



Axxam SpA

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**DISCIPLINARY SYSTEM**  
**According to Legislative Decree 231/2001**

	<i>Number</i>	<i>Approval</i>	<i>Date</i>
<i>EDITION</i>			
	1	Board of Directors	19/12/2013
	2	Board of Directors	03/09/2015
	3	Board of Directors	31/03/2020

*The present Disciplinary System has been translated from the official document approved by AXXAM solely for the convenience of international readers.*

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## 1. Objective and field of application

The following principles and provisions pertain to the Disciplinary System established by the Organization, Management and Control Model (hereinafter the Model) adopted by Axxam S.p.A (hereinafter, "Axxam" or "the Company"), in compliance with the Legislative Decree 231/2001, as amended (hereinafter, the Decree).

This aforesaid Disciplinary System is brought to the attention of Axxam's Personnel (employees, collaborators and executives) by publication on the Company's intranet. For all other Receivers, the Disciplinary System and the related provisions are an integral part of their contractual relationship with Axxam and are available on the Company's website.

Given the seriousness of the potential consequences for Axxam, in the event of non-compliance with the Model and the Code of Ethics by the Personnel, as well as by the members of the Board of Directors (hereinafter, "the Directors"), persons that has been delegated by the Company and supervisory bodies (Board of Statutory Auditors and Supervisory Board of the Company), each violation is subject to the disciplinary sanctions listed below. Notwithstanding the above, each of such violations is configured as a breach of duty of care and loyalty, which is likely to harm, in severe cases, the relationship of trust between the Employer and the aforesaid individuals.

The application of the Disciplinary System shall not necessarily depend on the conduct and outcome of any legal proceedings instituted by the Judicial Authorities when the conduct in case constitutes a crime, which is relevant under the Decree, with no prejudice to the right of Axxam to seeking compensation for damages resulting from the violation of the Model and the commission of a crime by the above mentioned individuals .

The responsibility for the implementation and the application of the Disciplinary System is of the CEO (Chief Executive Officer) and is and HRD (Human Resources Director).

The Supervisory Body has the task to supervise the correct interpretation and evaluation of the Model and its effectiveness. The disciplinary system herewith described can be initiated also by the Supervisory Body itself towards the top management.

The disciplinary sanctions are applied to Personnel in compliance with the rules, regulations and guarantees provided by the Italian Workers' Statute, the National Collective Bargaining Agreement applicable, the individual employment contracts and the secondary level employment agreements, where applicable.

The present Disciplinary System complements and does not replace the broader system of sanctions pertaining to the relationship between the Employer and the Employee, and the legislation in force. At the moment of hiring each employee is informed of such legislation and the CCNL is also present on the Company's intranet.

## 2. Glossary

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CEO Chief Executive Officer  
HRD Human Resources Director  
CCNL National Collective Bargaining Agreement  
RSPP Health and Safety Manager at workplace  
CFO Chief Financial Officer  
CSO Chief Scientific Officer  
BOD Board of Directors

### 3. Receivers

The following persons are bound to observe the Code of Ethics and the provisions of the Model, and may be subject to this Disciplinary System:

- a) any person in the context of Axxam's organization or in one of its functionally and financially independent organizational units, and/or of the participated companies, NewCo or partnership, covering duties of representation, administration, management and control of the Company - including the members of the Board of Directors and the members of the Board of Statutory Auditors as well as all individuals exercising, even *de facto*, management and control duties (hereinafter, "Persons who hold an Apical Positions");
- b) any person in the context of Axxam's organization who is subject to the direction and supervision of a person holding an Apical Position (hereinafter, "Subject Positions");
- c) any third party, including consultants and business partners, that have for any reason a contractual relation with Axxam, other than an employment relationship, or working directly or indirectly with the Company (such for example third recipients or NewCo).
- d) The penalties provided for in this document also apply to non-compliant behaviors of the directors, prosecutors or subjects delegated to work or participate in the activities of business partners (companies with which AXXAM collaborates in an operational way including the ATS, ATI and the business networks where maximum attention should be paid as participation is active and direct, including aspects of workplace safety and management), subsidiaries and investee companies (where reporting is essential), the NewCo (where contractual activity is essential for the management of the activities provided).

All individuals related to Axxam by a subordinate employment relationship, regardless of the applicable contract and the awarded qualification and grading (management, middle management, employees, workers), are subject to the supervision of those persons, within the Company organization, holding Apical Positions.

Third Party Recipients of the Model and its Disciplinary System are, with no limitations, those individuals who do not have a subordinate employment relationship with Axxam (including the Collaborators) as well as consultants, agents and proxy holders acting in the name or on behalf of the Company, suppliers, contractors, commercial and scientific partners, individuals in charge of specific tasks and functions with regard to Health Protection and Safety at workplace (e.g., the Physician in Charge and the Health and Safety Manager, if external).

#### **4. The Supervisory Body**

As part of its surveillance and monitoring activities with regard to the compliance with the Code of Ethics and the Model, the Supervisory Body, may (in relation to the gravity of the event) indicate or require the application of specific sanctions to HRD.

Similarly, any disciplinary complaint contested by the Company must be immediately notified to the Supervisory Board, without delay together with the penalty.

#### **5. Evaluation guidelines**

In each individual case, the type and extent of the specific measures and penalties to be applied shall be in proportion to the seriousness of the misconduct and infringement, taking in due account the following items:

- the subjective element of the conduct, depending on the intent or guilt;
- the extent of the infringement;
- the hierarchical or technical level of responsibility;
- the presence of aggravating or mitigating factors, with specific reference to the professional level, the previous work experiences and the circumstances in which the infringement was committed;
- the possible sharing of responsibility with others who have contributed to the infringement;
- those conducts that might, even potentially, compromise the effectiveness of the Model itself.

If a single act leads to more than one infringement, which are punishable by different penalties, the more severe sanction can be applied .

#### **6. Significant conducts**

For the purposes of this Disciplinary System, all commissive or omissive conducts (including negligence) such as to affect the effectiveness of said System as a tool for preventing the risk of commission of the crime and offenses referred to in the Decree, are in violation of the Model.

In particular, the following conducts constitute a disciplinary offense:

- the infringement of the principles and criteria of conduct highlighted in the Code of Ethics and the Model itself;
- the violation of the procedures and protocols formalized in the so called Special Section of the Model;
- the omitted, incomplete or untrue documentation of all activities performed in each of the sensitive processes, as prescribed in the procedures referred to in the Model;
- the violation of the disclosure requirements in respect of the Supervisory Board;
- any unjustified hindrance to the controls or to the access to documents and information, opposed to the Supervisory Board or to those responsible for monitoring the compliance with the procedures, as well as any other conduct which violates or circumvents the control systems provided for by the Model;

- the omission or violation of any requirements of the Model with regard to Safety and Health Protection at workplace, or to the prevention of pollution or environmental damage.

The non-compliance with, or the violation of:

- the provisions of the law;
- the general principles of the Disciplinary System;
- the criteria of conduct prescribed in the Code of Ethics and in the Company's procedures;

by the Personnel of Axxam, constitute a breach of the obligations arising from the employment relationship and a disciplinary offense.

In accordance with the provisions set forth in art. 7 of Law n. 300, dated May 20, 1970 (Workers' Statute) as amended and restated from time to time, the disciplinary measures imposed to the Employees are those provided for by the system of sanctions laid down in the National Collective Bargaining Agreement of the Italian pharmaceutical industry, namely:

- verbal warning;
- written warning, in case of recurrence within two years of the cases of culpable violation of procedures and/or requirements, as well as of procedural errors, with external relevance, due to negligence of the employee;
- penalty payment, not exceeding the amount of three (3) hours of pay, which can be applied when, for technical or hierarchical responsibility, or in the presence of aggravating circumstances, the culpable or negligent conduct could even potentially undermine the effectiveness of the Model, such as in, but not limited to, the cases of:
  - non-compliance with the disclosure requirements to the Supervisory Body and/or to the hierarchical referent of the employee;
  - repeated failure to comply with the obligations provided for by the procedures and requirements set forth in the Model, when said obligations have pertained or pertain a process involving the Public Administration.
- suspension from work and remuneration, for not more than three days, to be only applied in case of infringement and default of major importance. By way of example, but with not limited to, suspension from work and remuneration shall be applied in the event of:
  - failure to comply with the provisions pertaining to the powers of representation and the power of signature granted by Axxam, with regard to all acts and documents involving the Public Administration;
  - lack of supervision, by the hierarchical referent, with regard to compliance with the procedures and provisions of the Model by their subordinates, in order to ensure their actions within the areas at risk of crime and, in any case, within any activity pertaining the operational processes at risk of crime;
  - false or unsubstantiated reporting with regard to any infringement to the Model and the Code of Ethics.

- dismissal with notice, in case of repeated serious violations of the procedures and obligations with external relevance, in the conduct of activities in the areas at risk identified by the Model;
- dismissal without notice, for serious misconduct so as not to allow the continuation, even on a temporary basis, of the employment relationship (e.g., cause) such as, by way of example but not limited to:
  - any violation of the procedures and requirements of the Model, with external relevance, or any fraudulent conduct clearly directed to the commission of a crime among those considered in the Decree, such as to call into question the relationship of trust with the employee;
  - any violation and/or circumvention of the internal control system, through the subtraction, destruction or alteration of a procedure and of the relevant documentation, or by preventing those responsible for the said procedure, including the Supervisory Body, the control of, or the access to, any information and document, in order to hinder transparency and verifiability of the same.

The investigation of violations and the imposition of the penalties, is in the competence of the Supervisory Board, in consultation with the CEO.

## **7. Disciplinary System for the Employees**

Without prejudice to the prior complaint and the procedure of art. 7 of Law n. 300/1970, all employees working under the direction and the supervision of the persons who hold an Apical Position of the Company, and whose conduct constitute an infringement of the provisions of the Code of Ethics and the Model, are subject to the sanctions provided by the National Collective Bargaining Agreement, in accordance with the principle of appropriateness and proportionality of the penalty thereof.

In any case, no disciplinary measure which is more severe than a verbal warning shall be issued before eight days from the date of the relevant notification, during which the employee may submit his justification. If the measure will not be issued within eight days after such justification, the latter shall be deemed accepted.

Any violation by the Company's Employees of the obligations arising from the employment relationship, within the meaning of Articles 2104 and 2105 of the Italian Civil Code, as well as from the National Collective Bargaining Agreement and the individual contracts, shall nonetheless constitute a disciplinary infringement for the purposes of the application of the above listed sanctions .

## **8. Disciplinary system for the Executives (including Executives with delegated functions, ex art.16 Legislative Decree 81/08)**

In case of violation of the criteria of conduct set out in the Model, in the Code of Ethics and in the related Procedures, based on the relevance and seriousness of their acts, with no prejudice to the prior complaint and the procedure of art. 7 of Law n. 300/1970 (Workers' Statute) and, in any case, in accordance with the provisions of the National Collective Bargaining Agreement in force, suitable sanctions among those listed above shall be applied.

The disciplinary proceedings and the application of the sanctions fall within the responsibility of the CEO (Chief Executive Officer and the Employer), supported by HRD (Human Resources Director).

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All Executives of the Company are informed, through specific training courses, in relation to the obligations and the requirements of the Model that, if not observed, may lead to the anticipated termination of the employment.

#### **9. Measures in respect of the CEO, CFO and the CSO**

In case of violation of the legislation in force, as well as of the Model or the Code of Ethics by the CEO, the CFO and the CSO, the Supervisory Board shall inform the Chairman of Board of Directors, which eventually will require the opinion of the Board of the Statutory Board in order to adopt appropriate measures, in accordance with the National Collective Bargaining Agreement and the relevant regulations.

#### **10. Measures in respect of the members of the Board of Statutory Auditors**

In case of violation of the legislation in force, as well as of the Model or the Code of Ethics by one or more members of the Board of Statutory Auditors, the Supervisory Board shall inform the Chairman of the Board of Directors who shall take the appropriate determinations.

#### **11. Measres in respect of Third Party Recipients**

Any violations of the Code of Ethics by those individuals who do not have a subordinate employment relationship with the Company (e.g., consultants, agents, proxy holders, suppliers, contractors, commercial and scientific partners), or any other person having a business relation with the Company is punished in accordance with the specific provisions set forth in the relevant contracts.

In particular, all of the said contracts should provide for the application of specific penalties, including a clause of termination, in case of non-compliance with the provisions of the Code, with no prejudice of Axxam's rights to the restoration of any damages.

#### **12. Penalties against those who violate the protection measures of the Reporting Party**

In compliance with art. 2 bis paragraph d) of Law no. 179 (provisions related to Whistleblowing), in the case of false reports made to the Supervisory Body with regard to any situation of potential illegality, carried out with wilful misconduct or gross negligence by an apical or subordinate employee, or by third parties, the following disciplinary sanctions shall be applied:

- suspension from work and/or from remuneration for the maximum period established by the CCNL applied, in the case of false reports made with gross negligence;
- dismissal, in the case of fraudulent reports;
- revocation of the assignment, in the case of false reports made with willful misconduct and/or gross negligence from third parties (consultants, agents etc.).

In the case of retaliation or direct or indirect discriminatory acts against the whistleblower for reasons connected, directly or indirectly, to the reported activity, the disciplinary sanction of the suspension from work and/or from the remuneration and, in serious cases, the interruption of the employment

relationship shall apply. The concept of retaliation or discrimination includes, but is not limited to, bullying, transfers, application of disciplinary sanctions.

In the event of violation of the anonymity of the reporting party, the disciplinary sanctions of suspension from work and/or remuneration will be applied to the responsible subjects.

If the acts of retaliation or discrimination, or the failure to protect the whistleblower's anonymity are attributable to an external third party, the sanction envisaged will be the suspension of the assignment and, in serious cases, the revocation of the same (see GOV\_003 "Regulation on the procedure for reports of offenses and irregularities").