Lear Corporation Italia S.r.l.

Corso Canonico Allamano n. 32 – Grugliasco (TO)

LEAR CORPORATION ITALIA S.R.L.

Organization Model,

Management and Control

pursuant to

Legislative Decree no. 231 of June 8, 2001

– General Section –

REVISION HISTORY	
First adoption	Approved by the Board of Directors on June 7, 2024
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SECTION ONE

1. REGULATIONS ON THE ADMINISTRATIVE LIABILITY OF ENTITIES: LEGISLATIVE DECREE NO. 231 OF JUNE 8, 2001, AS AMENDED AND SUPPLEMENTED

1.1 Administrative Liability of Entities

Legislative Decree No. 231 of June 8, 2001, which sets forth the "*Regulations on the administrative liability of legal entities, companies, and associations, including those without legal personality*" (hereinafter also referred to as "**Legislative Decree 231/2001**" or, simply the "Decree"), entered into force on July 4, 2001, implementing Article 11 of Delegated Law No. 300 of September 29, 2000, , introduced into Italian law, in accordance with EU provisions, the administrative liability of entities[1] .

This legislation provides for direct and independent liability of entities arising from the commission or attempted commission of certain types of offences in the interest or to the advantage of the entities themselves. In fact, the administrative liability of the entity is added to the criminal liability of the perpetrator of the offense, i.e., the natural person materially responsible for committing one of the offenses included in the list of offenses (hereinafter also referred to as "Predicate Offenses" for brevity) provided for in the Decree.

Although defined as "administrative" by the legislator, this new form of liability nevertheless has certain characteristics specific to criminal liability, since, for example, the criminal court is responsible for determining the offenses from which it derives and the guarantees of criminal proceedings are extended to the entity.

The Decree establishes that the entity is liable for offenses committed:

- in its interest[2] or to its advantage[3] (objective element):
- by persons functionally linked to the entity (subjective element), and in particular:

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[1] Article 1 of Legislative Decree No. 231 of 2001 limited the scope of the subjects covered by the legislation to "entities with legal personality, companies, and associations, even without legal personality." In light of this, the legislation applies to:

- private entities, i.e., entities with legal personality and associations "even without" legal personality;
- public entities, i.e., entities with public status but without public powers (so-called "public economic entities");
- bodies with mixed public/private legal personality (so-called "mixed companies").

The following are excluded from the list of entities subject to the legislation: the State, local public entities (regions, provinces, municipalities, and mountain communities), non-economic public entities, and, in general, all entities that perform functions of constitutional importance (Chamber of Deputies, Senate of the Republic, Constitutional Court, General Secretariat of the Presidency of the Republic, C.S.M., etc.).

[2] The interest (to be assessed ex ante) consists *'in the ultimate intention of the perpetrator, as a natural person, to benefit the entity by committing the offense, regardless of whether that interest was actually achieved or not*'. (Criminal Court of Cassation, Section IV, judgment no. 38363/2018).

3 The advantage (to be assessed ex post) corresponds *to "the actual enjoyment by the entity of a concrete advantage due to the commission of the crime*." (Criminal Cassation, Section IV, judgment no. 38363/2018).

a) by persons who hold representative, administrative, or management positions within the entity or one of its organizational units with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the entity (so-called "**senior managers**");
b) by persons subject to the management or supervision of one of the persons referred to in point (a) (so-called '**subordinated persons**').

The entity's liability is excluded where the offense was committed in the sole interest of the perpetrator of the offense.

In addition to the objective and subjective elements described above, Legislative Decree 231/2001 requires that the guilt of the entity be established to affirm its liability: this requirement is attributable to an "*organizational fault*," understood as the failure of the entity to adopt, in advance, organizational measures suitable for preventing the commission of the predicate offenses by the subjects identified in the Decree.

1.2 Offenses covered by the Decree

The crimes that may give rise to the administrative liability of the entity are only those expressly referred to in Legislative Decree 231/2001 and subsequent amendments and additions.

Please refer **to Annex 1** of this document for details of the individual types of offences currently covered by Legislative Decree 231/2001.

1.3 Penalties applicable to the entity

The criminal court has jurisdiction over administrative offenses dependent on crimes committed by the entity, which it exercises with the guarantees inherent in criminal proceedings.

The determination of administrative liability by the criminal court may result in the application of administrative penalties as indicated in Article 9 of the Decree, such as:

- financial penalties;
- disqualification penalties;
- confiscation;
- publication of the judgment.

❖ <u>Financial penalties</u>

A financial penalty is always applicable and is determined through a "quota system": the criminal court may apply several quotas of not less than 100 (one hundred) and not more than 1,000 (one thousand), and the value of each quota may vary between a minimum amount (US$258) and a maximum amount (US$1,549). This amount is set "*on the basis of the economic and financial conditions of the entity in order to ensure the effectiveness of the* penalty" (Articles 10 and 11, paragraph 2, Legislative Decree 231/2001).

The judge determines the number of shares taking into account objective criteria related to the seriousness of the offense, the degree of responsibility of the entity, and the activities carried out to eliminate or mitigate the consequences of the offense and to prevent the commission of further offenses, as well as subjective criteria related to the economic and financial conditions of the entity, which affect the determination of the monetary value of the share, in order to ensure the effectiveness of the penalty.

Article 12 of the Decree provides for several cases in which the financial penalty is reduced. These are summarized in the table below, indicating the reduction applied and the conditions for its application.

Reduction	**Conditions**
1 (and may not in any case exceed €103,291.38)	• The perpetrator committed the offense in their own interest or in the interest of a third party ***and*** the entity did not derive any benefit or derived only a minimal benefit; ***or*** • the financial damage caused is particularly minor.
from 1/3 to ½	[Before the opening of the first instance proceedings] • The entity has fully compensated for the damage and eliminated the harmful or dangerous consequences of the offense or has in any case taken effective measures to do so; ***or*** • an organizational model suitable for preventing the commission of crimes of the type that occurred has been implemented and made operational.

Reduction	**Conditions**
from 1/2 to 2/3	[Before the opening statement of the first instance trial] • The entity has fully compensated for the damage and eliminated the harmful or dangerous consequences of the offense, or has in any case taken effective measures to that end; *and* • an organizational model suitable for preventing the commission of crimes of the type that occurred has been implemented and made operational.

❖ Disqualification sanctions

Disqualification sanctions, applicable only in relation to offenses for which they are expressly provided for and under the conditions set out in Article 13 of the Decree, may entail significant restrictions on the entity's business activities and consist of:

- prohibition from exercising the activity;
- suspension or revocation of authorizations, licenses, or concessions functional to the commission of the offense;
- prohibition from contracting with the Public Administration, except for the provision of public services;
- exclusion from benefits, financing, contributions, and/or subsidies, and/or revocation of those already granted;
- prohibition on advertising goods or services.

These penalties may be requested by the public prosecutor and applied to the entity by the judge as a precautionary measure when:

- there are serious indications that the entity is liable for an administrative offense dependent on a crime;
- there are well-founded and specific elements that suggest the existence of a real danger that offenses of the same nature as those for which proceedings are being brought will be committed.

Disqualification penalties shall last for a minimum of three months and a maximum of two years, except in certain cases expressly provided for in the Decree (Article 25, paragraph 5,

which provides that, if the entity is convicted of a corruption offense, a disqualification penalty of a minimum of four years and a maximum of seven years shall apply).

The Decree also provides that if the conditions for the application of a disqualification sanction that would result in the interruption of the entity's activities are met, the judge may, instead of applying such sanction, order the continuation of the activities by a commissioner for a period equal to the duration of the disqualification penalty that would have been applied, where at least one of the following conditions is met:

- the entity provides a public service or a service of public necessity whose interruption could cause serious harm to the community;
- the interruption of the entity's activities may, considering its size and the economic conditions of the territory in which it is located, have a significant impact on employment.

Article 17 of the Decree provides that, without prejudice to the application of financial penalties, disqualification penalties shall not apply where the entity, prior to the opening of the first instance proceedings, has fulfilled the following conditions (which are cumulative):

a) it has fully compensated for the damage and eliminated the harmful or dangerous consequences of the offense or has in any case taken effective measures to that end;
b) it has eliminated the organizational deficiencies that led to the offense by adopting and implementing organizational models suitable for preventing offenses of the type that occurred;
c) made the profits obtained available for confiscation.

❖ Confiscation of the price or profit of the crime

Confiscation consists of the compulsory acquisition by the State of the price or profit of the crime, except for the part that can be returned to the injured party and without prejudice to the rights acquired by third parties in good faith. When it is not possible to carry out confiscation in kind, it may take the form of sums of money, property, or other benefits of equivalent value to the price or profit of the crime.

❖ Publication of the conviction

The publication of the conviction takes place in accordance with Article 36 of the Criminal Code and consists of the publication of the judgment once, in extract or in full, by the court registry and at the expense of the entity, on the website of the Ministry of Justice, as well as by posting in the municipality where the entity has its main office.

The publication of the conviction may be ordered when a disqualification penalty is imposed on the entity.

Finally, pursuant to Article 26 of the Decree, in the event of the commission of the offense in the form of an attempt:

- the financial penalties and disqualification penalties shall be reduced by one third to one half;
- the entity shall not be liable for the offense if it voluntarily prevents the action from being carried out or the event from occurring.

The entity participates in the criminal proceedings through its legal representative, unless the latter is under investigation or charged with the offense on which the administrative offense is based.

If the legal representative of the entity is under investigation or charged with the predicate offense, he or she may not appoint a defense counsel for the entity due to the incompatibility of his or her position, pursuant to the general and absolute prohibition on representation set forth in Article 39 of Legislative Decree 231/2001.

In such cases, the appointment of the entity's defense counsel must be made by a person duly delegated for this purpose to provide the entity with a defense counsel capable of protecting its interests.

Where the legal representative under investigation or charged with the predicate offense has appointed the entity's defense counsel, such appointment shall be deemed null and void, and any applications shall be deemed inadmissible.

1.4 Adoption of the Model as an exemption from liability

Article 6 of Legislative Decree 231/2001 establishes that the entity, in the case of crimes committed by senior managers, shall not be held administratively liable if it demonstrates that:

a) the management body has adopted and effectively implemented, prior to the commission of the offense, an organizational, management, and control model suitable for preventing offenses of the type that occurred (hereinafter also referred to as **the** "Model" or **"Model** 231");

b) the task of monitoring the functioning and observance of the Model and proposing its updating has been entrusted to a body within the entity with independent powers of initiative and control (the "**Supervisory Body**," hereinafter also referred to as the "Body" or "SB");

c) the senior managers committed the offense by fraudulently circumventing the aforementioned Model;

d) there has been no omission or insufficient supervision by the Supervisory Body.

If the offense was committed by persons subject to the management or supervision of senior management, the entity will be held liable for the offense only in the event of culpable failure to fulfill its management and supervision obligations. In any case, failure to comply with management and supervision obligations is excluded if, prior to the commission of the offense, the entity has adopted and effectively implemented an organization, management, and control model suitable for preventing offenses of the type that occurred.

Therefore, the adoption of the Model prior to the commission of the offense allows the entity to be exempt from administrative liability.

As regards the effectiveness of the Model in preventing the commission of the predicate offenses provided for by Legislative Decree 231/2001, based on the indications provided by the Decree itself, it is considered that it can satisfy this requirement where:

- it identifies the activities in which there is a possibility that predicate offenses may be committed;
- it provides for specific "protocols" aimed at planning the formation and implementation of the entity's decisions in relation to the offenses to be prevented;
- identifies methods for managing financial resources that are suitable for preventing the commission of such offenses;
- it provides for obligations to inform the SB;
- it introduces an internal disciplinary system suitable for sanctioning non-compliance with the provisions set out in the Model and in the documentation that forms an integral part thereof (e.g., Code of Ethics, *Whistleblowing* Policy).

However, the mere adoption of the Model is not in itself sufficient to exclude such liability, as it is necessary that the Model be effectively and efficiently implemented and that the conditions set forth in Article 6, paragraph 1, of Legislative Decree 231/2001 be met.

With reference to the suitability of the Model to prevent the commission of the predicate offenses provided for by Legislative Decree 231/2001, based on the indications provided by case law, it is considered that it can be deemed suitable if:

i. it has been adopted based on a specific and exhaustive mapping of the risks of crime and is not merely descriptive or repetitive of the provisions of the law;
ii. it provides that the members of the SB possess specific skills in the field of consulting;

iii. it provides that a non-irrevocable conviction (or plea bargain) is grounds for ineligibility as a member of the SB;
iv. it provides for a differentiation between training for employees in general, employees working in specific risk areas, and those responsible for internal control;
v. provides for the content of training courses, their frequency, compulsory attendance, attendance checks, and quality control of the content of the programs;
vi. expressly provide for the imposition of disciplinary sanctions;
vii. provide for systematic procedures for identifying and investigating risks when special circumstances exist;
viii. provides for routine checks and surprise checks – in any case periodic – on sensitive company activities;
ix. provide for and regulate an obligation for employees, directors, and company administrators to report to the SB any relevant information relating to the life of the entity, violations of the Model, or the commission of crimes. In particular, it must provide concrete indications on how those who become aware of unlawful conduct can report it to the SB;
x. contain specific and concrete protocols and procedures.

1.5 Confindustria's "Guidelines" and other guiding principles

Article 6, paragraph 3, of the Decree provides that the Models may be adopted – ensuring the requirements set out in the preceding paragraph – based on codes of conduct drawn up by associations representing the entities and communicated to the Ministry of Justice.

Considering the above, all the main trade associations have approved and published their own codes of conduct. In particular, it should be noted that in June 2021, Confindustria published the latest updated version of its *"Guidelines for the construction of organization, management, and control models*" (hereinafter "Guidelines").

The Company, believing that the above Guidelines contain a series of guidelines and measures suitable for meeting the requirements outlined by the legislator, has also drawn inspiration from the principles contained therein for the construction of this Model (to which reference should be made in full).

In drawing up this Model, account was also taken of the document approved on December 18, 2018, by the National Council of Chartered Accountants and Accounting Experts and drawn up jointly by ABI, the National Bar Council and Confindustria entitled "*Consolidated principles for the drafting of organizational models and the activities of the supervisory body and prospects for the revision of Legislative Decree No. 231 of June 8, 2001*" (February 2019 version).

Finally, it is acknowledged that, in preparing this Model, account has also been taken of the most significant developments in case law concerning Legislative Decree 231/2001 and the administrative liability of entities[4] .

SECTION TWO

2. THE ORGANIZATION, MANAGEMENT, AND CONTROL MODEL OF LEAR CORPORATION ITALIA S.R.L.

2.1 Description of the company

Lear Corporation Italia S.r.l. (hereinafter also referred to as "LEAR" or "Company") is a multinational company belonging to the Lear Group, which has specialized for many years in the industrialization and production of automotive seats.

Starting from November 1, 2018, following a reorganization process, the technical-engineering activities and related support functions carried out by LEAR at its sites in Grugliasco (HQ) and Pozzo d'Adda (HQ) were transferred to a spin-off company, resulting in the establishment of Lear Corporation Engineering Italy srl.

[4] On the qualification of administrative liability for crimes committed by entities, see Joint Divisions of the Court of Cassation, judgment no. 38343/2014; Criminal Division II of the Court of Cassation, judgment no. 29512/2015; Criminal Division III of the Court of Cassation, judgment no. 18842/2019. On the definition of organizational negligence, see Joint Divisions of the Court of Cassation, judgment no. 38343/2014; Criminal Court, Section VI, judgment no. 54640/2018, Criminal Court, Section IV, judgment no. 29538/2019. On the effectiveness of the Organizational Model, see Court of Milan – Preliminary Investigating Magistrate's Office, November 17, 2009; Court of Appeal of Milan, Section II, March 21, 2012; Criminal Court of Cassation, Section V, judgment no. 4677/2013; Court of Appeal of Brescia, judgment no. 1969/2014; Criminal Cassation Court, Section V, judgment no. 4677/2014; Public Prosecutor's Office of Como, dismissal order, January 29, 2020. On the assessment of the suitability of the model, see: Criminal Court, Section IV, judgment no. 23401/2022.On the concept of interest or advantage, see Criminal Court, Section V, judgment no. 40380/2012; Criminal Court, Section II, judgment no. 3615/2005. Regarding publicity of the penalty system, see Criminal Court, judgment no. 18130/2005. Regarding upward liability in corporate groups, see Criminal Court, Section V, judgment no. 24583/2011; Criminal Court, Section V, judgment no. 4324/2013; Criminal Court, Section VI, judgment no. 2658/2014; Criminal Court, Section II, judgment no. 52316/2016. On the parameter based on which the adequacy of the model must be assessed, see: Criminal Court of Cassation, Section IV, judgment no. 23401/2022. With reference to predicate offenses, see, among others: embezzlement to the detriment of the State, Criminal Court of Cassation, Section VI, judgment no. 28416/2022; corruption in judicial proceedings, Cass., Joint Divisions, judgment no. 15208/2010; trafficking in illicit influences, Cass. Pen., Section V, judgment no. 30564/2022; unlawful duplication of software, Cass. Pen., Section III, judgment no. 30047/2018; unauthorized access to a computer system, Criminal Court, Section V, judgment no. 25944/2020; unlawful competition with threats or violence, Joint Divisions of the Court of Cassation, judgment no. 13178/2020; in the field of health and safety, Joint Divisions of the Court of Cassation, judgment no. 38343/2014; Criminal Court, Section IV, judgment no. 8591/2016; Criminal Court, Section IV, judgment no. 8883/2016; Criminal Court, Section IV, judgment no. 16713/2018; Cass. Pen., Section IV, judgment no. 9167/2018; Court of Appeal of Florence, Section III, judgment no. 3733/2019; concealment and destruction of accounting records Cass. Pen., nos. 8350, 8351 and 8355 of 2020; illegal hiring Court of Milan, Decree no. 9/2020; self-laundering Criminal Court, Section II, judgment no. 25979/2018, Criminal Court, Section II, judgment no. 30399/2018 and Criminal Court, Section V, judgment no. 5719/2019; fraud in the exercise of trade Criminal Court, Section III, judgment no. 4885/2019. With reference to the procedures for appointing the defense counsel for the entity in the event that the legal representative is under investigation for a predicate offense pursuant to Legislative Decree 231/2001, see Criminal Court, Section III, judgment no. 35387/2022, Criminal Court, Section III, judgment no. 34397/2022 and Criminal Court, Section III, judgment no. 32110/2023.

Following this spin-off, LEAR retained four operating units located in Grugliasco (TO), Cassino (FR), Caivano (NA), and Melfi (PZ), in addition to the Central Office in Grugliasco, located near the respective production site.

LEAR has always been committed to environmental protection, sustainability, and the health and safety of its employees. In this regard, it has obtained the following certifications:

- UNI EN ISO 14001:2015;
- UNI ISO 45001:2018

and has adopted an *Environmental and Safety Management System Manual* in accordance with UNI EN ISO 14001:2015 and UNI ISO 45001:2018 standards.

LEAR has also obtained IATF 16949: 2016, a globally recognized standard that defines the requirements for a Quality Management System for organizations operating in the automotive sector, aimed at pursuing certain objectives such as, among others, continuous improvement, prevention of manufacturing defects, inclusion of specific requirements for the automotive industry, and promotion of the reduction of variations and waste in the supply chain.

2.2 LCI's organizational and corporate governance system

Lear Corporation Italia S.r.l. is an Italian company incorporated as a limited liability company.

The Company is managed by a Board of Directors which, pursuant to Article 15 of the Articles of Association, is vested with the broadest powers for the ordinary and extraordinary management of the Company, without exception, with the power to perform all acts – including dispositive acts – deemed appropriate for the implementation and achievement of the corporate purposes, excluding only those reserved by law or the Articles of Association exclusively to the Shareholders' Meeting or in any case to the decisions of the Shareholders.

The Board of Directors consists of two members, respectively:

- the Chairman of the Board of Directors, who, by resolution of the Board of Directors dated April 30, 2019, is granted, by way of example and without limitation, the powers to act in the name and on behalf of the Company, both actively and passively, in any civil, criminal, administrative, tax, or arbitration proceedings, including, by way of example only, cognizance, enforcement, precautionary, special,

and insolvency proceedings, at any stage and level, and thus in any dispute before Justices of the Peace, courts and courts of appeal, commissions and special boards, provincial and regional tax commissions, the regional administrative court and the Council of State, arbitration panels, as well as the Court of Cassation, the Constitutional Court, and the Court of Justice of the European Communities, with the power, including but not limited to, to bring the following proceedings and/or defend against them (i) proceedings for recognition and defense against the same; (ii) monitoring and injunction proceedings, precautionary, summary and/or special proceedings; (iii) enforcement proceedings, including against third parties, eviction proceedings and proceedings for delivery or release; (iv) appeals and/or challenges against judgments, orders and decrees, as well as complaints against precautionary measures or any other measure; (v) settlement of jurisdiction and/or competence; (vi) third-party proceedings; (vii) counterclaims; (viii) intervention in any ordinary, enforcement, precautionary, special or bankruptcy proceedings; (ix) insolvency proceedings such as, by way of example but not limited to, appeals for a declaration of bankruptcy, claims for admission as a creditor, claims for the return and separation of movable property owned by the bankrupt, participation in creditors' meetings with voting rights, judgments opposing the statement of liabilities, judgments approving compositions with creditors; (x) bringing civil proceedings in criminal proceedings in which the company is the victim of a crime, as well as any additional powers as detailed in the aforementioned minutes;

- a Chief Executive Officer, who, by resolution of the Board of Directors dated April 30, 2019, is granted, by way of example and without limitation, the powers to act in the name and on behalf of the Company, both actively and passively, in any civil, criminal, administrative, tax, or arbitration proceedings, including, by way of example only, cognizance, enforcement, precautionary, special and insolvency proceedings, at any stage and level, and thus in any dispute before Justices of the Peace, courts and courts of appeal, commissions and special boards, provincial and regional tax commissions, the regional administrative court and the Council of State, arbitration panels, as well as the Court of Cassation, the Constitutional Court and the Court of Justice of the European Communities, with the power, including but not limited to, to bring the following proceedings and/or defend against them (i) proceedings for recognition and defense against the same; (ii) monitoring and injunction proceedings, precautionary, summary and/or special proceedings; (iii) enforcement proceedings, including against third parties, eviction proceedings and proceedings for delivery or release; (iv) appeals and/or challenges against judgments, orders and decrees, as well as complaints against precautionary measures or any other measure; (v) jurisdiction and/or competence rules; (vi) third-

party proceedings; (vii) counterclaims; (viii) intervention in any ordinary, enforcement, precautionary, special or bankruptcy proceedings; (ix) insolvency proceedings such as, by way of example but not limited to, petitions for bankruptcy, claims for admission as a creditor, claims for return and separation of movable property owned by the bankrupt, participation in creditors' meetings with voting rights, opposition to the statement of liabilities, and approval of composition agreements; (x) bringing civil proceedings in criminal proceedings in which the company is the victim of a crime, as well as any additional powers as detailed in the aforementioned minutes.

Pursuant to Article 2381, paragraph 5, of the Italian Civil Code, the Board of Directors or the delegated bodies shall be responsible, within the limits of the powers conferred, to ensure the adequacy of the organizational/accounting structure in relation to the nature and size of the company.

The Company has also appointed a Sole Auditor and an Independent Auditing Firm, pursuant to Article 2409-bis of the Italian Civil Code. Pursuant to Article 2403 of the Italian Civil Code, the Sole Auditor is responsible for assessing the adequacy of the organizational/administrative/accounting structure and its actual functioning.

The Chairman of the Board of Directors, by virtue of the powers assigned to him, has delegated certain powers to specific individuals by means of special powers of attorney so that, pursuant to Article 2209 of the Italian Civil Code, by virtue of an ongoing relationship, they may perform acts relevant to the operation of the company, even though they are not responsible for it.

This system of delegations, powers of attorney, and powers has been defined in order to create:

- an organization suitable for carrying out the company's activities that are relevant externally or internally, necessary for the pursuit of the company's objectives, and consistent with the responsibilities assigned to each person;
- a factor preventing (by defining the limits and qualifications of the powers assigned to each person) the abuse of the functional powers assigned;
- an element of indisputable traceability of business transactions that are relevant externally or internally to the individuals who carried them out.

The powers vested in individual persons are divided as set out in the company registration document filed with the Turin Chamber of Commerce, to which reference should be made.

2.3 Purpose of the Model

In developing this Model, the Company has been guided by the Guidelines approved by Confindustria in June 2021 and intends to comply with them even in the event of any subsequent amendments and additions.

The Guidelines provide companies with methodological guidelines for the implementation of a Model suitable for preventing the commission of the offences provided for in the Decree and for exempting them from administrative liability under Legislative Decree 231/2001.

Furthermore, in preparing this Model, the Company has considered the principles expressed by the National Council of Chartered Accountants and Accounting Experts in the document published in February 2019, adapting them to its specific needs.

The Company has approved this Organization, Management, and Control Model (hereinafter also referred to as the "Model") by resolution of the Board of Directors (see the front page of this General Section).

The Company is sensitive to the need to ensure fairness and transparency in the conduct of its business and activities, to protect its reputation, image, and the work of its employees, and is also aware of the importance of adopting an Organization, Management, and Control Model Management and Control Model capable of preventing the commission of unlawful conduct by its directors, employees, and all those who carry out their activities in the name and on behalf of the Company.

The Company therefore believes that the adoption of the Model, together with the Code of Ethics, can be a valuable tool for further raising awareness among the Recipients.

In particular, through the adoption of the Model, the Company intends to pursue the following objectives:

- to make the Recipients of the Model, defined in paragraph *2.3 - Recipients* below, aware that, in the event of violation of the provisions contained therein, they may commit offenses punishable by disciplinary sanctions pursuant to this Model, criminal sanctions applicable to them by the competent court, as well as the application of administrative sanctions dependent on the offense committed by the Company;
- to prohibit conduct that may constitute the offences referred to in Legislative Decree 231/2001, by setting up a prevention and control system aimed at reducing the risk of offences related to the company's activities being committed;
- to reiterate that such forms of unlawful conduct are strongly condemned by the Company, as they are contrary not only to the provisions of law but also to the

ethical principles to which the Company intends to adhere in the conduct of its business activities, even if the Company appears to be in a position to benefit from them;

- enabling the Company, through monitoring of areas of activity at risk based on a structured and comprehensive system of procedures and control activities, to take timely action to prevent or combat the commission of such crimes.

To prepare an effective and appropriate Model to prevent the crimes covered by Legislative Decree 231/2001, the Company has carried out an in-depth analysis of its corporate structure, both through document checks and through interviews with company personnel informed about the organization and activities carried out by the Company itself.

2.4 Recipients

The provisions of this Model are binding on the Board of Directors and on all those who, within the Company, hold positions of representation, administration or management, including de facto, on all employees, on those who cooperate and collaborate with it – in various capacities – in the pursuit of its objectives, and anyone who has business relations with it by virtue of an appointment/mandate/contract and who perform professional services related to the company's business in the name and on behalf of the Company itself (e.g., external consultants, etc.) (all the subjects listed above are also referred to as **the** "Recipients").

All Recipients are required to comply with all provisions in a timely manner, including in fulfillment of the duties of loyalty, fairness, and diligence arising from the legal relationships established with the Company.

2.5 Fundamental elements of the Model

With reference to the requirements identified in Legislative Decree 231/2001, the fundamental elements developed by the Company in defining the Model can be summarized as follows:

- Preparation of the *"Matrix of the risk of committing the crimes referred to in Legislative Decree 231*," indicating the contact persons/areas that could potentially commit any of the crimes referred to in Legislative Decree 231/2001, indicating the type of crime as provided for by law, indicating examples of possible ways in which the crimes could be committed, and indicating the processes potentially associated with the commission of the crimes referred to in Legislative Decree 231/2001;

- identification of ethical principles and rules of conduct aimed (among other things) at preventing conduct that may constitute the offenses provided for in Legislative Decree 231/2001, contained in the Code of Ethics;
- provision of specific preventive protocols aimed at preventing the commission of the offences provided for by Legislative Decree 231/2001;
- appointment of a Supervisory Body (hereinafter also referred to as the "Body" or "SB") and assignment of specific tasks to supervise the effective implementation and application of this Model;
- introduction of communication channels designed to ensure regular communication with the SB;
- approval of a disciplinary system suitable for sanctioning those responsible for non-compliance with the Model;
- carrying out information, training, and dissemination activities for the Recipients of this Model;
- identification of methods for the adoption and effective application of the Model, as well as for any necessary amendments or additions thereto (updating of the Model).

2.6 Code of Ethics and Conduct and Model

The Company intends to operate in accordance with ethical principles and rules of conduct aimed at shaping the conduct of its business, the pursuit of its corporate purpose, and its growth in compliance with applicable laws and regulations.

To this end, the Company has adopted its own Code of Ethics, which sets out the principles with which it complies and which it expects to be strictly observed by all Recipients and all those who, in any capacity, in Italy or abroad, cooperate and collaborate with it in the pursuit of its corporate purpose.

The Code of Ethics is general in scope and represents a set of rules and guidelines aimed at promoting solid ethical integrity and a strong awareness of compliance with applicable regulations.

The Code of Ethics, therefore, not only serves to promote a culture of legality and ethics within the Company, but also to protect the interests of employees and those who have relations with the Company, safeguarding it from serious liability, penalties, and reputational damage.

The Model, on the other hand, responds to specific requirements contained in Legislative Decree 231/2001, expressly aimed at preventing the commission of the offences provided

for in the Decree itself (for acts that, although apparently committed in the interest or to the advantage of the Company, may give rise to administrative liability for the Company).

Considering that the Code of Ethics refers to principles of conduct (including legality, fairness, and transparency) that are also suitable for preventing the unlawful conduct referred to in Legislative Decree 231/2001, it forms an integral part of this Model.

The Company also complies with the ethical principles and rules of conduct set out in Lear's Code of *Business Conduct and* Ethics (*"Lear's Code*").

2.7 The structure of the Organizational and Control System

The Company's organizational and control system is based on preventive protocols, *information flows to the Supervisory Body* described **in Annex 2** of this General Section, and the following elements:

- the regulatory and legislative framework applicable to the Company, including that of the sector in which it operates and to which it strictly adheres;
- the Code of Ethics, which establishes the principles and rules of conduct that inspire the Company and which must be observed by all those who work within the Company and by all those who, in various capacities, have relations with it;
- the certifications obtained;
- internal operating procedures and *Corporate Policies* (to the extent applicable to the Company).

The Company's organizational and control system, understood as a mechanism designed to manage and monitor the main business risks, must ensure the achievement of the following objectives:

- effectiveness and efficiency in using company resources to protect against losses and safeguard the Company's assets;
- compliance with applicable laws and regulations in all the Company's operations and actions;
- reliability of information, understood as timely and truthful communications to ensure the proper conduct of all decision-making processes.

Responsibility for the proper functioning of the internal control system lies with each company representative or those who perform certain activities on behalf of the Company for all processes for which they are responsible.

2.8 Identification of "risk" activities and definition of protocols

Legislative Decree 231/2001 expressly requires, in Article 6, paragraph 2, letter a), that the Model identify the company activities in which the offences referred to in the same decree may potentially be committed.

The Company has therefore conducted an analysis of its business activities and related organizational structures, with the specific aim of identifying the areas at risk where the offenses provided for in Legislative Decree 231/2001 may be committed, the possible ways in which they may be committed, and the processes in which, in principle, the conditions could be created and/or the means provided for the commission of the offenses.

- *Identification of processes and areas at risk.*

The identification of sensitive processes and areas at risk of committing the offences provided for by Legislative Decree 231/2001 was carried out through the analysis of company documentation and interviews with individual company representatives.

The results of the above activities, previously shared with the interviewees, have been collected in the so-called **231 Risk Matrix**, which details the potential risk of committing the crimes referred to in Legislative Decree 231/2001.

The Matrix of risk of commission of predicate offenses 231 is an integral part of this Model and is kept at the Company's headquarters.

- *Definition of preventive protocols*

The definition of the general principles of conduct and specific control principles is contained in the **Special Section** of this Model.

In particular, the various sections of the Special Section, dedicated to one or more "families of offenses" pursuant to Legislative Decree 231/01 that are abstractly relevant to the Company, provide the following information:

- the types of offences considered relevant to the mapped processes and sensitive activities;
- the general principles of conduct;
- the specific control principles adopted by the Company to mitigate the risks of crime.

2.9 Protocols and General Control s

The Company manages the sensitive processes and areas of activity at risk identified above, in accordance with principles that appear consistent with the guidelines provided by Legislative Decree 231/2001, ensuring their correct and effective application.

In addition to the preventive protocols referred to in the Special Section of this Model, the principles governing activities at risk and sensitive processes are as follows:

- existence of general rules of conduct governing the activities carried out;
- existence and adequacy of procedures for regulating the performance of activities in accordance with the principles of:
    - traceability of acts;
    - objectivity of the decision-making process;
    - provision of adequate control measures;
- provision of authorization levels to ensure adequate control of the decision-making process;
- existence of specific control and monitoring activities;
- segregation of tasks and functions.

SECTION THREE

3. SUPERVISORY BODY

3.1 Introduction

Article 6, paragraph 1, of Legislative Decree 231/2001 provides that the function of supervising the functioning and observance of the Model and ensuring its updating shall be entrusted to a Supervisory Body of the entity which, endowed with autonomous powers of initiative and control, shall continuously perform the tasks assigned to it.

In this regard, the Confindustria Guidelines highlight that, although Legislative Decree 231/2001 allows for the choice of either a single-member or multi-member body, the choice between one or the other solution must consider the objectives pursued by the law and, therefore, ensure the effectiveness of controls in relation to the size and organizational complexity of the entity.

Given its current organizational structure, the Company has decided to establish a collegial body composed of three members (the Members), one of whom holds the position of Chairman (the Chairman), appointed by the Board of Directors and with specific professional expertise in consulting activities.

The Supervisory Body has been identified in such a way as to ensure the following requirements:

- *Autonomy and independence*: this requirement is guaranteed by the absence of any hierarchical reporting within the organization and by the power to report to the highest level of the company;
- *Professionalism*: this requirement is guaranteed by the professional, technical, and practical knowledge available to the Supervisory Body;
- *Continuity of action*: regarding this requirement, the Supervisory Body is required to constantly monitor compliance with the Model through its investigative powers, to oversee its implementation and updating, and to act as a constant point of reference for all Company personnel.

3.2 Term of office, grounds for ineligibility, forfeiture, revocation, and resignation

The Supervisory Body shall remain in office for a term of 3 (three) years, with the possibility of renewal.

- ***Causes of ineligibility and/or disqualification***

The following constitute grounds for ineligibility and/or disqualification of a member of the Supervisory Body:

a) disqualification, incapacity, bankruptcy or, in any case, criminal conviction, even if not final, for one of the offences provided for in the Decree or, in any case, to a penalty involving disqualification, even temporary, from public office or the inability to hold management positions;

b) the existence of family relationships, marriage, or affinity within the fourth degree with members of the Board of Directors or the Sole Auditor;

c) a conviction of the Company, even if not final, or a sentence imposing a penalty upon request pursuant to the combined provisions of Articles 63 of Legislative Decree 231/2001 and Articles 444 et seq. of the Italian Code of Criminal Procedure (so-called plea bargain), where the documents show that the Supervisory Body failed to exercise or exercised insufficient supervision;

d) the existence of ongoing financial relations between the member and the Company such as to compromise the independence of the member;

e) the finding of a serious breach by the member of the Supervisory Body in the performance of his or her verification and control duties.

If, during the term of office, a cause for forfeiture arises, the member of the Supervisory Body shall immediately inform the Board of Directors.

- ***Causes for revocation***

The powers of the members of the Supervisory Body may be revoked only for just cause and subject to a resolution by the Company's Board of Directors.

Just cause for revocation includes:

- failure to notify the Board of Directors of a conflict of interest that prevents the member from continuing to serve on the Supervisory Body;
- breach of confidentiality obligations regarding news and information acquired in the exercise of the functions of the Supervisory Body.

If the dismissal is without just cause, the dismissed member may request to be immediately reinstated.

- ***Resignation from office***

Each member may resign at any time by giving at least 30 days' written notice to the Board of Directors by *certified email*, which shall take effect on the 14th day following the date on which the Board of Directors was notified in writing.

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In the event of resignation, the members of the Supervisory Body shall remain in office beyond the expiry date set in the appointment resolution until the Board of Directors has appointed a new Supervisory Body with a specific new resolution.

In the event of incompatibility, incapacity, death, revocation, or forfeiture of a member, if not communicated in the manner and within the time limits indicated, the Chairman of the Supervisory Body shall immediately notify the Board of Directors in writing, which shall take the necessary decisions without delay.

In the event of incompatibility, incapacity, death, revocation or forfeiture of the Chairman, if not communicated by the latter in the manner and within the time limits indicated, the obligation to communicate shall fall to the most senior member. In this case, the latter shall take over as Chairman and remain in office until the date on which the Board of Directors appoints a new Chairman.

Until the appointment of the new member by the Board of Directors, the Supervisory Body may still meet and deliberate, and the Chairman's vote shall have double value in the event of a tie.

3.3 Functions and powers of the Supervisory Body

The Supervisory Body shall independently regulate its own operating rules in a specific Regulation, defining the operating procedures for the performance of the functions assigned to it.

The Supervisory Body shall be entrusted with the following tasks:

- monitoring the functioning of and compliance with the Model;
- updating the Model.

These tasks are carried out by the Body through the following activities:

- supervising the dissemination of the Model, training activities, and compliance with the Model by the Recipients;
- monitoring the adequacy of the Model, with reference to the conduct observed within the company;

- proposing updates to the Model should it become necessary and/or appropriate to make changes and/or adjustments to it in relation to changes in legislation and/or company conditions;
- continuous communication to the Board of Directors regarding the activities carried out;
- periodic communications to the Sole Auditor regarding the activities carried out, or for any violations by senior management or members of the Board of Directors.

In carrying out these activities, the Body shall perform the following duties:

- verify the planning and implementation by the Company of periodic training activities pursuant to Legislative Decree 231/2001 aimed at promoting awareness of the Company's Model and the legal basis of administrative liability of entities pursuant to Legislative Decree 231/2001, differentiated according to the role and responsibility of the recipients;
- establish specific "dedicated" information channels (dedicated email address and ordinary mail) to facilitate the flow of information to the Body;
- collect and store all information relevant to the verification of compliance with the Model;
- periodically verify and monitor the areas/processes identified as being at risk in the Model.

To enable the Body to gain the best possible understanding of the implementation of the Model, it is essential that the Supervisory Body works in close collaboration with the individual company representatives.

To carry out the above duties, the Body has the following powers:

- adopting a set of Rules and receiving **information flows** from the Recipients of the Model;
- freely access, without prior authorization, any company document relevant to the performance of its duties;
- requesting representatives, and in any case all Recipients, to promptly provide the information, data, and/or news requested of them in order to identify aspects related to the various company activities relevant to the Model and to verify its effective implementation;
- to use external consultants of proven professionalism in cases where this is necessary in the performance of their activities.

The Supervisory Body is granted by the Board of Directors an adequate budget for the performance of its functions, to be used to support the technical verification activities

necessary for the performance of the tasks assigned to it. The SB may exceed the limits of the budget allocated to it only in critical situations requiring immediate action, in accordance with the provisions of its Regulations.

3.4 Reporting to and from the Supervisory Body and th

The SB meets at least once every quarter, unless the Body deems it necessary to meet more frequently.

As already mentioned above, to ensure full autonomy and independence in the performance of its functions, the Supervisory Body reports directly to the Board of Directors on the activities carried out.

In particular, the Supervisory Body reports to the Board of Directors on the status of the implementation of the Model, the results of the supervisory activities carried out, and any appropriate measures for the implementation of the Model:

- periodically to the Board of Directors to ensure constant alignment on the activities carried out, including by making the minutes of the activities carried out available;
- every six months to the Board of Directors (and in copy to the Statutory Auditor), through a written report illustrating the activities carried out, any critical issues that have emerged, and any need to implement the Model;
- immediately to the Board of Directors, in cases of violations committed by the Recipients of the Model;
- periodically to the Sole Auditor, at the latter's request, regarding the activities carried out, and independently regarding any shortcomings found in the assessment of the actual implementation of the Model (for example, in the context of checks on processes sensitive to tax risks, risks of corrupt conduct, the commission of corporate crimes, the commission of environmental crimes, etc.);
- immediately to the Sole Statutory Auditor and the Shareholders' Meeting, in cases of alleged violations committed by senior management or members of the Board of Directors and may receive requests for information or clarification from the Sole Statutory Auditor or the Shareholders' Meeting.

For its part, the SB receives from:

- the Sole Statutory Auditor, on an event-by-event basis, if the latter detects deficiencies and violations that are relevant to the Model, as well as any facts or anomalies found that fall within the scope of the processes assessed as sensitive for the commission of predicate offenses;

- the *Whistleblowing* Committee[5] *,* which is responsible for *whistleblowing* reports, receives six-monthly reports on the reports received for which an investigation has been opened or which have been deemed unfounded, indicating the investigations carried out and the reasons why the reports were deemed unfounded, in order to verify the functioning of the system. In any case, the requirement to maintain the confidentiality of the identity of the persons involved in the report (e.g., the whistleblower, the reported person, and other persons mentioned in the report) remains unchanged.

The Supervisory Body may be convened at any time and, at the same time, may in turn request the Board of Directors to convene it whenever it deems it appropriate in matters relating to the functioning and effective implementation of the Model or in relation to specific situations.

Where necessary, the Supervisory Body shall contact the relevant company departments directly to:

- request information or clarification;
- request the transmission of documents;
- report critical issues in the implementation of the Model.

[5] The *Whistleblowing Committee* is composed of the Europe-Africa Compliance Coordinator and the Country HR Manager. The *Whistleblowing Committee* is responsible for collecting reports, confirming receipt and following up on them, including conducting preliminary investigations, while ensuring the confidentiality of all information relating to the whistleblower, the persons mentioned in the report and the subject matter of the report, to prevent potential retaliatory acts of any kind. The *Whistleblowing Committee* is also responsible for keeping the whistleblower updated on the progress of the internal investigation and for providing feedback to the whistleblower. In addition, it is responsible for reporting to the Company's senior management in accordance with the provisions of the relevant Policy.

3.5 Information flows to the Supervisory Body and reports

Legislative Decree 231/2001 establishes information obligations towards the Supervisory Body.

- ***Information flows***

These flows concern all information and documents that must be brought to the attention of the Supervisory Body, in accordance with the provisions of the adopted Model.

Therefore, specific information obligations have been established for the corporate bodies (Board of Directors and Sole Auditor) and company representatives:

- on a regular basis, specific information, data, news, and documents according to the timetable set out **in Annex 2** *"List of information flows to the Supervisory Body*" of this General Section and through the communication channels indicated below. It should be noted that the SB may request any further information and/or flow that it deems useful and/or necessary for the performance of its activities;
- upon request of the SB as part of its verification activities, any information, data, news, and documents deemed useful and/or necessary for the performance of such verifications;
- where necessary, by all recipients of the Model if deficiencies and/or anomalies emerge that are relevant under the Model, as well as any facts or anomalies found that fall within the scope of the processes assessed as sensitive for the commission of the predicate offenses;
- where applicable, if the Sole Auditor identifies deficiencies and violations that are relevant under the Model, as well as any facts or anomalies found that fall within the scope of the processes assessed as sensitive for the commission of the predicate offenses.

The Supervisory Body must promptly receive, on a mandatory basis, all information concerning, by way of example and without limitation:

- measures and/or information from judicial police, tax authorities or any other authority, including administrative authorities, involving the Company or senior management, which indicate that investigations are being carried out, including against unknown persons, for the crimes referred to in the Decree, without prejudice to legally imposed obligations of confidentiality and secrecy;
- access/inspections/visits by representatives of the Public Administration, as a result of which irregularities have emerged or a penalty has been imposed on the legal

representative (e.g., ASL, ARPAL, ITL, Guardia di Finanza, Agenzia delle Entrate, etc.);

- requests for legal assistance submitted by senior management and/or employees in the event of legal proceedings, in particular for the offenses covered by the Decree;
- results of control activities carried out by individual company representatives which reveal facts, acts, events, or omissions that are critical in terms of compliance with the provisions of the Decree or the Model;
- changes in the *governance* system, amendments to the articles of association or changes to the company organization chart;
- information relating to the effective implementation, at all company levels, of the Model, with evidence of any disciplinary proceedings carried out and any sanctions imposed, or of the dismissal of such proceedings with the relevant reasons;
- reporting of serious accidents (fatal accidents or accidents with a prognosis of more than 40 days) involving employees and/or collaborators present at the Company's workplaces.

All information and documentation collected in the performance of institutional tasks must be filed and stored by the Supervisory Body, taking care to keep the documents and information acquired confidential, also in compliance with *privacy* regulations.

Failure to send information to the Supervisory Body constitutes a violation of this Model and the consequent application of disciplinary sanctions (as provided for in the Disciplinary System of this Model).

In exercising its powers, the Supervisory Body may freely access all sources of information of the Company, as well as view any document of the Company and consult data relating to it.

The SB also monitors compliance with the Model regarding the prohibition of direct or indirect acts of retaliation or discrimination against the whistleblower for reasons directly or indirectly related to the report, as well as the effective functioning and compliance with the provisions of Legislative Decree 24/2023 and the *Whistleblowing* Policy.

- ***Communication channels***

To enable the sending of Information Flows to the SB, the following alternative communication channels have been established:

- a dedicated email address: ***LearCorpItaliaOdV@lear.com***;

- a letterbox, located at the Company's headquarters, for the deposit of paper reports;
- a postal address (the address of the Company's registered office), to which reports should be sent as confidential for the attention of the Supervisory Body.

Access to communications sent through the above channels is reserved exclusively for the Supervisory Body.

The SB reserves the right to identify any additional channels for sending information flows.

3.6 *Whistleblowing* reports

In compliance with the provisions of Legislative Decree 24/2023, which implements EU Directive 2019/1937 on the protection of persons who report breaches of Union law in Italy, LCI has decided to adopt a specific procedure to regulate the reporting of improper practices and unlawful conduct by its employees (hereinafter, the "*Whistleblowing* Policy").

The *Whistleblowing Policy* is an integral part of this Model 231 and has been published by the Company in a specific section of the Group's institutional website (https://www.lear.com/italian-legislative-decree-24-2023).

In accordance with the provisions of the *Whistleblowing* Policy, the following may be reported:

- conduct or actions that are not in line with *Lear's* values, *Code of Business Conduct and* Ethics, LEAR's Model 231 (of which the Code of Ethics is an integral part), and internal regulations (procedures, policies, etc.);
-

Such reports must be made in accordance with the procedures and in compliance with the specific Policy adopted (hereinafter **the "*Whistleblowing* Policy"**), in accordance with the provisions of Legislative Decree 24/2023 *implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019, on the protection of persons who report on suspected breaches of Union law and laying the rules on the protection of persons reporting on suspected breaches of national law*.

Recipients who decide to report a violation must comply with the procedures set out in the Whistleblowing Policy. In particular, internal reports may be made through the following channels:

1. in writing, through the **online platform** available at the link: https://secure.ethicspoint.com/domain/media/en/gui/56559/index.html

2. verbally, through the **E&C Helpline**, available 24 hours a day, 7 days a week. The Helpline is managed by a third-party provider who accepts, transcribes, and records all calls received through the Helpline. Reporters can speak to an operator in their own language by calling the toll-free number for their country available at the following link

https://secure.ethicspoint.com/domain/media/en/gui/56559/index.html(for Italy, the number is 800 727 442;

3. at the whistleblower's request, verbally through a face-to-face meeting with the ***Whistleblowing*** **Committee**, which can be requested via the IT platform accessible by typing the following URL: https://secure.ethicspoint.com/domain/media/en/gui/56559/index.html, and must be scheduled within 45 days of the request.

If the reported conduct concerns members of the *Whistleblowing* Committee*,* the *whistleblower* may address their report directly to LEAR's Supervisory Body, in accordance with the procedures set out in *the Whistleblowing Policy*.

If, on the other hand, the reported conduct concerns a member of LEAR's Supervisory Body (SB), the *whistleblower* may request that the report not be communicated to the Supervisory Body or to one or more of its members.

The Committee will carry out the investigations it deems necessary to ascertain the validity of the report in accordance with the Whistleblowing Policy (which is hereby referred to in its entirety[6]).

In this regard, the Company guarantees the utmost confidentiality regarding the identity of the whistleblower and the persons involved/mentioned in the report and, furthermore, prohibits discriminatory acts, retaliation[7] or penalties against whistleblowers who have made a report in good faith. Any acts in violation of this prohibition shall be null and void.

The Committee is in any case required to promptly forward to the SB reports relating to unlawful conduct relevant pursuant to Legislative Decree 231/2001 or violations of Model 231, using channels that guarantee compliance with confidentiality requirements, so that the Supervisory Body can assess the appropriateness of undertaking the necessary investigations/actions.

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[6] Par. 5.4 "*Investigation of Reports*" of the Whistleblowing Policy.

[7] Regarding conduct considered retaliatory, reference should be made to the provisions of Article 17 of Legislative Decree 24/2023.

Pursuant to Article 6 of Legislative Decree 24/2023, external reporting may be carried out in the following cases:

- the mandatory internal channel is not active or is active but does not comply with the law;
- the Whistleblower has already made an internal report, but no action has been taken;
- the Whistleblower has reasonable grounds to believe that, if they made an internal report, it would not be followed up effectively or that the report itself could lead to retaliation;
- the whistleblower has reasonable grounds to believe that the violation may constitute an imminent or obvious danger to the public interest.

It should be noted that failure to comply with the principles and rules contained in the Policy will result in the application of the disciplinary system adopted by LEAR, including the disciplinary system provided for in this Model 231 in the following paragraph.

The disciplinary system of this Model provides for the application of specific sanctions in the event of violation of the measures to protect the whistleblower and the persons indicated in the *Whistleblowing* Policy (**"Other Protected Persons**," as detailed in paragraph 6.1), or in the event of reports made with intent or gross negligence that prove to be unfounded, and any other case of misuse or exploitation of the *whistleblowing* channels.

Finally, if the conditions set out in Article 6 of Legislative Decree 24/2023[8] are met, the *whistleblower* may make an **External Report** to ANAC (the National Anti-Corruption Authority), through the channels specifically set up by the latter. External Reports are also considered Protected Reports under the Policy adopted by LEAR (for more details on how to make a report, please refer to Chapter 7 of the *Whistleblowing* Policy).

[8] Pursuant to Article 6 of Legislative Decree 24/2023, an external report may be made in the following cases:
- the mandatory internal channel is not active or is active but does not comply with the law;
- the whistleblower has already made an internal report, but no action has been taken;
- the Whistleblower has reasonable grounds to believe that, if they made an internal report, it would not be followed up effectively or that the report itself could lead to retaliation;
- the whistleblower has reasonable grounds to believe that the violation may constitute an imminent or obvious danger to the public interest.

SECTION FOUR

4. DISCIPLINARY SYSTEM AND SANCTIONING MECHANISMS

4.1 General principles of the Whistleblowing System

As expressly provided for in Article 6, paragraph 2, letter e) of the Decree, one of the essential elements of the Model is the existence of a "*disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model,*" which – as provided for in paragraph 2 *bis* – must also comply with the provisions of *the "implementing decree of Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019"* on the protection of whistleblowers.

The definition of this disciplinary system constitutes, in fact, pursuant to Article 6, paragraph 1, letter e) and Article 7, paragraph 4, letter b) of the Decree, an essential requirement of the Model for the purposes of the exemption referred to in Article 6 of the Decree.

The essentially preventive function of the disciplinary system must be accompanied by a scale of sanctions commensurate with the seriousness of the violations. It is therefore necessary for the Model to identify specifically the disciplinary measures to which each person is exposed in the event of non-compliance with the measures indicated in the Model itself, linking each violation to the applicable sanctions in order of increasing seriousness and proportionality.

In general, by way of example and without limitation, punishable conduct may include:

a) negligent failure to implement the measures indicated in the Model and the documentation that forms an integral part thereof (e.g., Code of Ethics, *Whistleblowing* Policy);

b) intentional violation of the measures indicated in the Model and the documentation that forms an integral part thereof (e.g., Code of Ethics), such as to compromise the relationship of trust between the perpetrator and the Company in that it is clearly intended to commit a crime;

c) violation of measures taken to protect the whistleblower;

   In accordance with the provisions of Legislative Decree 24/2023, protections against retaliatory acts also apply to the persons indicated therein (as detailed in the specific Policy in paragraph 6.1).

d) commission of retaliatory acts or attempted/proven obstruction of the reporting process, or breach of confidentiality obligations;

e) failure to establish reporting channels;

f) failure to adopt or comply with the Policy in accordance with Legislative Decree 24/2023;

g) failure to verify and analyze reports received by the designated body;

h) making reports that prove to be unfounded with intent or gross negligence;

i) breach of information obligations towards the SB;

j) violation of the provisions concerning information, training, and dissemination activities towards the Recipients of the Model;

k) failure to apply this disciplinary system.

The penalties that may be imposed vary according to the nature of the legal relationship between the perpetrator of the violation and the Company, as well as the significance and seriousness of the violation committed and the role and responsibility of the perpetrator.

More specifically, the penalties that may be imposed vary according to the degree of imprudence, inexperience, negligence, fault, or intent of the behavior relating to the action/omission, also taking into account any repeat offenses, as well as the work performed by the person concerned and their position within the company, the seriousness of the danger created, the extent of any damage caused to the Company by the application of the sanctions provided for by Legislative Decree 231/2001 and subsequent amendments and additions, the presence of aggravating or mitigating circumstances, any shared responsibility with other persons who contributed to the infringement, together with all other particular circumstances that may have characterized the event.

The disciplinary procedure is in any case referred to the competent corporate function and/or the competent corporate bodies, in accordance with the applicable contractual and legislative provisions.

This Disciplinary System must be brought to the attention of all Recipients of the Model through the means deemed most appropriate by the Company.

The SB shall monitor compliance with this disciplinary system, while the competent company departments and/or corporate bodies shall remain responsible for the actual application of the disciplinary sanctions indicated below.

4.2 Sanctions against employees and th

Conduct by employees in violation of the provisions of the Model, including violation of the obligations to provide information to the SB and of the documentation that forms an integral part thereof (e.g., Code of Ethics) is defined **as disciplinary misconduct**.

The sanctions that may be imposed on the above-mentioned employees are those provided for in Article 7 of Law No. 300 of May 30, 1970 (**Workers' Statute**) and in the National Collective Labor Agreement for the metalworking and plant installation industry (hereinafter referred to as the "applicable NCA").

The Company must comply with the limits set out in Article 7 of **the Workers' Statute** and the provisions contained in **the applicable CCNL**, both regarding the penalties that may be imposed and the manner in which disciplinary power is exercised.

The following sanctions may be imposed on employees, based on the applicable CCNL:

1. verbal warning;
2. written warning for misconduct less serious than that indicated in the following points;
3. fine not exceeding three hours' pay calculated based on the minimum wage;
4. suspension from work and pay for up to a maximum of three days;
5. dismissal with or without notice, depending on the type of offense committed.

Penalties must be commensurate with the nature and severity of the violation committed.

To highlight the criteria for correlating violations and disciplinary measures, it should be noted that:

i) the disciplinary measure of a verbal warning shall be imposed for the most minor offenses committed by employees who:
   - violates, through mere negligence, company procedures or the provisions of the Code of Ethics, or adopts, in the performance of sensitive activities, conduct that does not comply with the provisions contained in the Model, provided that the violation has no external relevance;

ii) shall be subject to the disciplinary measure of a written warning in cases of recurrence, if the employee:
   - is a repeat offender, during the two-year period, in committing infringements for which a verbal warning is applicable;

- violates, through mere negligence, company procedures, the provisions of the Code of Ethics or, in the performance of activities in areas at risk, behaves in a manner that does not comply with the provisions contained in the Model, if the violation has external relevance;

iii) incurs a disciplinary measure of a fine not exceeding three hours' pay calculated on the minimum wage scale, the employee who:

- is a repeat offender, during the two-year period, in committing infringements for which a written warning is applicable;
- due to their hierarchical or technical level of responsibility, or in the presence of aggravating circumstances, undermines the effectiveness of the Model with conduct such as:
    - failure to comply with the obligation to inform the Supervisory Body;
    - making false or unfounded reports, with gross negligence, concerning violations of the Model or the Code of Ethics relevant pursuant to Legislative Decree 231/2001;
    - violating the measures adopted by the Company to ensure the protection of the identity of the whistleblower;
    - repeated failure to comply with the requirements set out in the Model, in the event that they concern proceedings or relations involving the Public Administration;

iv) Employees who incur the disciplinary measure of suspension from work and pay for up to a maximum of three days are those who:

- are repeat offenders, during the two-year period, in committing infringements for which the previous measure is applicable;
- violates the provisions concerning signing powers and the system of delegations of authority regarding acts and documents addressed to the Public Administration;
- makes false or unfounded reports, with intent or gross negligence, relating to unlawful conduct pursuant to Legislative Decree 231/2001 or relating to violations of the Model and the Code of Ethics relevant pursuant to Legislative Decree 231/2001;
- has obstructed, even unsuccessfully, the reporting of unlawful conduct pursuant to Legislative Decree 231/2001 or relating to a violation of the Model or the Code of Ethics relevant pursuant to Legislative Decree 231/2001;

- violates the measures adopted by the Company to ensure the protection of the identity of the whistleblower, thereby generating retaliatory behavior or any other form of discrimination or penalization against the whistleblower.

v) Employees who commit the following acts shall be subject to disciplinary dismissal (which, depending on the type of offense committed, may be with or without notice):

- violates the provisions of the Model through conduct unequivocally aimed at committing one of the offenses included among those provided for in Legislative Decree 231/2001;
- violates the internal control system by removing, destroying, or altering documentation or by preventing the control or access to information and documentation by the bodies in charge, including the Supervisory Body, in such a way as to prevent the transparency and verifiability of the same;
- is a repeat offender for the infringements referred to in points iii) and iv), limited to false or unfounded reports made with intent or gross negligence and violations of the measures adopted by the Company to ensure the protection of the identity of the whistleblower.

The principles of correlation and proportionality between the violation committed and the sanction imposed are guaranteed by compliance with the following criteria:

- attributability of the act;
- the seriousness of the violation;
- the employee's position, role, responsibilities, and autonomy;
- predictability of the event;
- any repeat offenses;
- intentionality of the behavior or degree of negligence, imprudence, or incompetence;
- overall conduct of the perpetrator of the violation, including whether or not there are previous disciplinary measures in accordance with the applicable national collective labor agreement;
- other particular circumstances characterizing the violation.

It is also mandatory to comply with the provisions and guarantees provided for in the Workers' Statute regarding disciplinary proceedings.

The person responsible for assessing and imposing disciplinary sanctions on employees is the Employer; disciplinary measures are also imposed at the request or upon notification of the Supervisory Body.

4.3 Sanctions against managers and ex es

Failure by managers to comply with the provisions of the Model, including violation of the obligations to provide information to the SB, and of the documentation that forms an integral part thereof (e.g., the Code of Ethics) may result in the application of the sanctions provided for in the relevant collective bargaining agreement, in accordance with Articles 2106, 2118 and 2119 of the Italian Civil Code, as well as Article 7 of Law 300/1970.

In general, the following sanctions may be imposed on managers:

1. suspension from work;
2. termination of employment.

In cases of serious violations, the Company may terminate the employment contract without notice pursuant to and for the purposes of Article 2119 of the Italian Civil Code.

The penalties must be commensurate with the nature and severity of the violation committed.

It is also mandatory to comply with the provisions and guarantees provided for in the applicable National Collective Labor Agreement regarding disciplinary proceedings.

4.4 Consequences (sanctions) for consultants and/or collaborators

Failure to comply with the provisions contained in the Model, including violation of the obligations to provide information to the SB, and of the documentation that forms an integral part thereof (e.g., Code of Ethics) by consultants and/or collaborators may result in the termination of the contract, the revocation of the mandate for just cause, or the measures deemed most appropriate in accordance with the provisions of the contract, without prejudice to the right to claim compensation for damages incurred as a result of such conduct, including damages caused by the application by the court of the measures provided for in the Decree.

In accordance with fairness and good faith in the performance of the contract, without prejudice to the provisions of law, in the event of a violation of a recommendation by a collaborator and/or consultant, the following may occur:

i) the breach may be contested with a simultaneous request for fulfillment of the contractual obligations assumed and provided for in the Model and, if necessary, granting a deadline or immediately;

ii) compensation for damages equal to the remuneration received for the activity carried out in the period from the date of ascertainment of the breach of the recommendation to the actual fulfillment may be requested;

iii) the contract in force may be automatically terminated in accordance with Article 1456 of the Italian Civil Code.

The consequences (sanctions) must be commensurate with the nature and severity of the violation committed.

4.5 Sanctions against senior management (other than the Administrative Body)

Failure to comply with the provisions contained in the Model, including violation of the obligations to provide information to the SB, and of the documentation that forms an integral part thereof (e.g., Code of Ethics) by senior managers (other than members of the Administrative Body) may result in the application of the measures deemed most appropriate in accordance with the provisions of the law.

Penalties and any claims for damages will be commensurate with (i) the nature and severity of the violation committed and (iii) the position of the senior manager who committed the violation.

In the event of a violation of the Model by a senior manager (other than a member of the Administrative Body), the SB shall inform the Board of Directors, which shall take the appropriate measures.

4.6 Sanctions against the Administrative Body

Failure by the Board of Directors to comply with the provisions of the Model, including breach of the obligations to provide information to the SB, and of the documentation forming an integral part thereof (e.g., the Code of Ethics) may result in the application of the measures deemed most appropriate in accordance with the provisions of the law.

In accordance with the provisions of Legislative Decree 24/2023, failure to establish reporting channels or failure to adopt procedures for the implementation and management of reports or non-compliance of the aforementioned policy with the provisions of Articles 4 and 5 of Legislative Decree 24/2023 constitutes a violation under this Model.

In the event of a violation of the Model by members of the Board of Directors, the SB shall inform the Sole Statutory Auditor and the Shareholders' Meeting, which shall take the

appropriate measures (consisting, if deemed necessary, in dismissal for just cause and the exercise of liability actions).

4.7 Consequences for the Sole Auditor

Failure by the Sole Auditor to comply with the provisions contained in the Model, including breach of the obligations to provide information to the SB, and of the documentation forming an integral part thereof (e.g., Code of Ethics) may result in the application of the measures deemed most appropriate in accordance with the provisions of law.

In particular, the Sole Auditor is required to comply with this Model – in the parts that concern him/her – and to monitor the conduct relevant to this Model that is subject to his/her control *by law*.

In the event of a violation of the Model by the Sole Auditor, the SB shall inform the Board of Directors and the Shareholders' Meeting, which shall take the appropriate measures (consisting, if deemed necessary, in dismissal for just cause and the exercise of liability action).

SECTION FIVE

5. UPDATING OF THE MODEL

The adoption and effective implementation of the Model are the responsibility of the Board of Directors.

It follows that the power to approve any updates to the Model lies with the Board of Directors, which shall do so by resolution in accordance with the procedures laid down for its adoption.

The updating activity, understood as both integration and revision of the Model, is aimed at ensuring the adequacy and suitability of the Model, assessed in relation to its preventive function regarding the commission of the offences provided for by Legislative Decree 231/2001.

The Supervisory Body is responsible for updating the Model, promoting this requirement to the Board of Directors.

Any amendments, updates, and additions to the Model must always be communicated to the Supervisory Body.

SECTION SIX

6. INFORMATION, TRAINING, AND DISSEMINATION OF THE MODEL

In accordance with the provisions of Legislative Decree 231/2001, the Company must define a communication and training program aimed at ensuring the correct dissemination and knowledge of the Model and the rules of conduct contained therein, to existing and future employees, with varying degrees of detail depending on their level of involvement in the activities at risk.

The information and training system is supervised by the Supervisory Body, in collaboration with the HR Director and the various company representatives involved in the application of the Model.

Regarding the dissemination of the Model, the Company undertakes to:

- disseminate the Model within the company by posting it on notice boards, publishing it on *the company intranet* and/or by any other means deemed appropriate;
- preparing a communication, which, at the Company's discretion and depending on the different categories of workers, may be in electronic or paper form;
- organize specific training sessions to illustrate Legislative Decree 231/2001 and the Model adopted and plan training sessions, including when the Model is updated and/or amended, in the manner deemed most appropriate.

In any case, training activities aimed at disseminating knowledge of the regulations referred to in Legislative Decree 231/2001 and the measures indicated in the Model adopted must be differentiated in terms of content and methods according to the position held, the activity carried out, the level of risk associated with the activity carried out and/or the existence or otherwise of representative functions within the Company.

The training activities – with different methods and content depending on the role held – involve senior management and subordinates, i.e., the Company's current staff, as well as all resources added to the company organization from time to time.

In this regard, the relevant training activities are planned and carried out both at the time of hiring and in the event of any organizational changes or legislative changes affecting the Model.

Participation in these training sessions is mandatory for the Recipients to whom they are addressed.

Training may be provided through face-to-face sessions or *e-learning*. In both cases, intermediate and final tests are provided to verify the adequate understanding of the content by the recipients; adequate systems are also in place to monitor the effective use of remote training.