational structures and internal managers within the meaning of Legislative Decree 231/2001, resources with specific delegated powers, other employees);
- **by areas of risk** (that is to say, based on the organisation's various areas of operation, categorised according to the different special sections of Model 231);
- **by professional role**, in relation to the activities carried out, with particular regard to roles involving specific or '*sensitive*' activities within the meaning of Legislative Decree 231/2001;
- **new recruits and new assignments**: paying particular attention to personnel who are to be assigned to new assignments/roles, particularly if they relate to specific or 'sensitive' roles/activities.

*

4.2. TRAINING SESSION CONTENT

The training must first of all include the following contents:

- **an institutional part**, common to all recipients, dealing with the relevant legislation (Legislative Decree 231/2001 and predicate offences), the "*Model 231*" and its functioning;
- a **special part** relating to specific areas of operation. The aim of this training module is to ensure knowledge of the mapping of sensitive activities, predicate offences, the offences that can be committed and the specific safeguards in the areas of responsibility of operators.

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As this training is compulsory, a specific record must be kept to confirm that it has been delivered. The training activity can be

carried out through different modes of delivery:

- classroom sessions, with dedicated meetings or by introducing specific modules within already adopted standard training sessions, depending on the content and target audience;
- *e-learning:* through a module on the corporate part for all employees, with possible learning tests;
- corporate intranet.

The training contents must be appropriately updated in relation to developments in legislation and the "*Model 231*".

The Supervisory Board, together with the corporate structure dedicated to Legislative Decree 231/2001, is responsible for promoting initiatives to disseminate knowledge and understanding of the "*Model 231*" by all personnel.

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SECTION V

ORGANISATIONAL STRUCTURE

5.1 DESCRIPTION OF "LCI LAVORAZIONE CARTA RICICLATA ITALIANA S.R.L."

❖ **About us**

Founded in 2007, LCI has established itself as a leading company in the import of waste paper in Italy, distinguished by expertise, reliability and international vision.

The company's commercial activity was created to meet the needs of important multinational groups, including Rowe GmbH — since 2024 part of the Veolia Deutschland Group — and UPM-Kymmene Oyj, consolidating from the beginning a strong international vocation (which hold its entire share capital).

Based on the corporate purpose referred to in Article 2 of the Articles of Association: *"The company has as its object the following activities: the collection, trade and separation of recycled materials, in particular waste paper. The company may carry out activities both domestically and abroad; in particular, it may establish branches or similar or similar companies, purchase or acquire shareholdings in them. The company may also, on a non-recurring and entirely occasional and ancillary basis, carry out all securities, property, commercial, industrial and financial transactions — the latter not being carried out with the public — necessary or useful for the pursuit of the company's objects, including the leasing of business units, and may acquire interests and shareholdings in other undertakings or companies, whether already established or in the process of being established, having objects that are similar, related and/or connected to its own, in accordance with Article 2361 of the Civil Code."*

This strategic vision, together with the growing commercial expansion, led in 2020 to the opening of a branch in Spain, in Valencia (LCI COMERCIO DE PAPEL Y CARTON S.L.). In 2022, LCI further expanded its presence by entering the UK market, with the opening of its London office (LCI – TRADE IN PAPER AND CARBOARD LTD).

*

5.2. INTERNAL ORGANISATION OF THE COMPANY

The internal organisation of the Company, to date, is structured in this way.

❖ **General Meeting**

The General Meeting is composed of two members: Rowe GmbH and UPM - Kymmene Oyj, which own the entire capital. With regard to these two entities:

- Rowe Gesellschaft für Rohstoffha, a German company operating in the field of waste paper recycling and the collection of municipal paper, with its head office in Nuremberg and other two branches in Munich and Dachau;

- upm - Kymmene Oyj, a Finnish multinational with a worldwide presence with 64 production units (paper mills in the graphic arts sector) of which 53 are in Europe, 4 in the USA, 3 in China and 1 in Australia, Malaysia and South Africa.

❖ **Sole Director**

The Company is currently managed by a Sole Director who, according to the Articles of Association, has the broadest powers of ordinary and extraordinary administration and therefore has the right to carry out all the acts he deems appropriate for the implementation and achievement of the corporate purposes, excluding only those that the law and the Articles of Association reserve mandatory for the **decision of the shareholders**, such as (pursuant to Article 13 of the same Articles of Association):

"1) the approval of the financial statements and the distribution of profits [...]

9) purchase, sale and imposition of encumbrances on immovable property and on rights related to them;

10) ***;commercial transactions involving recycled paper with a value exceeding EUR 2,000,000.00 (two million/00). For such transactions, the director must first obtain authorisation from the general meeting of shareholders or the committee;***

11) ***all commercial transactions with a value exceeding €100,000.00 (one hundred thousand/00), which are not otherwise regulated, which do not concern the trade in recycled paper and which are not previously approved as part of the business plan or investment plan by the shareholders' meeting or by the committee. For such transactions, the director must first obtain the authorisation of the shareholders' meeting or of the committee****;*

12) the conclusion of employment contracts or contracts for the provision of services which provide for a notice period of more than six months or an annual remuneration in excess of EUR 50,000.00 (fifty thousand/00);

13) the granting or acceptance of loans outside the scope of ordinary commercial activities, as well as the provision of guarantees and other similar acts;

14) the appointment and dismissal of authorised representatives, senior managers and/or managing directors;

15) all other possible decisions which the law unequivocally assigns to the competence of the shareholders'."

The Director has general power of representation on behalf of the Company in dealings with third parties and in legal proceedings.

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❖ **Authorised representatives**

As provided for in the Articles of Association, the general representation of the Company is also vested in the Institori and the Authorised Representatives within the limits of the powers conferred upon them. LCI, for the performance of its activities, has adopted the following powers of attorney:

- Power of attorney is granted to the **Controller Manager**, Loreta Biasi, who is authorised to carry out the following functions in the name and on behalf of the Company:
  - ***"to carry out all acts of day-to-day administration in the management of the company's offices, including the execution of any banking and financial transactions, such as, by way of example, authorising withdrawals, bank transfers, the endorsement of bills of exchange, cheques, negotiable instruments and documents for collection, the assignment and advance payment of receivables, all utilising the credit facilities of the principal company;***
  - ***perform all acts for the management of personnel, such as, by way of example, hiring and dismissing employees, setting their functions and remuneration, up to the annual amount of EUR 50,000 (fifty thousand);***
  - *receive and sign on behalf of the sending company the corporate correspondence, relating to the delegated powers set out above;*
  - *for the purposes of the above, approve and sign deeds, documents, and in general the correspondence relating to the above matters, request registrations in the public registers, elect domiciles and generally carry out what is necessary.*
  - *the appointed representative is granted the fullest powers, even if not specified herein, to carry out the mandate, and no lack or imprecision of powers may ever be held against them. And so, amongst other things, the appointed representative may do everything that the principal would be able or required to do were they present, with a promise of ratification that is valid under the law, and with the power to appoint other representatives in their place."*
- Power of attorney is granted to the **Purchasing and Sales Manager**, Simone Scaramuzzi, who has been authorised to carry out the following functions in the name and on behalf of the Company:
  - "*to carry out all day-to-day administrative tasks relating to the management of the company's commercial relations with suppliers and customers, in accordance with the company's objects;*
  - *to enter into contracts for the purchase of materials from Italian and foreign suppliers, without any geographical restrictions, up to a total of EUR 2,000,000 (two million);*
  - *to enter into contracts for the sale of goods with Italian and foreign customers, without any territorial restrictions, up to an amount of EUR 2,000,000 (two million);*

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- *to agree and enter into agency, referral and brokerage contracts with agents, referrers and representatives, subject to a maximum fee of 5 (five) USD per tonne of material sold, and in any event subject to the market conditions prevailing at the time the contract is entered into;*

- *to manage the staff of the sales offices on a day-to-day basis, to coordinate the activities of agents and representatives, and to establish their operating procedures and respective areas of responsibility. The appointed authorised representative is granted the fullest powers, even if not specified herein, to carry out the mandate, and no claim may ever be made against him on the grounds of a lack of or imprecision in his powers.*

- *'and thus, amongst other things, the appointed representative may do everything that the principal themselves could or ought to do were they present, with a promise of ratification that is valid under the law, and with the power to appoint other representatives in their place'.*

❖ **Supervisory Board**

As far as the supervisory board is concerned, it currently consists of the Sole Auditor.

❖ **Business Functions**

At the level of company functions, on the other hand, the diversification of skills is carried out through the presence of Managers who are distinguished by the different operational areas (Purchasing and Sales dep./Export Logistics & Supply dep./Front office etc.).

For the specific identification of company figures, please refer to the Company's Organisational Chart (Annex I to this General Part), as well as to the internal company documentation in force from time to time (*policies*, regulations, procedures, etc.).

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