

VOLKSWAGEN

GROUP ITALIA S.P.A.

Organization, management and control model pursuant to Legislative Decree 231/2001

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1. The relevant legislation

1.1 Legislative Decree no. 231 of 8 June 2001

Legislative Decree no. 231 of 8 June 2001, containing the "Discipline of the administrative liability of legal persons, companies and associations, including those without legal personality" (hereinafter, in short, also "**Decree 231**"), immediately implemented the legislative delegation contained in art. 11 of Law 29 September 2000, n. 300 to which the Parliament had established principles and guidelines for the regulation of the administrative liability of legal persons and entities without legal personality for crimes committed by persons operating within the entity, in the interest or to the advantage of the entity itself.

This solution stems from a series of International Conventions to which Italy has been a signatory in recent years. These are, in particular:

- the Convention on the Protection of the European Communities' Financial Interests, signed in Brussels on 26 July 1995 and the First Protocol thereto, ratified in Dublin on 27 September 1996;
- the Protocol on the preliminary ruling interpretation by the Court of Justice of the European Communities of that Convention, signed in Brussels on 29 November 1996;
- the Convention on the fight against corruption involving officials of the European Communities, ratified in Brussels on 26 May 1997;
- of the OCSE Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, ratified in Paris on 17 December 1997.

Decree 231 inserted into the Italian legal system the principle of administrative liability for crimes as a consequence of the offences committed by those who act in the name and on behalf of the entity represented, namely:

- a) persons who hold functions of representation, administration or management of the entity or of one of its organizational units with financial and functional autonomy as well as persons who exercise, even de facto, the management and control of the entity (so-called "persons in top positions");
- b) persons subject to the direction or supervision of one of the subjects referred to in letter a (so-called "persons in a subordinate position" or "subordinate subjects")¹.

For the cases expressly contemplated by the law, the traditional liability for the crime committed (personal criminal liability which can only refer to natural persons by virtue of the principle enshrined in Article 27 paragraph 1 of the Constitution) and other forms of liability deriving from crime, is accompanied by a liability of the entity, which leads to the same fact different sanctioning consequences depending on the person called to answer for it. The fact constituting a crime, where the conditions indicated in the legislation are met, operates on a double level, as it

¹ The entity shall not be liable if the persons referred to in points a) and b) have acted in their own interest or in the interest of third parties.

integrates both the crime attributable to the individual who committed it (crime punished with a criminal sanction), and the administrative offense (offense punished with an administrative sanction) for the entity.

As for the nature of the liability of Decree 231, despite the qualification of administrative liability that appears in the title of the decree, there are several provisions which, however, highlight a substantially criminal structure of the entire body of legislation. Decree 231, in the first place, introduced the configuration of the liability of the entity depending on the commission of a crime for which the entity is independently liable, if carried out in its interest or to its advantage by persons belonging to the structure of the entity (art. 6), who have been responsible for such conduct due to a culpable disorganization substantiated in the non-compliance with the obligations of management or supervision (art. 7). Significant of a substantially criminal meaning of liability is also the attribution of the competence to judge to the criminal magistrate, called upon to comply with the rules of criminal procedure where not expressly derogated from by Decree 231. In addition, further indicative of the criminal matrix of the legislation, is the attempt to personalize the sanction, not only with pecuniary sanctions, but also, among others, with disqualification sanctions that can lead to the definitive closure of the entity. In any case, the entity has the possibility of being "exempted" from liability or of obtaining a reduction in afflictive-sanctioning interventions by implementing behaviors, both compensatory and demonstrative of a desire to reorganize the business structure with the adoption of organization and management models (art. 6) suitable for preventing criminal conduct by the subjects belonging to the structure of the entity.

Decree 231 deals with delimiting the scope of the subjects to whom the regulatory discipline is addressed, namely: "entities with legal personality, companies and associations, including those without legal personality". These are, therefore:

- subjects who have acquired legal personality according to civil law schemes, such as associations, foundations and other private institutions that have obtained recognition from the State;
- companies that have acquired legal personality through registration in the commercial register;
- entities that are not personified, without patrimonial autonomy, but can still be considered subjects of law.

On the other hand, the following are excluded from the list of subjects to whom the code treats administrative offences dependent on crime: the State, local public bodies (Regions, Provinces, Municipalities and Mountain Communities), non-economic public bodies and, in general, all bodies that carry out functions of constitutional importance (Chamber of Deputies, Senate of the Republic, Constitutional Court, General Secretariat of the Presidency of the Republic, C.S.M., CNEL).

Article 5 of Decree 231 identifies the objective criteria for attributing administrative liability for crimes. The law provides for three conditions in the presence of which it is allowed to trace the crime back to the entity:

- the offence must have been committed in the interest or to the advantage of the entity;

- the agents must be natural persons placed in a top or subordinate position;
- The agents must not have acted in their own exclusive interest or in the interest of third parties.

Articles 6 and 7 identify the subjective criteria for imputation, since, for the purposes of the configurability of administrative liability for a crime, it is not sufficient to simply attribute, on an objective level, the crime to the entity, but it is necessary to be able to formulate a judgment of reproachability on the part of the entity itself.

The parameters of the entity's liability are different depending on whether the predicate offence was committed by persons assigned in a top or subordinate position. Art. 6 outlines the liability profiles of the entity in the event of criminal acts committed by top management, as identified in art. 5 para. 1 lett. a. However, the institution shall not be liable if it proves that:

- Prior to the commission of the offence, organisational and management models have been adopted and effectively implemented by the management body to prevent criminal conduct of the same nature as that complained of;
- a body of the entity with autonomous powers of initiative and control has been entrusted with the task of supervising the functioning, compliance and updating of these models (also referred to as the "Independent Body");
- individuals were able to commit the offence because they fraudulently circumvented the templates;
- there was no omission or insufficient supervision by the institution's internal Independent Body.

With regard to the conditions that must be met in order for the entity to be held liable for crimes committed by the subjects (art. 5 c. 1 lett. b), article 7 provides in a general way that the liability of the entity arises from the failure to comply with the management or supervisory obligations incumbent on the entity itself. In any case, the entity is exempt if, prior to the commission of the crime, it had adopted organizational and management models suitable for preventing crimes of the same kind as that committed by the subordinate. Unlike what is provided for the crime committed by the person in a top position, in this case, it is the burden of the prosecution to prove the failure to adopt and the ineffective implementation of the models.

1.2 The offences provided for by the Decree

Section III of Chapter I of Decree 231 exhaustively outlines the catalogue of predicate offences from the commission of which the administrative liability of the entity may arise, if committed by a person placed in a top position or subject to the direction of others.

Over the years, there has been a progressive modification and expansion of this catalogue (originally limited by the provisions of Articles 24 and 25) and this mostly on the occasion of the transposition of the content of international conventions to which Italy has adhered and which also provided for forms of accountability of collective bodies.

The following is a list of the "crime families" currently included in the scope of Decree 231:

1. **Offences against the Public Administration** (Articles 24 and 25);
2. **Computer crimes and unlawful processing of data** (Article 24 bis);
3. **Organised crime offences** (Article 24 ter);
4. **Offences relating to counterfeiting of coins, public credit cards, revenue stamps and instruments or signs of identification** (Article 25 bis);
5. **Crimes against industry and commerce** (Article 25-bis 1);
6. **Corporate crimes, including the crime of corruption between private individuals** (Article 25 ter);
7. **Crimes with the aim of terrorism or subversion of the democratic order** (Article 25 quarter);
8. **Practices of female genital mutilation** (Article 25 quarter 1);
9. **Crimes against the individual personality** (Article 25 quinquies);
10. **Offences of abuse of privileged information and market manipulation** (Article 25 sexies);
11. **Transnational crimes** (Article 10 of Law 146/2006);
12. **Offences of manslaughter and serious or very serious injuries for violation of the rules on health and safety in the workplace** (Article 25 septies);
13. **Offences of receiving stolen goods, money laundering, use of money, goods or utilities of illegal origin as well as self-laundering** (Article 25 octies);
14. **Offences relating to non-cash payment instruments** (Article 25 octies 1);
15. **Offences relating to copyright infringement** (Article 25-novies);
16. **Offences of inducement not to make statements or to make false statements to the judicial authority** (Article 25-decies);
17. **Environmental crimes** (Article 25-undecies);
18. **Offence of employment of illegally staying third-country nationals** (Article 25 duodecies);
19. **Offences of racism and xenophobia** (Article 25 terdecies);
20. **Fraud in sports competitions, abusive exercise of gaming or betting and games of chance carried out by means of prohibited machines** (Article 25-quaterdecies);
21. **Tax offences** (Article 25 quinquiesdecies);
22. **Smuggling offences** (Article 25 sexiesdecies);
23. **Crimes against cultural heritage** (Article 25 septiesdecies);
24. **Laundering of cultural property and devastation and looting of cultural and landscape property** (Article 25 duodevicies).

Omitted.

1.3 Crimes committed abroad

By virtue of Article 4 of the Decree, the entity can be held liable, in Italy, for the commission abroad of certain crimes. In particular, Article 4 of the Decree provides that entities having their principal office in the territory of the State are also liable in relation to crimes committed abroad in the cases and under the conditions provided for in Articles 7 to 10 of the Criminal Code, provided that the State of the place where the act was committed does not proceed against them.

Therefore, the entity is liable to prosecution when:

- in Italy it has its main office, i.e. the actual headquarters where administrative and management activities are carried out, possibly also different from that where the company or registered office is located (entities with legal personality), or the place where the activity is carried out on a continuous basis (entities without legal personality);
- the State of the place where the act was committed is not proceeding against the entity;
- the request of the Minister of Justice, to which the punishability may be subject, is also referred to the entity itself.

These rules concern crimes committed entirely abroad by top management or subordinate persons. For criminal conduct that has taken place, even partially, in Italy, the principle of territoriality pursuant to Article 6 of the Criminal Code applies, by virtue of which "the crime is considered to have been committed in the territory of the State, when the act or omission constituting it took place there in whole or in part, or the event that is the consequence of the act or omission occurred there".

1.4 Penalties

The penalties deriving from administrative liability, following the commission of the offence (the predicate offences are specifically reported in paragraph 1.2), governed by art. 9 – 23 of Decree 231, are as follows:

- **Financial penalties (Articles 10 – 12):** they always apply to any administrative offence and are afflictive and not compensatory in nature. Only the institution with its assets or the common fund is liable for the obligation to pay the financial penalty. The penalties are calculated on the basis of a system "for quotas in a number of not less than one hundred nor more than one thousand", the amount of which is determined by the judge on the basis of the seriousness of the fact and the degree of responsibility of the entity, the activity carried out by the entity to eliminate or mitigate the consequences of the unlawful act and to prevent the commission of further offences; each individual fee ranges from a minimum of €258.23 to a maximum of €1,549.37. The amount of each share is determined by the judge taking into account the economic and financial conditions of the entity; the amount of the financial

penalty is therefore determined by multiplying the first factor (number of shares) by the second factor (amount of the share);

- **Disqualification sanctions (Articles 13 to 17): they apply only in cases where they are expressly provided for and are (Article 9, paragraph 2):**
 - disqualification from carrying out the activity;
 - the suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
 - the prohibition of contracting with the Public Administration, except for the obtaining of a public service; this prohibition may also be limited to certain types of contracts or administrations;
 - exclusion from concessions, loans, contributions or subsidies and the possible revocation of those granted;
 - the prohibition of advertising goods or services.

Disqualification sanctions have the characteristic of limiting or conditioning the company's activity, and in the most serious cases they come to paralyze the entity (disqualification from carrying out the activity); they are also intended to prevent conduct related to the commission of crimes. Article 45 of Decree 231, in fact, provides for the application of the disqualification sanctions indicated in article 9, paragraph 2 as a precautionary measure when there are serious indications to believe the existence of the liability of the entity for an administrative offence dependent on a crime and there are well-founded and specific elements that make it possible to believe that there is a real danger that offences of the same nature as the one for which proceedings are being taken. These sanctions apply in the cases expressly provided for by Decree 231 when at least one of the following conditions is met:

- i) the entity has made a significant profit from the crime and the crime has been committed by persons in a top position or by persons subject to the direction of others and, in this case, the commission of the crime has been determined or facilitated by serious organizational deficiencies;
- ii) in the event of repetition of the offences.

Disqualification sanctions shall have a duration of not less than three months and not more than two years; by way of derogation from the temporal nature, it is possible to definitively apply the disqualification sanctions, in the most serious situations described in article 16 of Decree 231.

- **publication of the judgment (article 18):** it can be ordered when a disqualification sanction is applied to the entity; the judgment is published only once, in extract or in full, in one or more newspapers chosen by the judge, and by posting it on the notice board of the municipality where the entity has its registered office. Publication is at the expense of the institution, and is carried out by the registry of the court; the purpose is to bring the conviction to the attention of the public;

- **confiscation (article 19):** it is an autonomous and mandatory sanction that is applied with the sentence of conviction against the entity, and has as its object the price or profit of the crime (except for the part that can be returned to the injured party), or, if this is not possible, sums of money or other benefits of value equivalent to the price or profit of the crime; without prejudice to the rights acquired by the third party in good faith. The purpose is to prevent the entity from exploiting illegal conduct for "profit" purposes; with regard to the meaning of "profit", given the important impact that confiscation can have on the assets of the entity, doctrine and jurisprudence have expressed different and fluctuating orientations due to the novelty of the issue with reference to the "confiscation-sanction" provided for by Decree 231. Article 53 of Decree 231 provides for the possibility of ordering preventive seizure aimed at the confiscation of the assets of the entity that constitute the price or profit of the crime in the presence of the legal conditions; the procedure provided for by article 321 et seq. of the Code of Criminal Procedure on the subject of preventive seizure.

1.5 Precautionary measures

Decree 231 provides for the possibility of applying to the entity the disqualification sanctions provided for by article 9 c. 2, also as a precautionary measure.

Precautionary measures respond to a need for procedural caution, since they are applicable during the proceedings and therefore against a person who is a subject of investigation or an accused person, but who has not yet been convicted. For this reason, precautionary measures may be ordered, at the request of the Public Prosecutor, under certain conditions.

Article 45 indicates the conditions for the application of precautionary measures, conditioning their use to the existence of serious indications of guilt on the liability of the entity, thus following the provision contained in article 273 c. 1 c.p.p. The assessment of the serious indicia referring to the applicability of precautionary measures pursuant to article 45 must take into account:

- the complex case of administrative offence attributable to the entity;
- the relationship of dependence with the predicate crime;
- the existence of the interest or advantage for the institution.

The procedure for applying precautionary measures is modelled on that outlined by the Code of Criminal Procedure, albeit with some exceptions. The competent Judge to order the measure, at the request of the Public Prosecutor, is the Proceeding Judge, or, in the preliminary investigation phase, the Judge for Preliminary Investigations. The implementing order is the one provided for by article 292 c.p.p., a rule expressly referred to in article 45 of Decree 231.

The Judge, having received the request of the Public Prosecutor, sets an ad hoc chamber hearing to discuss the application of the measure; in addition to the Public Prosecutor, the entity and its lawyer participate in this hearing, who, before the hearing, can access the Public Prosecutor's request and view the elements on which it is based.

1.6 The condition exempting from administrative liability

Articles 6 and 7 of Decree 231 provide for specific forms of exemption from the administrative liability of the Entity.

In particular, article 6, "Persons in top positions and organizational models of the Entity", provides that the entity is not liable if it proves that:

- the management body adopted and effectively implemented, before the commission of the offence, organisational, management and control models suitable for preventing offences of the kind that occurred;
- the task of supervising the functioning and observance of the models, as well as ensuring that they are updated, has been entrusted to a body of the entity (Independent Body) with autonomous powers of initiative and control;
- the persons who committed the offence acted by fraudulently circumventing the organisational, management and control models adopted by the entity;
- there was no omission or insufficient supervision on the part of the Independent Body.

Article 7 "Subjects subject to the direction of others and organizational models of the Entity" provides that in the case of crimes committed by persons subject to the direction or supervision of one of the subjects referred to in article 5, paragraph 1, letter b) of the same Decree, the entity is liable if the commission of the crime was made possible by the latter's failure to comply with the obligations of management and supervision.

In any case, non-compliance with management or supervisory obligations is excluded if the entity, prior to the commission of the crime, has adopted and effectively implemented an organizational, management and control model suitable for preventing crimes of the kind that occurred (Article 7, paragraph 2).

1.7 The requirements of organizational, management and control models

As stipulated in article 6, paragraph 2, of Decree 231, the organizational, management and control models must meet the following requirements:

- a) identify activities in the context of which offences may be committed;
- b) provide for specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the crimes to be prevented;
- c) identify ways of managing financial resources suitable for preventing the commission of crimes;
- d) provide for information obligations towards the body responsible for supervising the functioning and compliance with the models;
- e) introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

Article 7, paragraphs 3 and 4, of Decree 231 states that:

- the model, taking into account the type of activity carried out as well as the nature and size of the organisation, must provide for suitable measures to ensure that the activity is carried out in compliance with the law and to promptly detect risk situations;
- the effective implementation of the Model requires periodic verification and modification of the same if significant violations of legal requirements are discovered or if significant changes occur in the organization; the existence of an appropriate disciplinary system is also important.

Decree 231 provides that organizational, management and control models may be adopted on the basis of codes of conduct drawn up by representative trade associations, communicated to the Ministry of Justice pursuant to article 6, paragraph 3, of Decree 231. It is also envisaged that for small institutions, the supervisory task may be carried out directly by the management body.

Furthermore, with regard to the offences relating to health and safety at work referred to in Article 25-septies of Legislative Decree 231/01, Article 30 of Legislative Decree 81/01 (Consolidated Law on Health and Safety at Work) establishes that the organisational and management model suitable for exempting legal persons, companies and associations, including those without legal personality, from the administrative liability of legal persons, companies and associations, including those without legal personality, referred to in Legislative Decree 8 June 2001, No. 231, must be adopted and effectively implemented, ensuring a corporate system for the fulfilment of all legal obligations relating to:

- a) compliance with the technical and structural standards of the law;
- b) risk assessment activities and the consequent preparation of prevention and protection measures, as well as health surveillance activities and the acquisition of documentation and certifications required by law;
- c) activities of an organizational nature;
- d) information and training activities for workers, as well as supervisory activities with reference to workers' compliance with procedures and instructions for safe work and periodic checks on the application and effectiveness of the procedures adopted.

In addition, this Model must include:

- a) systems suitable for recording the performance of the above-mentioned activities;
- b) functions that have the necessary technical expertise and powers for the verification, assessment, management and control of risk;
- c) disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model;
- d) control system suitable for the implementation and continuous maintenance of the Model.

In the event of significant violations of the regulations relating to health and safety in the workplace, or changes in the organization, the Company must resort to the review, as well as any modification of the Organization, Management and Control Model currently adopted.

At the time of first application, the business organization models defined in accordance with the UNI-INAIL Guidelines for an occupational health and safety management system (SGSL) of 28 September 2001 or the British Standard OHSAS 18001:2007 are presumed to comply with the requirements for the corresponding parts. For the same purposes, further models of company organization and management may be indicated by the Permanent Advisory Commission set up at the Ministry of Labor.

1.8 Confindustria's Guidelines

The first representative trade association to draw up a policy document for the construction of models was Confindustria which, in March 2002, issued Guidelines, then partially amended and updated first in May 2004 and, subsequently, in March 2008, July 2014 and June 2021 (hereinafter, also "**Guidelines**"). The Confindustria Guidelines are, therefore, the essential starting point for the correct construction of a Model.

According to these Guidelines, the operational steps for the implementation of a risk management system can be schematized according to the following fundamental points:

- **inventory** of the company's areas of activity, through the identification of the areas potentially affected by the risk, i.e. the business areas/sectors in which it is theoretically possible to carry out the detrimental events provided for by Legislative Decree 231/2001 (the so-called "map of the company areas at risk");
- **analysis of potential risks**, which must take into account the possible methods of implementation of the offences and the history of the entity, through the "documented map of the potential methods of implementation of the offences";
- **evaluation/construction/adaptation of the preventive control system**, in order to prevent the commission of crimes pursuant to Legislative Decree 231/2001 through the documented description of the preventive control system activated, with details of the individual components of the system, as well as any necessary adjustments.

The components (so-called "protocols") of a preventive control system identified by Confindustria are the following:

- provision of ethical principles and rules of conduct in a Code of Ethics or Conduct;
- a sufficiently up-to-date, formalised and clear organisational system, in particular with regard to the allocation of responsibilities, the lines of hierarchical dependence and the description of tasks with specific provision of control principles;
- manual and/or computerized procedures that regulate the performance of activities, providing for appropriate controls;
- authorization and signing powers consistent with the organizational and managerial responsibilities assigned by the entity, providing, where appropriate, for adequate spending limits;

- control systems that, considering all operational risks, are able to provide timely warning of the existence and occurrence of general and/or particular critical situations;
- information and communication to staff, characterized by capillarity, effectiveness, authoritativeness, clarity and adequately detailed as well as periodically repeated, to which is added an adequate staff training program, modulated according to the levels of the recipients.

The components of the control system must be organically integrated into an architecture that respects some fundamental principles:

- verifiability, documentability, consistency and congruence of each operation/transaction/action;
- Application of the principle of separation of functions (so-called "segregation of duties"), by virtue of which no one can independently manage an entire process and can be the recipient of unlimited powers, through the clear definition and dissemination of authorization and signature powers in line with the organizational responsibilities assigned;
- documentation of controls, including supervisory controls.

2. The company "Volkswagen Group Italia S.p.A."

Volkswagen Group Italia S.p.A. (hereinafter also referred to as "the Company" or, in short, "VGI") is an Italian subsidiary of the multinational Volkswagen Group (hereinafter also referred to as the "Group"). This Group, headquartered in Wolfsburg (Germany), is one of the world's largest car manufacturers and the largest European manufacturer.

Operating in Italy since 1954, Volkswagen Group Italia S.p.A.'s main purpose is the distribution of Volkswagen, Škoda, Audi, Seat - Cupra and Volkswagen commercial vehicles, spare parts and accessories, the marketing and assistance of the products of the brands represented, while ensuring a level of service that guarantees a high degree of customer satisfaction and a lasting corporate solidity of its own and of the contractual partners of the organizational sales network and support.

The Company's registered office is in Verona *omitted*. In 2010, a second logistics centre was set up in Anagni (FR).

The entire share package of the Company is held by Automobili Lamborghini Holding S.p.A., with registered office in Sant'Agata Bolognese (BO), which in turn is wholly owned by the German company Audi AG of Ingolstadt (Germany), part of the Volkswagen Group.

According to Article 2497-bis, it should be noted that VGI is subject to the management and coordination of the parent company Volkswagen AG.

2.1 VGI's mission

VGI's main purpose is the distribution of Volkswagen, Škoda, Audi, Seat - Cupra and Volkswagen Commercial Vehicles cars, spare parts and accessories, the marketing and assistance of the products of the brands represented, while ensuring a level of service that guarantees a high degree of customer satisfaction and a lasting corporate solidity for itself and for the contractual partners of the sales and service organizational network.

2.2 VGI's governance system

VGI's governance model and, in general, its entire organizational system, is entirely structured in such a way as to ensure the Company the implementation of strategies and the achievement of the ethical, strategic and sustainability objectives defined by the Group.

In light of the peculiarity of its organizational structure and the activities carried out, VGI has favored the so-called "traditional system", which provides for the presence of a Board of Directors with administrative functions and a Board of Statutory Auditors with control functions over the administration, both appointed by the Shareholders' Meeting.

Omitted.

2.3 VGI's organizational structure

The Company's organizational structure is aimed at ensuring, on the one hand, the separation of tasks, roles and responsibilities between operational and control functions, and on the other, the maximum possible efficiency of the entire organization, in order to achieve the ethical, strategic and sustainability objectives defined by the Group.

The company's organizational structure is based on a precise definition of the responsibilities of each business area and the related responsibilities and is divided into Organizational Units.

Omitted.

2.4 VGI's Organizational Units

Omitted.

2.4.1. The Internal Committees

Omitted.

2.5 Definition of the company structure and assignment of tasks

In order to make immediately clear the role and responsibilities of each person in the corporate decision-making process, VGI has developed a prospectus in which the entire organizational structure (Organizational Chart) is schematized.

In particular, the Organizational Chart specifies:

- the Organizational Units into which the company's activities are divided;
- the lines of hierarchical and functional dependence of the individual corporate entities;
- the subjects operating in the individual areas and their organizational role;
- Managers and Persons in charge pursuant to Legislative Decree 81/08;
- the Quality Representatives.

Omitted.

3. The system of proxies and powers of attorney

3.1 General principles

As required by good business practice and also specified in the Confindustria Guidelines, in the latest version of June 2021, the Board of Directors of VGI is the body responsible for formally conferring and approving the proxies and powers of signature, assigned in line with the defined organizational and management responsibilities, with a precise indication of the thresholds for the approval of expenses.

The level of autonomy, the power of representation and the expenditure limits assigned to the various holders of proxies and powers of attorney within the Company are always identified and set in a manner consistent with the hierarchical level of the recipient of the proxy or power of attorney within the limits of what is strictly necessary for the performance of the tasks and duties subject to delegation.

The powers are conferred by resolution of the Board of Directors and are periodically updated according to the organizational changes that occur in the structure of the Company.

The Company has also set up an information flow for all the corporate functions and subjects concerned, including the IB and the Board of Statutory Auditors, in order to ensure the timely communication of powers and related changes. In the event of changes of general relevance, a specific Service Order will be updated and subsequently published on the company intranet.

3.2 The structure of the system of delegations and powers of attorney in VGI

The system of proxies and powers of attorney currently in force at VGI faithfully retraces the picture that emerges from the company's Organizational Chart.

Omitted.

4. VGI's organization, management and control model

4.1 The function and purpose of VGI's Organization, Management and Control Model

VGI's Organization, Management and Control Model (hereinafter, in short, also the "**Model**") has been defined and prepared taking into particular consideration the interaction between the

Internal Control System and the business processes existing within the Company with the discipline and provisions of Decree 231.

VGI's Board of Directors has adopted its own VGI Organisational, Management and Control Model, *omitted*, in line with organisational and regulatory developments.

This Model refines and integrates the set of rules of conduct, principles, policies and procedures of VGI, as well as all existing organizational tools and internal controls, with the implementation of provisions that meet the purposes of Decree 231 for the specific purpose of preventing the commission of the crimes contemplated therein.

This objective is achieved through the identification of sensitive activities, the construction of an organic and structured system of procedures and the adoption of an adequate Internal Control System. The VGI Model aims to:

- disseminate a business culture based on legality, in the awareness of the Company's express disapproval of any conduct contrary to the law, regulations, internal provisions and, in particular, the provisions contained in this Model;
- make all those who operate in the name and on behalf of VGI aware that the commission of a crime (or even the attempt) - even if carried out for the benefit or in the interest of the Company - represents a violation of the Model and of the principles and provisions expressed therein and constitutes an offence punishable by criminal and administrative sanctions, not only against the offender, but also against VGI;
- identify the conduct that is condemned by VGI, as it is contrary not only to the provisions of the law, but also to the rules and rules of conduct that the Company intends to inspire and comply with in the conduct of its business activities;
- achieve a balanced and efficient organisational structure, with particular regard to the clear allocation of powers, the formation of decisions and their transparency and justification, preventive and subsequent controls on acts and activities, as well as the correctness and truthfulness of internal and external information;
- monitor the sectors of activity and the related crime risks, defining the timely intervention to prevent and prevent the commission of the crimes themselves.

4.2 The recipients of the Model

The Recipients (hereinafter the "Recipients") of this Organization, Management and Control Model of Volkswagen Group Italia S.p.A. pursuant to Legislative Decree 231/2001 and undertake to comply with the content of the same:

- the members of VGI's corporate bodies;
- persons in charge of functions within the Independent Body;
- the Company's Directors and Executives (persons identified as "top management" pursuant to Article 5, paragraph 1, letter a) of Legislative Decree 231/2001);
- the Company's employees (internal subjects subject to the direction of others in accordance with the provisions of Article 5, paragraph 1, letter b) of Legislative Decree 231/2001).

By virtue of specific contractual clauses and limited to the performance of sensitive activities in which they may participate, the following external parties may be recipients of specific obligations, instrumental to the adequate execution of the internal control activities provided for in this General Section:

- external collaborators, agents and representatives, consultants and, in general, subjects who carry out self-employment activities to the extent that they operate within the areas of sensitive activity on behalf of or in the interest of VGI;
- suppliers and partners (also in the form of temporary associations of companies, as well as joint-ventures) who operate in a significant and/or continuous manner within the so-called sensitive areas of activity on behalf of or in the interest of VGI.

4.3 Fundamental elements of the Model

The fundamental elements, developed by Volkswagen Group Italia S.p.A. in the definition of the Model, can be summarized as follows:

- the mapping of the so-called "sensitive" activities, with examples of possible methods of committing crimes and instrumental processes in which, in principle, the conditions and/or means for the commission of the crimes included in the Decree could occur;
- an Internal Control System that ensures:
 - consistency between the exercise of the functions and powers and the responsibilities assigned;
 - the implementation and observance of the principle of separation of duties;
 - the verifiability, transparency and consistency of the company's conduct and documentation relating to each operation/activity/transaction;
- the establishment of the Independent Body, which has been assigned the task of supervising the effective and correct functioning of the Model and given powers to ensure its full and effective operation, both in terms of autonomy and the means available;
- definition of information and communication flows to the Independent Body and by the same body;
- definition and adoption, in compliance with the provisions of Decree 231, of a specific disciplinary system to be applied in the event of violation of the Model;
- definition and launch of dissemination, awareness-raising and training activities, at all company levels, as well as for those who work in the name and on behalf of VGI, on the rules of conduct provided for in the Model, as well as on the internal processes and procedures aimed at governing, preventing and controlling activities at risk and on adherence to them.

4.4 The adoption and methodological path of definition of the Model

In the construction of its Model, VGI has relied, in addition to the prescriptions of Decree 231, on the Confindustria Guidelines drawn up on the basis of the observations made by the Ministry of Justice (see [paragraph 1.8](#)), which contain specific and concrete indications for the adoption and implementation of the models.

4.4.1. Mapping of activities at risk of crime

Legislative Decree 231/2001 expressly provides, in article 6, paragraph 2, letter a), that the Company's Organization, Management and Control Model identifies the corporate activities in the context of which the crimes included in the Decree may potentially be committed. As a result, the Company carried out an in-depth analysis of its business activities.

As part of this activity, the Company first analyzed its organizational structure, represented in the company organization chart, which identifies the Company Departments and Functions, highlighting their roles and hierarchical lines.

Subsequently, the Company proceeded with the analysis of its business activities on the basis of the information collected from the Management Managers and top management who, due to the role they hold, are equipped with the broadest and deepest knowledge of the operations of the business sector of their competence. In particular, the identification of risky activities in the context of business processes was based on the preliminary analysis:

- the company organizational chart, which highlights the hierarchical and functional reporting lines;
- the resolutions and reports of the administrative and control bodies;
- the company's regulatory corpus (i.e. Group policy, Procedures, Service Orders) and the control system in general;
- the UNI ISO 9001:2015 Quality Management System;
- the system of powers and delegations;
- the indications contained in the Confindustria Guidelines updated in June 2021;
- of the "history" of the Company, i.e. of the prejudicial events that have affected the company in its past.

The results of the activity described above have been collected in a descriptive sheet (the so-called Matrix of Crime-Risk Activities), which illustrates in detail the risk profiles of committing the crimes referred to in Legislative Decree 231/2001, as part of VGI's own activities. In particular, the Matrix of Crime-Risk Activities represents the sensitive processes and corporate activities potentially associated with the crimes that are considered possible to be committed, the examples of possible methods and purposes of committing the crimes themselves.

Omitted.

4.4.2. Analysis of the Internal Control System

In relation to risk management and monitoring, the Company has:

- **an organisational system**, perfected in relation to the allocation of responsibilities in line with the exercise of powers and functions, in compliance with the principle of separation of functions, and with the provision of suitable control principles;
- **a system of powers of attorney and delegations**, assigned in line with the defined organizational and managerial responsibilities, with the appropriate thresholds for the approval of expenditure;
- **manual and computerised procedures**, designed to regulate the performance of activities and related controls, to ensure the separation of functions and tasks between those who carry out essential activities in a process at risk, as well as to safeguard the principles of transparency, verifiability and inherence to the company's activities;
- **a management control system**, capable of providing timely reporting of the existence and occurrence of general and/or particular critical situations, through the monitoring of appropriate indicators for the individual types of risk detected;

In particular, the Company's internal control and risk management system consists of a set of tools, organisational structures and corporate procedures aimed at contributing, through a process of identification, management and monitoring of the main risks within the Company, to the management of the company in a sound, correct manner consistent with the objectives set by the Board of Directors.

A dedicated Working Group has provided for the detection and analysis of existing company controls. Areas for improvement were identified, suggestions were made and action plans were made. This activity is periodically repeated.

VGI's current Internal Control System, understood as a process implemented by the Company in order to manage and monitor the main risks and allow sound and correct business management, aims to achieve the following objectives:

- "every operation, transaction, action must be verifiable, documented, coherent and congruous": each operation must be supported by adequate documentation on which the company departments in charge can proceed at any time to carry out checks that certify the characteristics and reasons for the operation and identify who authorized, carried out, registered and verified the transaction itself;
- "No one can manage an entire process independently": the control system operating in the company must ensure the application of the principle of separation of functions, whereby the authorization to carry out an operation must be under the responsibility of a person other than the person who accounts, performs operationally or controls the operation. In addition, the system provides that: (i) no one is given unlimited powers; (ii) the powers and responsibilities are clearly defined and known within the organization; (iii) the authorization and signing powers are consistent with the organizational responsibilities assigned;

- "documentation of controls": the performance of controls, including supervisory controls, carried out in accordance with the responsibilities assigned, must always be documented (possibly through the drafting of reports).

In order to detect and analyse in detail the existing control system to monitor the possible risks, highlighted in the mapping of activities at risk of crime, and, also, to assess the ability of the system itself to meet the requirements imposed by Legislative Decree 231/2001, the Company has carried out an analysis of the organisational and control safeguards in place in the areas at risk, with the aim of assessing their ability to prevent or identify risk situations.

4.4.3. Implementation of the organisation, management and control model

It is the responsibility of the Board of Directors to implement the Organisation, Management and Control Model, by assessing and approving the actions necessary for the implementation of its fundamental elements. For the identification of these actions, the Administrative Body avails itself of the support of the Independent Body. The Board of Directors must also ensure, also through input from the Independent Body, the updating of the "sensitive" areas of company activity and the special sections of the Organisation, Management and Control Model, in relation to the adjustment needs that may be necessary in the future. Finally, the effective and concrete implementation of the Organisational, Management and Control Model adopted is guaranteed:

- by the heads of the various organisational structures (departments, divisions, functions, organisational units) of the Company in relation to the activities at risk carried out by them;
- by the Independent Body, in the exercise of the powers of initiative and control conferred on it on the activities carried out by the individual organizational units in "sensitive" areas.

4.5 The structure of the Model

The Model is integrated, in addition to the principles and provisions contained in the Code of Ethics, by the set of processes, rules, procedures and systems already applied within VGI.

This Model consists of:

- a "**General Section**" in which the functions and principles of the Model are illustrated, as well as its essential components (the system of preventive controls, the disciplinary system and sanctioning mechanisms, the characteristics of the Independent Body and the updating process over time) are identified and regulated;
- more "**Special Sections**" defined in relation to the crime families deemed most relevant to the Company. The primary objective of each Special Section is to recall the obligation for the identified recipients to adopt appropriate rules of conduct in order to prevent the commission of the crimes contemplated by Decree 231 and identified as abstractly relevant on the basis of the organizational structure and the company activities carried out;
- **the Independent Body**, which is entrusted with the task of supervising the functioning and compliance with the Model;

In particular, for each Special Section, the following are indicated:

- the individual types of offences considered potentially feasible in VGI's business context;
- the activities that the Company has identified as sensitive, i.e. the areas and business activities potentially exposed to the commission of crimes;
- the general principles of conduct that all recipients of the Model are required to comply with, in order to reduce the risk of committing crimes;
- the main operational control measures, put in place in the individual areas at risk of crime, to prevent the commission of crimes pursuant to Legislative Decree 231/2001;

The VGI Model consists of the following Special Sections:

- **Special Section A:** Crimes against the Public Administration;
- **Special Section B:** Computer crimes and unlawful processing of data;
- **Special Section C:** Organised crime and transnational crimes;
- **Special Section D:** Offences relating to counterfeiting of coins, public credit cards, revenue stamps and instruments or signs of identification;
- **Special Section E:** Crimes against industry and commerce;
- **Special Section F:** Corporate Crimes;
- **Special Section G:** Crimes with the aim of terrorism or subversion of the democratic order;
- **Special Section H:** Crimes against the individual personality;
- **Special Section I:** Market abuse;
- **Special Section L:** Offences relating to health and safety at work;
- **Special Section M:** Crimes of receiving stolen goods, money laundering and use of money, goods or utilities of illegal origin, as well as self-laundering;
- **Special Section N:** Offences relating to copyright infringement;
- **Special Section O:** Offences of inducement not to make statements or to make false statements to the judicial authority;
- **Special Section P:** Environmental crimes;
- **Special Section Q:** Offence of employment of illegally staying third-country nationals;
- **Special Section R:** Tax Crimes;
- **Special Section S:** Smuggling offences;
- **Special Section T:** Crimes against cultural heritage.

The structure of the Model has been defined taking into account the structure of VGI, the activities carried out by the Company itself as well as the type of offences provided for by the relevant legislation at the time the analysis activities are carried out.

Paragraph [11](#) of this Organisational, Management and Control Model details the monitoring and updating activities that the Company undertakes to implement in relation to any regulatory changes that may occur to Decree 231 as well as with regard to the activities related to the aforementioned offences.

5. The Code of Ethics

5.1 The relationship between the Model and the Code of Ethics

An essential element of the preventive control system is the adoption and implementation of ethical principles relevant to the prevention of the crimes provided for by Decree 231. VGI has therefore adopted its own Code of Ethics, as well as the Code of Ethics for Business Partner with reference to the offences contemplated by Decree 231.

The Code of Ethics expresses the "ideal social contract" of the company with its stakeholders and defines the ethical criteria adopted in balancing the expectations and interests of the various stakeholders. It is the set of rights, duties and responsibilities of the organization towards its interlocutors; It also contains principles and guidelines of conduct on any areas of ethical risk.

The Model and the Code of Ethics are closely related and must be understood as an expression of a single body of rules adopted by the Company in order to promote the high moral principles of fairness, honesty and transparency in which VGI believes and intends to standardize its activities. The Model responds to the need to prevent, through the implementation of specific rules, processes and procedures, the commission of the crimes provided for by Decree 231 and by the law in general.

VGI's Code of Ethics is a general instrument that establishes the conduct that VGI intends to respect and ensure that in the performance of its business activities is respected, in order to protect its reputation and image in the market, as well as to promote and disseminate. The Code of Ethics, to which reference should be made for the sake of synthesis, therefore illustrates the fundamental ethical principles for VGI and the rules of conduct to oversee all company activities. It should therefore be noted that these principles aim to avoid the commission of offences - whether or not provided for by the Decree - as well as conduct that is not in line with the Company's ethical expectations.

The Code of Ethics is an integral and constitutive part of the Organisational Model adopted by Volkswagen Group Italia pursuant to Legislative Decree no. 231 of 8 June 2001 in order to avoid and prevent the commission of predicate offences that entail the administrative liability of entities.

5.2 Code of Ethics for Business Partner

In addition to the Code of Ethics, the Company has defined a specific Code of Ethics for Business Partner, published on the company website, in order to define the expectations that the Volkswagen Group has with respect to the attitude and behaviour of Business Partners in their business activities, in particular towards Suppliers and Sales Partners. These requirements are based on national and international directives and conventions, such as the principles of the UN Global Compact, the "Business Charter for Sustainable Development" of the International Chamber of Commerce, the OCSE Guidelines for Multinational Enterprises, the United Nations Guiding Principles for Business and Human Rights as well as the conventions of the International Labour Organization (OIL) and the "Guiding Principles to Enhance Sustainability Performance in the Supply Chain" guidelines published as part of the Drive Sustainability initiative.

6. Manual and computerized procedures

As part of its organizational system, VGI has developed a set of procedures, both manual and computerized, aimed at regulating the performance of company activities, in compliance with the principles indicated by the Confindustria Guidelines and the UNI EN ISO 9001:2015 standard and that, with regard to issues related to Health and Safety at Work, takes into account the provisions of the UNI-INAIL Guidelines.

In particular, the procedures prepared by the Company, both manual and computerized, constitute the rules to be followed within the business processes concerned.

Specifically, with regard to IT procedures, it can be indicated, in a nutshell, that the main management systems of the administrative area are supported by high-quality IT applications. They are in themselves the "guide" to how certain transactions are carried out and ensure a high level of standardization and compliance, as the processes managed by these applications are validated upstream of the software release.

In this context, therefore, the Company ensures compliance with the following principles:

- encourage the involvement of several subjects, in order to achieve an adequate separation of duties through the opposition of functions;
- take measures to ensure that every operation, transaction, action is verifiable, documented, consistent and congruous;
- prescribe the adoption of measures to document the controls carried out in relation to the operations and/or actions carried out.

Omitted.

7. Management control and cash flows

VGI's management control system (hereinafter, also referred to as '**Management Control**') provides for mechanisms for verifying the management of resources that must guarantee, in addition to the verifiability and traceability of expenses, the efficiency and cost-effectiveness of the company's activities, aiming at the following objectives:

- define in a clear, systematic and knowable manner the resources (monetary and non-monetary) available to the individual O.U. and the perimeter within which these resources can be used, through planning and budgeting;
- detect any deviations from what has been predefined in the budget, analyse the causes and report the results of the assessments to the appropriate hierarchical levels for the appropriate adjustment interventions, through the relative final balance;
- control and monitor marketing and sales activities (incentives);
- collaborate with the Brand Divisions for the definition and management of promotional actions.

8. The Independent Body

8.1 Composition and requirements

VGI has opted for a multi-subject composition of the Independent Body, taking into account the purposes pursued by law and the size and organization of the Company.

It is the responsibility of the Board of Directors to determine the number of members, the term of office, the authority and the powers, responsibilities and duties of the Independent Body in accordance with the provisions below.

Omitted.

The members of the Independent Body lose their office in the event of failure to meet the requirements to assume the office (e.g., disqualification, incapacity, bankruptcy, sentence to a penalty that entails disqualification from public office or if they are found guilty of the crimes provided for by Decree 231 and, in general, in the event of incapacity and incompatibility, conflict of interest, etc.).

In compliance with the provisions of article 6, paragraph 1, of Decree 231, the Independent Body has the task of supervising the functioning and observance of the Organization, Management and Control Model, of taking care of its updating and is endowed with autonomous powers of initiative and control. In particular, the VGI Independent Body responds, in accordance with the provisions of Decree 231 and the Confindustria Guidelines, to the requirements of:

- ***autonomy and independence***, as:
 - the control activities carried out by the IB are not subject to any form of interference and/or conditioning by VGI's internal subjects;
 - reports directly to the top management, i.e. the Board of Directors, with the possibility of reporting directly to Shareholders and Statutory Auditors;
 - he has not been assigned operational tasks, nor does he participate in decisions and operational activities in order to protect and guarantee the objectivity of his judgment;
 - it is equipped with adequate financial resources necessary for the proper performance of its activities;
 - the internal operating rules of the Independent Body are defined and adopted by the same body;
- ***professionalism***, as the professionalism present within the Independent Body allows it to rely on a wealth of skills both in terms of inspection and analysis of the control system, and in terms of legal skills; to this end, the Independent Body also has the right to make use of corporate functions and internal resources, as well as external consultants;

- **continuity of action**, as the Independent Body is an ad hoc body dedicated exclusively to the supervision of the functioning and compliance with the Model;
- **integrity and absence of conflicts of interest**, to be understood in the same terms provided for by law with reference to directors and members of the Board of Statutory Auditors.

The Board of Directors assesses the permanence of the aforementioned requirements and conditions of operation of the Independent Body, as well as that the members of the Independent Body possess the subjective requirements of integrity and competence and are not in situations of conflict of interest in order to further guarantee the autonomy and independence of the Independent Body.

8.2 Term of office, forfeiture and revocation

Omitted.

8.3 Functions, activities and powers

The management body, during the preparation of the company budget, approves an adequate allocation of financial resources, proposed by the Independent Body itself, which the Independent Body may have at its disposal for any need necessary for the proper performance of the tasks (e.g. specialist consultancy, travel, etc.).

In accordance with the provisions of article 6, paragraph I of Decree 231, the IB of VGI is entrusted with the task of supervising the functioning and observance of the Model and of taking care of its updating.

In general, therefore, the IB has the following tasks:

- **verification and supervision** of the Model, namely:
 - verify the adequacy of the Model, in order to prevent the occurrence of unlawful conduct, as well as to highlight its possible implementation;
 - verify the effectiveness of the Model, i.e. the correspondence between the concrete behaviours and those formally envisaged by the Model itself;
 - carry out analyses on the maintenance of the Model's solidity and functionality requirements over time;
- **updating** of the Model, i.e.:
 - take steps to ensure that the Company updates the Model, proposing, if necessary, to the Board of Directors or to any competent corporate O.U., the adaptation of the same, in order to improve its adequacy and effectiveness;
- **information and training** on the Model, namely:

- collaborates as an active part in the promotion, preparation and organization of initiatives aimed at promoting the dissemination of the Model to all subjects required to comply with the relevant provisions (hereinafter, also "Recipients");
- promote and monitor initiatives, including courses and communications, aimed at promoting adequate knowledge of the Model by all Recipients;
- support the O.U., the Collaborators and the administrative and control bodies in the management of problems related to the application of the Organizational Model, the Code of Ethics by providing clarifications or advice to the applicants, without prejudice to the responsibility of those who take decisions or in any case act in the name and on behalf of VGI;
- **management of information flows** to and from the IB, namely:
 - ensure the timely fulfilment, by the interested parties, of all reporting activities relating to compliance with the Model;
 - examine and evaluate all information and/or reports received and related to compliance with the Model, including any violations of the same;
 - inform the competent bodies, as specified below, of the activities carried out, their results and the planned activities;
 - report any violations of the Model and the responsible parties to the competent bodies for appropriate measures, proposing the sanction deemed most appropriate in the specific case;
 - in the event of controls by institutional subjects, including the Public Authority, provide the necessary information support to the inspection bodies;
- follow-up **activities**, i.e. verifying the implementation and effective functionality of the proposed solutions.

It should be noted that the functions and tasks set out above are also to be referred to all the components of the Model, and with particular emphasis on the Code of Ethics, for which the IB assumes responsibility for supervising aspects that may fall outside the scope of application provided for by the Decree.

In order to carry out the tasks assigned to it, the IB is granted all the powers necessary to ensure timely and efficient supervision of the functioning and compliance with the Model.

The IB, also through the resources at its disposal, has the right, by way of example:

- to carry out, even unexpectedly, all checks and inspections deemed appropriate for the purpose of the proper performance of its duties;
- free access to all the Company's functions, Organizational Units, archives and documents, without any prior consent or the need for authorization, in order to obtain any information, data or document deemed necessary;

- to arrange, where necessary, the hearing of resources that can provide useful indications or information regarding the performance of the company's activities or any malfunctions or violations of the Model;
- to avail itself, under its direct supervision and responsibility, of the assistance of all the Company's structures or of external consultants;
- to have at its disposal, for any need necessary for the proper performance of its duties, the financial resources allocated by the Board of Directors.

The Independent Body is required to report the results of its activities to the Chief Executive Officer and the Board of Directors.

In particular, the IB reports on the violations of the Model found in view of the adoption of the relevant sanctions and, in the event of cases that highlight serious criticalities of the Model, submits proposals for amendments or additions.

The Independent Body shall prepare, for the management body, an information report, at least every six months, on the supervisory activity carried out and the outcome of this activity and on the implementation of the Organisation, Management and Control Model within VGI; this report must be sent to the Board of Statutory Auditors.

The activities of the Independent Body are unquestionable by any corporate body, structure and function, without prejudice, in any case, to the Board of Directors' obligation to supervise the adequacy of the Independent Body and its intervention, the Board of Directors being in any case responsible for the functioning and effectiveness of the Model.

In order to carry out the supervisory functions assigned to the Independent Body, it has adequate financial resources and has the right to avail itself – under its direct supervision and responsibility – of the assistance of internal corporate structures and, if necessary, the support of external consultants in compliance with applicable company procedures.

The regulation of the internal functioning of the Independent Body is delegated to the same body, which defines – with specific regulations – the aspects relating to the performance of supervisory functions, including the determination of the time intervals of controls, the identification of analysis criteria and procedures, the recording of meetings, the regulation of information flows and so on.

8.4 The regulation

The IB is responsible for drawing up its own internal document aimed at regulating the concrete aspects and methods of the exercise of its action, including with regard to the related organizational and operating system.

In particular, the following profiles are regulated within the framework of these internal regulations:

- the type of verification and supervisory activities carried out by the IB;
- the type of activities related to the updating of the Model;

- the activity related to the fulfilment of the information and training tasks of the Recipients of the Model;
- the management of information flows to and from the IB;
- the functioning and internal organization of the IB (e.g. convocation and decisions of the Body, minutes of meetings, etc.).

8.5 Information flows involving the Independent Body

Omitted.

Personnel and all those who work in the name and on behalf of VGI who come into possession of information relating to the commission of crimes within VGI or practices that are not in line with the rules of conduct and the principles of the Code of Ethics and the Code of Ethics for Business Partner are required to promptly inform the Independent Body also through the Whistleblower System adopted in line with the requirements of Legislative Decree no. 24 of 10 March 2023 (see details in paragraph 8.6).

These reports, which will be treated confidentially, may be sent by mail addressed to:

Independent Body
Volkswagen Group Italia S.P.A.
Viale G.R. Gumpert, 1
37137 Verona (I)
or by e-mail to:

odv@volkswagengroup.it

To give a further guarantee of confidentiality, an additional email address has been set up: odv-anonymous@volkswagengroup.it dedicated to anonymous reports and accessible only to the two external members of the Independent Body and not to the internal member.

In this regard, it should be noted that workers have in any case the duty of diligence and the obligation of loyalty to the employer pursuant to articles 2104 and 2105 of the Civil Code and, therefore, the correct fulfilment of the obligation to inform by the employee cannot give rise to the application of disciplinary sanctions.

The IB, during the investigation activity that follows the report, must act in such a way as to ensure that the subjects involved are not subject to retaliation, discrimination or, in any case, penalization, thus ensuring the confidentiality of the person making the report (except for the recurrence of any legal obligations that impose otherwise).

In particular, the reporting activity concerns:

- the activity, in general, carried out by the IB;

- any problems or critical issues that have arisen in the course of the supervisory activity;
- the corrective actions, necessary or eventual, to be taken in order to ensure the effectiveness and effectiveness of the Model, as well as the state of implementation of the corrective actions approved by the Board of Directors;
- the ascertainment of conduct that is not in line with the Model;
- the detection of organizational or procedural deficiencies such as to expose the Company to the risk of crimes relevant to the purposes of the Decree;
- any lack or lack of cooperation on the part of the company's structures/Organizational Units in the performance of their verification and/or investigation tasks;
- in any case, any information deemed useful for the purpose of taking urgent decisions by the appointed bodies.

In any case, the IB may contact the Board of Directors and the Board of Statutory Auditors whenever it deems it appropriate for the effective and efficient fulfilment of the tasks assigned to it.

Meetings between the bodies must be recorded and copies of the minutes must be kept at the offices of the IB.

8.6 Whistleblowing

Volkswagen Group Italia, in light of the "Provisions for the protection of those who report crimes or irregularities of which they have become aware in the context of a public or private employment relationship" (Law 179/2017) and Legislative Decree no. 24 of 10 March 2023 which implemented Directive (EU) 2019/1937, has implemented a Whistleblower System, entrusting the management of the internal reporting channel to its parent company Volkswagen AG.

Through the Volkswagen Group's Whistleblower System, protection is guaranteed to those who report violations and non-conformities in good faith with the aim of preventing irregularities within the organization, but also of involving all stakeholders and the public, in general, in an activity to combat wrongdoing, through active and responsible participation.

Therefore, pursuant to article 6, paragraph 2-bis of Legislative Decree 231/2001 and Legislative Decree 24/2023, the Company:

- has set up dedicated reporting channels that make it possible to submit, in order to protect the integrity of the entity, reports of unlawful conduct relevant to the Decree or violations of the Model, of which they have become aware due to the functions performed;
- guarantees the confidentiality of the identity of the whistleblower and the content of his report;
- prohibits any act of retaliation or discrimination, direct or indirect, against the whistleblower and other persons involved for reasons related, directly or indirectly, to the report;
- protects, through ad hoc measures, the reported.

Omitted.

With regard to the reporting channels, in addition to the local channels for contacting the Independent Body by ordinary mail or e-mail, the following are the contact details of the channels managed by the Investigation Office and the Ombudspersons of the Volkswagen Group:

- Online reporting channel: <https://www.bkms-system.com/vw>;
- 24/7 Hotline: 0049 5361 9 46300 (toll number); 00 800 444 46300 (international toll free);
- E-mail: io@volkswagen.de;
- Central Investigation Office: Porschestraße1, 38440 Wolfsburg, mailbox 1717, 38436 Wolfsburg / Germany;
- Ombudsperson: <http://www.ombudsleute-der-volkswagen-ag.de>, <http://www.ombudsmen-of-volkswagen.com>;

Up-to-date references are always available on the Volkswagen Group Italia website.

In the event of receipt of a report to one of these channels, Volkswagen Group Italia will confirm receipt to the reporting person within 7 days; maintains dialogue with the reporting person and, if necessary, requests additions from the latter; diligently follows up on reports received; carries out the investigation necessary to follow up on the report and gives feedback to the reporting person within 3 months from the date of acknowledgment of receipt.

Finally, in implementation of Legislative Decree 24/2023, VGI recognizes the existence of the external reporting channel established at the National Anti-Corruption Authority (ANAC) and accessible from the ANAC services portal (<https://www.anticorruzione.it/-/whistleblowing>).

Whistleblowers can use the ANAC channel if they believe:

- that a report of a relevant violation pursuant to Legislative Decree 24/2023 made to internal channels has not been effectively followed up or
- that the risk of retaliation may arise from it, or
- that the breach may constitute an imminent or obvious danger to the public interest.

9. Disciplinary system (pursuant to Legislative Decree 231/01 art. 6, paragraph 2, letter e)

VGI considers compliance with the Model to be essential. Therefore, in compliance with article 6, paragraph 2, letter e) of Decree 231, the Company has adopted an adequate sanctioning system to be applied in the event of non-compliance with the rules set out in the Model, since the violation of these rules and measures, imposed by VGI for the purpose of preventing the crimes provided for by Decree 231, damages the relationship of trust established with the Company.

For the purposes of VGI's application of the disciplinary sanctions provided for therein, the initiation of any criminal proceedings and their outcome are not necessary, since the rules and measures provided for in the Model are adopted by VGI in full autonomy, regardless of the offence that any conduct may cause.

Under no circumstances shall any conduct that is unlawful, illegitimate or in any case in violation of the Model be justified or considered less serious, even if carried out in the interest or to the advantage of VGI. Attempts and, in particular, unequivocal acts or omissions aimed at violating the rules and regulations established by VGI are also sanctioned, even if the action is not carried out or the event does not occur for any reason.

9.1 System of penalties for employees

Omitted.

9.2 Sanctions against management staff

Omitted.

9.3 Measures against directors

Omitted.

9.4 Measures against statutory auditors

Omitted.

9.5 Measures against auditors

Omitted.

9.6 Measures against other recipients

Omitted.

9.7 Sanctions pursuant to Article 6, paragraph 2 - bis, Legislative Decree 231/2001

Omitted.

9.8 Additional measures

Omitted.

10. Dissemination of the Model and internal training

10.1 Communication and involvement on the Model and related protocols

The Company promotes the widest dissemination, within and outside the structure, of the principles and provisions contained in the Model and in the Protocols connected to it.

The Model is formally communicated to all top management (including the Directors, Statutory Auditors and the Independent Auditors) and to the Company's Personnel by delivery of a full copy, on electronic support or electronically, and posting in a place accessible to all, as required by article 7, paragraph 1, Law no. 300/1970, as well as by publication on the company intranet.

Documentary records of the delivery and commitment by the recipients to comply with the rules set out therein are kept in the IB's records.

For Third Party Recipients required to comply with the Model, it is made available in summary form on the Company's website.

The adoption of the Model is also communicated and disseminated to all external parties with whom VGI has relations, including, among others, suppliers, business partners, collaborators, agents, consultants, etc. The communication and formal commitment by all parties, internal and external (the latter as applicable), to comply with the principles contained in the Code of Ethics, the Code of Ethics for Business Partner and the Model results from appropriate documentation, such as – for example – declarations of knowledge and adherence to the Model or specific contractual clauses.

VGI will not enter into or continue any relationship with anyone who does not intend to commit to compliance with the principles contained in the Code of Ethics, the Code of Ethics for Business Partner and the Organization, Management and Control Model (the latter limited to any aspects, from time to time, applicable).

10.2 Education and training on the Model and related protocols

In addition to the activities related to the information of the recipients, the IB has the task of verifying that periodic and constant training is ensured, or of promoting and monitoring the implementation, by the Company, of initiatives aimed at promoting adequate knowledge and awareness of the Model and the Protocols connected to it, in order to increase the culture of ethics and control within the Company.

In particular, it is envisaged that the principles of the Model, and in particular those of the Code of Ethics and the Code of Ethics for Business Partner that are part of it, are illustrated to company resources through specific training activities (e.g., courses, seminars, questionnaires, etc.), in which participation is required and whose execution methods are planned by the company structures in charge through the preparation of specific Training Plans, implemented by the Company.

The courses and other training initiatives on the principles of the Model must be differentiated according to the role and responsibility of the resources involved, or through the provision of more intense training characterized by a higher degree of depth for those who qualify as "top management" in the same way as the Decree, as well as for those operating in areas that qualify as "at risk" pursuant to the Model.

In particular, the contents of the training sessions must include adequate in-depth analysis of Decree 231 and the administrative liability of entities (regulatory sources, offences, sanctions against individuals and companies and exemptions) and the Organisation, Management and Control Model adopted by the Company (Principles of reference for the adoption of organisational, management and control models pursuant to Legislative Decree 231/2001, General Section and Special Sections of the Model).

Evidence and adequate evidentiary documentation must be kept of the successful participation in the training courses.

11. Updating the model

The IB has the task of promoting the necessary and continuous updating and adaptation of the Model and the Protocols connected to it (including the Code of Ethics), so that the persons responsible for the competent O.U. make the necessary or appropriate corrections and adjustments.

VGI's Organization, Management and Control Model has been adopted by VGI's Board of Directors, which is responsible for the amendments and additions to this Model. The Board of Directors is responsible, together with any O.U. concerned, for updating the Model and adapting it as a result of a change in the organizational structure or operating processes, significant violations of the Model itself, and legislative additions, based on the level of risk deemed acceptable.

The Company undertakes to carry out continuous monitoring of its activities both in relation to possible future reorganizations of the corporate structure, changes to the predicate offenses of Decree 231, as well as in relation to the regulatory expansion to which the legislation may be subject. Should the relevance of one or more of the offences mentioned in this Model, or of any new offences that the Legislator deem necessary to include in the scope of Decree 231, emerge, the Company will assess the opportunity to integrate this Model with new Special Sections.

Updates and adjustments to the Model, including the Protocols connected to it, are notified by the relevant corporate structures through specific communications sent by e-mail or published on the Company's website or on the intranet and, where appropriate, through the preparation of information sessions illustrating the most relevant updates and adjustments.