

LEAR SPECIALTY CARS ITALY S.R.L.

**Organizational Model,
Management and Control Model
pursuant to
Legislative Decree No. 231 of June 8, 2001
– General Section –**

REVISION HISTORY	
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SECTION ONE

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

1.1 The Administrative Liability of Entities

Legislative Decree No. 231 of June 8, 2001, which sets out the "*Regulation of the administrative liability of legal persons, companies, and associations, including those without legal personality*" (hereinafter also referred to as "**Legislative Decree 231/2001**" or, simply, the "Decree"), came into force on July 4, 2001, implementing Article 11 of Delegated Law No. 300 of September 29, 2000, , introducing into Italian law, in accordance with existing EU provisions, the administrative liability of entities¹ .

This legislation provides for direct and independent liability of entities arising from the commission or attempted commission of certain types of crimes 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, for brevity, also referred to as "**Predicate Offenses**") provided for in the Decree.

Although defined as "administrative" by the legislator, this new form of liability nevertheless has certain characteristics typical of criminal liability, since, for example, the criminal court is responsible for ascertaining 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 interest² or to its advantage³ (objective element):

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, including those 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");
- entities with mixed public/private status (so-called "mixed companies").

The following are excluded from the list of recipients: 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 offender-natural person to bring an interest to the entity by committing the offense, regardless of whether or not that interest was actually achieved*'. (Criminal 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 offense.*' (Criminal Cassation, Section IV, judgment no. 38363/2018).

- by persons functionally linked to the entity (subjective element), and in particular:
 - a) by persons who hold positions of representation, administration, or management of 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 same (so-called **senior managers**);
 - b) by persons subject to the management or supervision of one of the persons referred to in letter a) (so-called **subordinate 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 existence of the objective and subjective elements described above, Legislative Decree 231/2001 requires the entity's guilt to be ascertained in order to establish its liability: this requirement is attributable to an "*organizational fault*," understood as the entity's failure 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 offenses 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 offenses currently covered by Legislative Decree 231/2001.

1.3 Sanctions applicable to the entity

The criminal court has jurisdiction over administrative offenses committed by the entity, which it exercises with the guarantees of criminal proceedings.

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

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

❖ Financial penalties

The financial penalty is always applicable and is determined using a "quota system": the criminal court may apply a number of quotas of no less than 100 (one hundred) and no more than 1000 (one thousand), and the value of each quota may vary between a minimum amount (€258) and a maximum amount (€1549). 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 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 sanction.

Article 12 of the Decree provides for a series of cases in which the financial penalty is reduced. These are summarized in the following table, with an indication of the reduction applied and the conditions for applying the reduction.

Reduction	Requirements
<p>1/2 (and may not exceed €103,291.38)</p>	<ul style="list-style-type: none"> • The perpetrator committed the offense primarily in their own interest or that of third parties, <u>and</u> the entity did not derive any benefit or derived only a minimal benefit from it; <p><u>or</u></p> <ul style="list-style-type: none"> • the financial damage caused is particularly minor.
<p>from 1/3 to ½</p>	<p>[<u>Before</u> the opening statement of the first instance trial]</p> <ul style="list-style-type: none"> • 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; <p><u>or</u></p> <ul style="list-style-type: none"> • an organizational model suitable for preventing the commission of offenses of the type that occurred has been implemented and made operational.

Reduction	Requirements
from 1/2 to 2/3	<p data-bbox="619 320 1334 394"><u>[Before</u> the opening statement of the first instance trial]</p> <ul data-bbox="619 427 1334 591" style="list-style-type: none"> <li data-bbox="619 427 1334 591">• 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; <p data-bbox="619 624 671 651"><u>and</u></p> <ul data-bbox="619 685 1334 801" style="list-style-type: none"> <li data-bbox="619 685 1334 801">• 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:

- disqualification 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 subsidies, and/or revocation of those already granted;
- prohibition on advertising goods or services.

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

- there is serious evidence to suggest 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 being prosecuted will be committed.

Disqualification sanctions have a duration of not less than three months and not more than two years, except for certain exceptions expressly provided for in the Decree (Article 25, paragraph 5, which provides that - in the event that the entity is convicted of a corruption

offense - a disqualification sanction of not less than four years and not more than 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 a 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, when at least one of the following conditions is met:

- the entity provides a public service or a service of public necessity, the interruption of which could cause serious harm to the community;
- the interruption of the entity's activities may, taking into account 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 when the entity, prior to the opening of the first instance trial, 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 offense

Confiscation consists of the compulsory acquisition by the State of the price or profit of the offense, 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 concern sums of money, goods, or other benefits of equivalent value to the price or profit of the offense.

❖ 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 latter 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 it in the municipality where the entity has its headquarters.

The publication of the conviction may be ordered when a disqualification sanction is applied to the entity.

Finally, pursuant to Article 26 of the Decree, in the event of an attempted offense:

- the financial and disqualification penalties shall be reduced by one third to one half;
- the entity is not liable for the offense when it voluntarily prevents the action or event from taking place.

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

If the legal representative of the entity is under investigation or charged with the predicate offense, he or she may not, due to the incompatibility of his or her position, appoint a defense attorney for the entity, in accordance with 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 delegated for this purpose in order 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, in the case of offenses committed by senior management, the entity shall not be held administratively liable if it can demonstrate that:

- a) the management body has adopted and effectively implemented, prior to the commission of the offense, an organization, 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 supervising the functioning and compliance with the Model, as well as proposing updates to it, has been entrusted to a body within the entity with autonomous 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 was 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 organizational, management, and control model suitable for preventing offenses of the type that occurred.

Therefore, the adoption of the Model before the offense was committed 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, on the basis of the indications provided by the Decree itself, it is considered that it can satisfy this requirement where:

- it identifies the activities in which 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;
- it identifies methods of managing financial resources that are suitable for preventing the commission of such offenses;
- it provides for reporting obligations to the Supervisory Body;
- 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 for the Model to be effectively and efficiently implemented and for the conditions set out in Article 6, paragraph 1, of Legislative Decree 231/2001 to 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 on the basis of 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 aimed at employees in general, employees working in specific areas of risk, and those responsible for internal control and auditing ();
- v. provides for the content of training courses, their frequency, compulsory attendance, attendance checks, and quality control of program content;

- vi. expressly provides for the imposition of disciplinary sanctions;
- vii. provide for systematic procedures for researching and identifying risks when special circumstances exist;
- viii. provides for routine checks and surprise checks—in any case, periodic checks—on sensitive company activities;
- ix. provide for and regulate an obligation for employees, directors, and administrators of the company 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 the methods by which 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 Models may be adopted—guaranteeing the requirements set out in the preceding paragraph—on the basis of codes of conduct drawn up by associations representing entities and communicated to the Ministry of Justice.

In light of 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 indications and measures suitable for responding to 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 developing this Model, account was also taken of the document approved at the meeting of December 18, 2018, by the National Council of Chartered Accountants and Accounting Experts and drafted jointly by ABI, 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 should be noted that, in preparing this Model, account was also taken of the most significant developments in case law concerning Legislative Decree 231/2001 and the administrative liability of entities⁴.

⁴ On the qualification of the administrative liability of entities for crimes, see Cass. Joint Divisions, judgment no. 38343/2014; Criminal Cassation, Section II, judgment no. 29512/2015; Criminal Cassation, Section III, no. 18842/2019. On the definition of organizational fault,

SECTION TWO

2. THE ORGANIZATION, MANAGEMENT, AND CONTROL MODEL OF LEAR SPECIALTY CARS ITALY S.R.L.

2.1 Description of the company

Lear Specialty Cars Italy S.r.l. (hereinafter also referred to as "LEAR" or "Company") is a multinational company belonging to the Lear Group, specializing in the industrialization and production of automotive seats.

The Company was established following the partial demerger of Lear Corporation Italia S.r.l. on October 14, 2024, through the transfer of the business complex represented by the Pozzo d'Adda plant to the new Company, Lear Specialty Cars Italy S.r.l.

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;

see Cass. Joint Divisions, judgment no. 38343/2014; Cass. Criminal Division, Section VI, judgment no. 54640/2018, Cass. Criminal Division, 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; Milan Court of Appeal, Section II, March 21, 2012; Criminal Cassation, Section V, judgment no. 4677/2013; Court of Appeal of Brescia, judgment no. 1969/2014; Criminal Cassation, Section V, judgment no. 4677/2014; Public Prosecutor's Office of Como, dismissal decree, January 29, 2020. On the assessment of the suitability of the model, see: Criminal Court of Cassation, Section IV, judgment no. 23401/2022. On the concept of interest or advantage, see Criminal Court of Cassation, Section V, judgment no. 40380/2012; Criminal Court of Cassation, Section II, judgment no. 3615/2005. On the subject of publicity of the penalty system, see Criminal Court of Cassation, judgment no. 18130/2005. On the subject of tracing responsibility in corporate groups, see Criminal Court of Cassation, Section V, judgment no. 24583/2011; Criminal Court of Cassation, Section V, judgment no. 4324/2013; Criminal Court of Cassation, Section VI, judgment no. 2658/2014; Criminal Court of Cassation, Section II, judgment no. 52316/2016. On the parameter on the basis of 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 28416/2022; corruption in judicial proceedings, Court of Cassation, Joint Divisions, judgment no. 15208/2010; trafficking in illegal influences, Criminal Court of Cassation, Section V, judgment 30564/2022; illegal duplication of software, Criminal Court of Cassation, Section III, judgment no. 30047/2018; unauthorized access to computer systems, Criminal Court of Cassation, Section V, judgment no. 25944/2020; unlawful competition with threats or violence, Joint Divisions of the Court of Cassation, judgment no. 13178/2020; health and safety matters, Joint Divisions of the Court of Cassation, judgment no. 38343/2014; Criminal Court of Cassation, Section IV, judgment no. 8591/2016; Criminal Court of Cassation, Section IV, judgment no. 8883/2016; Criminal Court of Cassation, Section IV, judgment no. 16713/2018; Criminal Court of Cassation, Section IV, judgment no. 9167/2018; Court of Appeal of Florence, Section III, judgment no. 3733/2019; concealment and destruction of accounting records Criminal Court of Cassation, nos. 8350, 8351, and 8355 of 2020; illegal hiring of labor Milan Court, Decree no. 9/2020; self-laundering Criminal Court of Cassation, Section II, judgment no. 25979/2018, Criminal Court of Cassation, Section II, judgment no. 30399/2018 and Criminal Court of Cassation, Section V, judgment no. 5719/2019; fraud in the exercise of trade Criminal Court, Section III, judgment no. 4885/2019. With regard to the procedures for appointing the entity's defense counsel in cases where the legal representative is under investigation for a predicate offense pursuant to Legislative Decree 231/2001, see Criminal Cassation, Section III, judgment no. 35387/2022, Criminal Court of Cassation, Section III, judgment no. 34397/2022 and Criminal Court of Cassation, Section III, judgment no. 32110/2023.

- UNI EN ISO 45001:2023

and has adopted an *Environmental and Safety Management System Manual*, in accordance with UNI EN ISO 14001:2015 and UNI EN ISO 45001:2023 standards.

LEAR has also obtained IATF 16949: 2016 certification, 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 LSCI organizational and corporate governance system

Lear Specialty Cars Italy S.r.l. is a company incorporated under Italian law in the form of 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 disposals—that it deems appropriate for the implementation and achievement of the corporate purposes, excluding only those that the law or the Articles of Association reserve 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 October 24, 2024 – 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 court, in any proceedings including, by way of example only, cognizance, enforcement, precautionary, special, and bankruptcy proceedings, at any stage and level, and thus in any dispute before Justices of the Peace, courts and courts of appeal, commissions and special panels, 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 and defend against them; (ii) summary and/or special proceedings for payment and injunctions, precautionary measures; (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 measures; (v) jurisdiction and/or competence rules; (vi) third-party proceedings; (vii) counterclaims; (viii) interventions in any ordinary, enforcement, precautionary, special, or bankruptcy proceedings; (ix) insolvency proceedings, including, but not limited to, petitions for bankruptcy, claims for admission of liabilities, claims for restitution and separation of movable property owned by the bankrupt, participation in creditors' meetings with voting rights, opposition proceedings against the statement of liabilities, and proceedings for the approval of compositions; (x) bringing civil action in criminal proceedings in which the company is the victim of the offense, as well as additional powers as detailed in the aforementioned minutes;

- a Chief Executive Officer, to whom - by resolution of the Board of Directors dated October 24, 2024 - are assigned, 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 court, in any proceedings including, by way of example only, cognizance, enforcement, precautionary, special, and bankruptcy proceedings, at any stage and level, and thus in any dispute before Justices of the Peace, courts and courts of appeal, commissions and special panels, 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 and defend against them; (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 measures; (v) jurisdiction and/or competence rules; (vi) third-party proceedings; (vii) counterclaims; (viii) interventions in any ordinary, enforcement, precautionary, special, or bankruptcy proceedings; (ix) insolvency proceedings, including, but not limited to, petitions for bankruptcy, claims for admission as a creditor, claims for restitution and separation of movable property owned by the bankrupt, participation in creditors' meetings with voting rights, opposition proceedings against the statement of liabilities, and proceedings for the approval of compositions; (x) bringing civil proceedings in criminal cases in which the company is the victim of the offense, as well as other 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 are 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 conferred certain powers on 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 corporate activities of external or internal relevance necessary for the pursuit of corporate objectives and consistent with the responsibilities assigned to each individual;
- a factor preventing (by defining the limits and qualifying the powers assigned to each person) the abuse of the functional powers attributed;
- an element of incontrovertible traceability of company operations of external or internal relevance to the individuals who carried them out.

The powers vested in individual subjects are divided as per the Chamber of Commerce registration 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 drawn inspiration from 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 guidance for the implementation of a Model suitable for preventing the commission of the offenses provided for in the Decree and for exempting them from administrative liability pursuant to Legislative Decree 231/2001.

Furthermore, in preparing this Model, the Company has taken into account the principles expressed by the National Council of Chartered Accountants and Accounting Experts in the publication of the Document of 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 corporate activities, in order 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 capable of preventing 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 2.4 - *Recipients* below, aware that, in the event of a violation of the provisions contained therein, they may be liable to disciplinary sanctions pursuant to this Model, to criminal sanctions applicable to them by the competent court, and to the application of administrative sanctions dependent on the offense committed by the Company;
- prohibit conduct that may constitute the offenses referred to in Legislative Decree 231/2001, by setting up a prevention and control system aimed at reducing the risk of offenses related to the Company's activities;
- to reiterate that such forms of unlawful conduct are strongly condemned by the Company, as they are contrary not only to the provisions of the law but also to the ethical principles to which the Company intends to adhere in the conduct of its business activities, even in cases where the Company would appear to benefit from them;
- enabling the Company, through monitoring of areas of activity at risk based on a structured and organic system of procedures and control activities, to intervene promptly to prevent or combat the commission of such crimes.

In order to prepare an effective Model suitable for preventing the offenses covered by Legislative Decree 231/2001, the Company has carried out an in-depth analysis of its corporate structure, both through document verification 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 positions, on all employees, on those who cooperate and collaborate with it – in various capacities – in the pursuit of its objectives, and for anyone who has business relations with it by virtue of an assignment/mandate/contract and who performs professional services related to the company's activities 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 predicate offenses 231*," indicating the contact persons/areas that could potentially put the Company at risk of committing any of the offenses referred to in Legislative Decree 231/2001, indicating the type of offense as provided for by law, indicating examples of possible ways in which the offenses could be committed, and indicating the processes potentially associated with the commission of the offenses referred to in Legislative Decree 231/2001;
- identification of ethical principles and rules of conduct aimed (among other things) at preventing conduct that could constitute the offenses referred to in Legislative Decree 231/2001, contained in the Code of Ethics;
- provision of specific preventive protocols aimed at preventing the commission of the offenses 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 Model

The Company intends to operate according to ethical principles and rules of conduct aimed at ensuring that its business activities, the pursuit of its corporate purpose, and its growth are conducted in compliance with applicable laws and regulations.

To this end, the Company has adopted its own Code of Ethics, which sets out principles with which it complies and which it requires 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 to strictly observe.

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, preserving it from serious liability, sanctions, 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 types of offenses provided for in the Decree itself (for acts that, apparently committed in the interest or to the advantage of the Company, may give rise to administrative liability for the Company).

Given 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*.

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 legal and regulatory framework applicable to the Company, including that specific to 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* (as applicable to the Company).

The Company's organizational and control system, understood as a mechanism for managing and monitoring 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 of 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 is assigned to each company representative or to those who perform certain activities on behalf of the Company for all processes for which they are responsible.

2.8 Identification of "at-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 offenses 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 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 may arise and/or the tools may be 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 offenses 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 representatives interviewed, were collected in the so-called **231 Predicate Offense Risk Matrix**, which details the potential risk of committing the offenses 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, illustrate the following information:

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

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 concrete 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 actions;
 - 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 duties 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, equipped 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 either a single-member or multi-member body, the choice between one or the other solution must take into account 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 collegiate body composed of three (3) members (the Members), one of whom holds the position of Chairman (the Chairman), appointed by the Board of Directors and possessing specific professional expertise in the field of consulting.

The Supervisory Body has been identified in such a way as to guarantee 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: with reference to 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, causes of ineligibility, forfeiture, revocation, and resignation

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

- ***Causes for ineligibility and/or forfeiture***

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

- a) disqualification, incapacitation, bankruptcy or, in any case, criminal conviction, even if not final, for one of the offenses provided for in the Decree or, in any case, a penalty involving disqualification, even temporary, from public office or the inability to hold executive positions;
- b) the existence of family ties, 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 yet 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 has failed to exercise or has exercised insufficient supervision;
- d) the existence of ongoing financial relationships between the member and the Company such as to compromise the independence of the member;
- e) the ascertainment 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 is required to immediately inform the Board of Directors.

- ***Causes for revocation***

The powers of the members of the Supervisory Body may only be revoked 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 Body;
- breach of confidentiality obligations regarding news and information acquired in the exercise of the functions of the Supervisory Body.

If the revocation occurs without just cause, the revoked member may request to be immediately reinstated.

The internal member may not be chosen from among those responsible for functions related to areas of the company at risk of crime. Members who are employed by the Company shall automatically forfeit their position in the event of termination of said employment, regardless of the cause of termination, or if they take on a new position that is incompatible with the requirements for membership of the SB.

- ***Resignation from office***

Each member may resign from office 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.

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 the Supervisory Body in its new composition by means of 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 Chair, if not communicated by the Chair in the manner and within the time frame indicated, the obligation to communicate shall fall to the most senior member. In this case, the latter shall take over from the Chair, remaining in office until the date on which the Board of Directors appoints a new Chair.

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 count double in the event of a tie.

3.3 Functions and powers of the Supervisory Body

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

The Supervisory Body is entrusted with the following tasks:

- supervising 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 its Recipients;
- supervising the adequacy of the Model, with particular reference to the conduct observed in the corporate context;
- proposing updates to the Model in the event that it becomes necessary and/or appropriate to make changes and/or adjustments to it, in relation to changes in legislative and/or company conditions;
- communicating on an ongoing basis to the Board of Directors regarding the activities carried out;
- periodic communications to the Sole Auditor regarding the activities carried out, or regarding any violations by senior management or members of the Board of Directors.

In carrying out these activities, the Body will perform the following tasks:

- verify the planning and implementation by the Company of periodic training activities pursuant to Legislative Decree 231/2001 aimed at promoting knowledge of the Company's Model and the legal foundations of the 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 regular 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 risky in the Model.

In order to enable the Body to gain a better understanding of the implementation of the Model, it is essential that the Supervisory Body works in close collaboration with the individual company representatives.

For the purposes of carrying out the above-listed duties, the Body is vested with the following powers:

- adopt a Regulation and receive **information flows** from the Recipients of the Model;
- freely access, without prior authorization, any company document relevant to the performance of their assigned duties;

- request that the contact persons, and in any case all Recipients, 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 exercise 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 entrusted to it. The SB may exceed the limits of the budget allocated to it only in critical situations that require an immediate response, in accordance with the provisions of its Regulations.

3.4 Reporting to and from the Supervisory Body

The SB meets at least once every three months, unless the Body deems it appropriate to meet more frequently.

As mentioned above, in order 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 with regard to 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 Sole 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 h r corrupt conduct, the commission of corporate crimes, the commission of environmental crimes, etc.);

- immediately to the Sole Auditor and the Shareholders' Meeting, in cases of alleged violations committed by senior management or members of the Board of Directors, being able to receive requests for information or clarification from the Sole Auditor or the Shareholders' Meeting.

For its part, the SB receives from:

- of the Sole Mayor event flows in the event that the latter detects deficiencies and violations that are relevant from the point of view of the Model, as well as any facts or anomalies found that fall within the scope of processes assessed as sensitive for the commission of predicate offenses;
- the *Whistleblowing Committee*⁵, responsible for *whistleblowing* reports, half-yearly reports on 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 reporter, 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 in order to:

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

3.5 Information flows to the Supervisory Body and reports

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, in order 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.

Legislative Decree 231/2001 establishes reporting obligations to 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.

Precise reporting obligations have therefore been established for the corporate bodies (Board of Directors and Sole Auditor) and company representatives:

- on a periodic basis, specific information, data, news, and documents according to the timelines defined 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;
- at the 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;
- on an ad hoc basis, by all recipients of the Model in the event that deficiencies and/or anomalies have emerged that are relevant under the Model, as well as any facts or anomalies found that fall within the scope of processes assessed as sensitive for the commission of predicate offenses;
- where applicable, by the Sole Auditor, in the event that he/she detects deficiencies and violations that are relevant under the Model, as well as any facts or anomalies found that fall within the scope of processes assessed as sensitive for the commission of predicate offenses.

The Supervisory Body must receive, without delay, 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 conducted, including against unknown persons, for the offenses referred to in the Decree, without prejudice to legally imposed confidentiality and secrecy obligations;
- access/inspections/visits by representatives of the Public Administration, the outcome of which reveals irregularities or results in a fine or penalty being imposed on the legal representative (e.g., ASL, ARPAL, ITL, Guardia di Finanza, Agenzia delle Entrate, etc.);
- requests for legal assistance submitted by senior managers and/or employees in the event of legal proceedings, in particular for offenses covered by the Decree;

- results of control activities carried out by individual company representatives which have revealed 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 of the Model at all company levels, with evidence of 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 in the Company's workplaces.

All information and documentation collected in the performance of institutional tasks must be archived 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 will result in the 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 with regard to 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**

In order to allow the sending of Information Flows to the SB, the following alternative communication channels have been established:

- a dedicated email address: LearSpecialtyCarsItalyOdV@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 headquarters), 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 transposes EU Directive 2019/1937 on the protection of persons who report breaches of Union law into Italian law, LSCI 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:

1. 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.);
2. conduct or actions that do not comply with the laws applicable to LEAR (at national or EU level),

Such reports must be made in accordance with the procedures and in compliance with the specific policy adopted (hereinafter "*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 breaches of Union law and laying down provisions on the protection of persons who report 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 can be made through the following channels:

1. in writing, via 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 referred to in its entirety here⁶).

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, retaliation⁷ or penalties against whistleblowers who have made a report in good faith. Any acts taken in violation of this prohibition are null and void.

In any case, the Committee is required to promptly forward to the Supervisory Body any reports relating to illegal conduct relevant 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.

⁶ Paragraph 5.4 "*Investigation of Reports*" of the Whistleblowing Policy.

⁷ With regard to conduct considered retaliatory, please refer 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 effectively followed up or that the report itself could lead to the risk of 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 protective measures for the protection of 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, when the conditions set forth in Article 6 of Legislative Decree 24/2023⁸ are met, the *whistleblower* may make an **External Report** to ANAC (the National Anti-Corruption Authority), using 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 if:

- 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 effectively followed up or that the report itself could lead to the risk of 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 Disciplinary 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 "*decree implementing 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 the gradual nature of the sanctions according to the seriousness of the violations. It is therefore necessary for the Model to specifically identify the disciplinary measures to which each person is exposed in the event of non-compliance with the measures indicated in the Model itself, linking the applicable sanctions to each violation in a perspective of increasing severity 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, as it is clearly intended to commit a crime;
- c) violation of the measures put in place 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 violation of the obligation of confidentiality;
- e) failure to establish reporting channels;
- f) failure to adopt or non- I compliance with the Policy pursuant to Legislative Decree 24/2023;
- g) failure to verify and analyze the report received by the designated body;
- h) making reports that prove to be unfounded with intent or gross negligence;
- i) violation of the obligations to provide information to the Supervisory Body;
- 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 depending on the degree of imprudence, incompetence, negligence, fault, or intent of the behavior relating to the action/omission, also taking into account any repeat offenses, as well as the work activity carried out by the person concerned and their position, the seriousness of the danger created, the extent of any damage caused to the Company by the possible application of the penalties provided for by Legislative Decree 231/2001 and subsequent amendments and additions, the presence of aggravating or mitigating circumstances, any shared responsibility with other parties who contributed to the infringement, together with any other particular circumstances that may have characterized the event.

The sanctioning procedure is in any case referred to the competent company department 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 monitors compliance with this disciplinary system, while the competent company departments and/or corporate bodies remain responsible for the actual application of the disciplinary sanctions indicated below.

4.2 Sanctions against employees

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 offenses**.

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 NCLAG"**).

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 with regard to the penalties that may be imposed and the manner in which disciplinary power is exercised.

The following sanctions may be imposed on employees on the basis of the applicable CCNL:

1. verbal warning;
2. written warning for offenses less serious than those indicated in the following points;
3. fine not exceeding three hours' pay calculated 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.

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

- i) the disciplinary measure of a verbal warning for minor offenses shall be imposed on employees who:
 - violates, through mere negligence, company procedures or the provisions of the Code of Ethics, or adopts, in the performance of sensitive activities, behavior that does not comply with the provisions contained in the Model, provided that the violation has no external relevance;
- ii) Employees who commit the following offenses shall be subject to a written warning in cases of recurrence:
 - 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 adopts, in the performance of activities in areas at risk, conduct 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 table. Employees who:
- is a repeat offender, during the two-year period, in committing infringements for which a written warning is applicable;
 - due to their level of hierarchical or technical 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 report to the Supervisory Body;
 - making false or unfounded reports, with gross negligence, concerning violations of the Model or the Code of Ethics pursuant to Legislative Decree 231/2001;
 - violation of 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 a proceeding or relationship in which the Public Administration is a party;
- iv) the disciplinary measure of suspension from work and pay for up to a maximum of three days shall be imposed on any employee who:
- are repeat offenders, during the two-year period, in committing infringements for which the above measure is applicable;
 - violates the provisions concerning signing powers and the system of delegated powers with regard to acts and documents addressed to the Public Administration;
 - makes, with intent or gross negligence, false or unfounded reports 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 hindered, even unsuccessfully, the reporting of unlawful conduct pursuant to Legislative Decree 231/2001 or relating to the violation of the Model or the Code of Ethics pursuant to Legislative Decree 231/2001;
 - violates the measures adopted by the Company to protect 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 offenses 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 order 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 duties, 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 with regard to the existence or otherwise of previous disciplinary measures under the terms of 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 recommendation of the Supervisory Body.

4.3 Sanctions against managers

Failure by managers to comply with the provisions contained in the Model, including violation of the obligations to provide information to the SB, and the documentation that forms an integral part thereof (e.g., Code of Ethics) may result in the application of the sanctions referred to 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.

Penalties must be proportionate to 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 Bargaining Agreement (CCNL) 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 Supervisory Body, 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 contractual provisions, 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 judge 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 the 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, where appropriate, granting a deadline or immediately;
- ii) compensation for damages may be requested equal to the remuneration received for the activity carried out in the period from the date of ascertainment of the violation of the recommendation to the actual fulfillment;
- iii) the existing contract may be automatically terminated pursuant to Article 1456 of the Italian Civil Code.

The consequences (sanctions) must be proportionate to 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 Supervisory Body, and the documentation that forms an integral part thereof (e.g., Code of Ethics) by senior management (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 contained in the Model, including violation of the obligations to provide information to the SB, and the documentation that forms 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 the law.

In accordance with the provisions of Legislative Decree 24/2023, failure to establish reporting channels or to adopt procedures for making and managing 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.

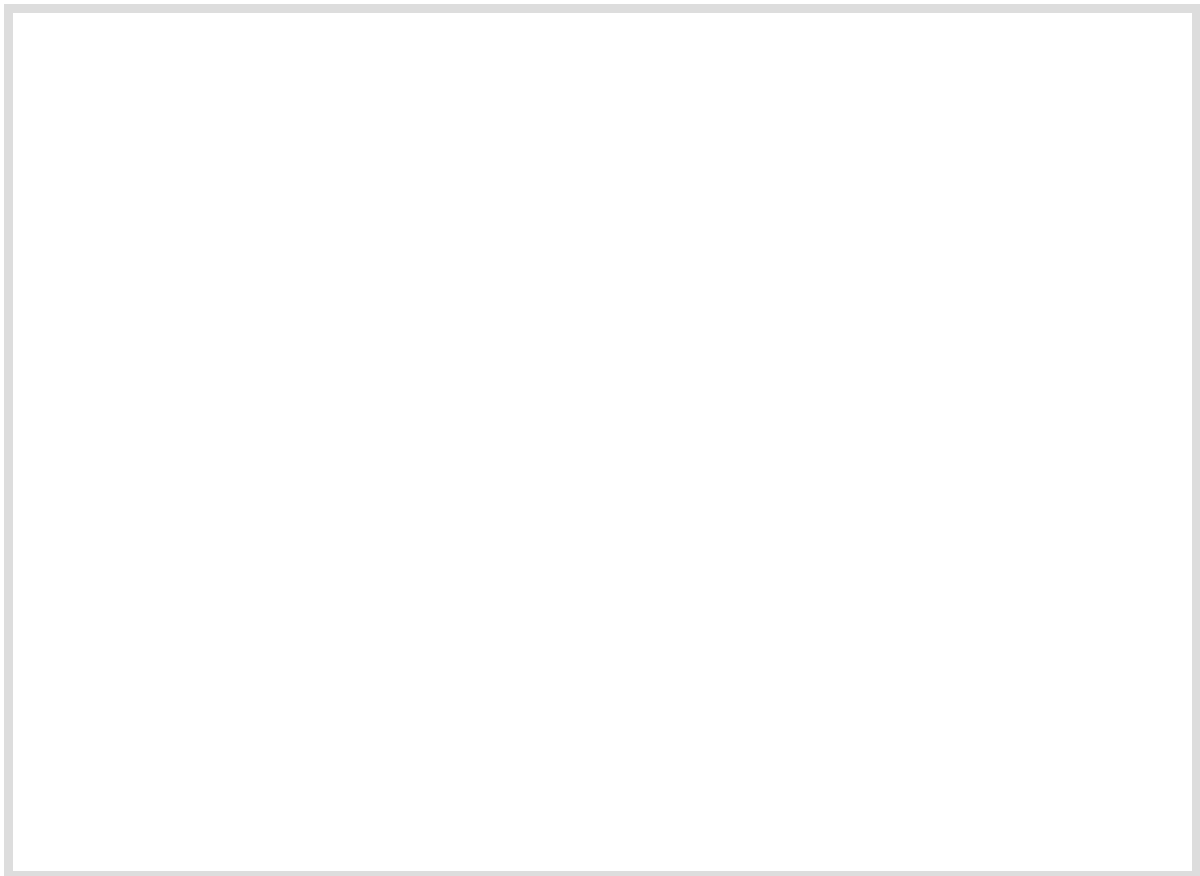
In the event of a violation of the Model by members of the Board of Directors, the Supervisory Body shall inform the Sole Auditor and the Shareholders' Meeting, which shall take the appropriate measures (consisting, if deemed necessary, in dismissal for just cause and the exercise of liability action).

4.7 Sanctions against the Sole Auditor

Failure by the Sole Auditor to comply with the provisions contained in the Model, including violation of the obligations to provide information to the SB, and the documentation that forms 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 the law.

In particular, the Sole Auditor is required to comply with this Model - in the parts that concern him/her - and to supervise 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 Supervisory Body 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 THE MODEL

The adoption and effective implementation of the Model are entrusted to 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 means of a resolution in accordance with the procedures laid down for its adoption.

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

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

Any changes, 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 understanding of the Model and the rules of conduct contained therein, both for existing and new employees, with varying degrees of detail depending on their level of involvement in activities at risk.

The information and training system is supervised by the Supervisory Body, in collaboration with the HR Director of another Group company, under *a specific service agreement*, and the various company representatives involved in the application of the Model.

With regard to 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 using any other means deemed appropriate;
- prepare 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 also when the Model is updated and/or modified, 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 adopted Model 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 of the Company.

Training activities – with different methods and content depending on the role held – involve senior management and subordinates, i.e., the Company's staff, as well as all resources included in 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 that impact the Model.

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

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