



PORSCHE

Organization, Management and Control Model

pursuant to Italian Legislative Decree no. 231 of 8 June 2001

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Organization, Management and Control Model of Nardò Technical Center S.r.l.

GENERAL SECTION



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1. INTRODUCTION - SUBJECTIVE SCOPE OF THE MODEL OF NARDO' TECHNICAL CENTER S.R.L.

Before describing the principles in this General Section, NARDO' TECHNICAL CENTER S.r.l. (the "Company" or "NTC") considers it appropriate to indicate the criteria based on which the recipients of this Organization, Management and Control Model ("the Model") are identified and classified.

In particular, a classification was carried out based, on the one hand, on the sanctions available to the Company in order to require compliance with the Model and, on the other, on the delivery or otherwise of specific training on regulations in "231" matter (defined in paragraph 2 herebelow), and/or on NTC's Model.

As regards the first part of the classification, a distinction was made among:

- (i) Addressees, i.e. the people whose compliance with the Model is ensured through reprimands and the exercise of powers of the employer or similar powers;
- (ii) Other Addressees, whose compliance with the Model is required on their appointment; and
- (iii) Third Parties, i.e. people related to the Company through contractual relations other than employment, in which specific clauses on compliance with the Model have been signed.

In the second part of the classification, NTC identified a special category of persons who, for the purposes of this Model, are defined as "outsourcers". In this case, the Company monitors compliance with the Model, on the one hand by preparing specific ad hoc clauses in contracts signed with companies that provide NTC with the work services of these people (who therefore qualify as "Third Parties" for the above purposes), and on the other hand, through a specific induction session on the essential contents of the Decree, the Model adopted by the Company and the Porsche Group Codes of Conduct.

In view of the above, the following terms shall have the meaning set forth below:

Top Management positions: persons that represent, administer or manage the Company or one of its organizational unit with financial and functional autonomy, as well as the persons who carry out management and control even on a de facto basis.

Subordinates: persons managed or supervised by Top Management positions and who, in a subordinate position, must carry out the instructions of the Top Management positions or are supervised by them.

Addressees: the Top Management position over which the Company may exercise control as an employer or similar control and Subordinates.

Other Recipients: the Top Management positions over which the Company may exercise control as an employer or similar control and whose compliance with the Model is required on their appointment (including directors, de facto directors, any receivers, the board of statutory auditors and the independent auditors).

Outsourcer: the natural persons, other than Employees, made available by Third Parties (as defined below) to NTC, with whom the Company signs specific service agreements.

Third Parties: jointly indicates all natural and legal persons that are neither Addressees, Other Addressees or Outsourcers and to whom compliance with the Model is required through specific contractual obligations. This category includes but is not limited to:



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- all persons who have a non-employee working relationship with NTC (e.g. consultants, temporary staff, etc.);
- assistants/external staff of any kind;
- contractors and business partners;
- service suppliers;
- attorneys in fact, agents and all persons that act in the name and/on behalf of the Company;
- persons assigned, or that in any case carry out, specific functions and duties concerning occupational health and safety.

2. ITALIAN LEGISLATIVE DECREE NO. 231/2001

2.1 The introduction of administrative liability resulting from a crime

In application of the mandate granted by Italian Law 300 of 29 September 2000, on 8 June 2001 the Italian lawmaker issued Italian Legislative Decree 231/2001 (the "**Decree**"), containing "*Regulations on the administrative liability of legal entities, companies and associations even without legal personality*".

With the entry into force of the Decree, Italian lawmaker on the liability of legal entities was aligned with provisions in some International Conventions already signed by Italy¹.

Until the Decree was issued, the law ruled out a company being *investigate/defendant* in criminal proceedings.

With the introduction of the Decree, the principle according to which "*societas delinquere non potest*" no longer applies and a type of administrative liability (similar to criminal liability) was introduced for entities (collectively the "**Entities**" and individually the "**Entity**"; the State, local public authorities, non-economic public authorities and entities with significant constitutional functions are excluded) which is alongside the liability of the natural person who acted as the material perpetrator of the offence.

2.2. The objective conditions for administrative liability resulting from a crime

Article 5 of the Decree identifies the *objective criteria* for which an Entity may be charged with committing a crime, establishing three conditions for the attribution of the crime committed by the natural person to the Entity:

- i.* the individual who materially committed the crime belongs to the Entity, holding a Top Management position or subordinate position;
- ii.* the crime is committed in the interest or for the advantage of the Entity;
- iii.* the perpetrator of the offence have not acted exclusively in his/her own interests or in the interests of third parties.

¹ In particular: the Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests; the Brussels Convention of 26 May 1997 on the fight against corruption involving officials of the European Community or officials of Member States of the European Union; the OECD Convention of 17 December 1997 on the fight against corruption of foreign public officials in economic and international transactions. By Law no. 146/2006, the Legislator ratified the United Nations Convention and Protocols against transnational organized crime adopted by the General Assembly of 15 November 2000 and 31 May 2001.



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With specific reference to point *i* above, Article 5, para 1 of the Decree - based on the so-called identification theory - establishes that the Entity is liable for crimes committed in its interest or for its advantage:

- i. by individuals who represent, administer or manage the Entity or one of its organizational unit with financial and functional autonomy, as well as by individuals who, even on a de facto basis, exercise the management and control ("**Top Management positions**").
- ii. by persons managed or supervised by one of the subjects in letter a) ("**Subordinates**").

With reference to the subjects in letter a) above, the Decree does not require the Top Management position to be held "formally", as it is sufficient for management and control functions exercised on a "de facto" basis (as indicated by the Ministerial Report on the Decree, both functions must be carried out).

Moreover, in accordance with the Decree, the Entity may be held liable even if the perpetrator of the crime has not been identified, but is surely classified in the categories of individuals contemplated in letters a) and b) of Article 5 of the Decree, also when the individual is no longer punishable for the crime for a reason other than amnesty.

The "*interest*" of the Entity always implies an ex ante identification of the conduct of the natural person, while the "*advantage*", which may be achieved by the Entity even if the natural person has not act in its interest, always requires an ex post identification.

"Interest" and "advantage" each have a specific and autonomous significance, as it can weel be the case that conduct based on interest may indeed not be advantageous a posteriori (the regulatory assumption of the commission of offences "*in the interests or to the benefits*" is not "two for one", because the terms concern legally different concepts, as as it is possible to identify an interest upstream due to unlawful gain, as a result of the offence, from an advantage objectively achieved with the commission of the offence, although not envisioned ex ante, so that the interest and the advantage are in real concurrence Court of Cassation, Criminal Division IV, Sentence no. 38363 of 9 August 2018).

The Entity is instead not liable if the individuals associated with it - either in Top Management positions or subordinate positions – have acted exclusively in their own or third parties' interests.

The Entity liability must also be excluded "*when the entity in any case receives an advantage from the unlawful conduct adopted by the natural person, if it was found that the offender acted "in the exclusive interest of him or her self or of third parties [...] in that case, in fact, there would be a "change" advantage, and as such not attributable to the desire of the entity*" (Court of Cassation, Criminal Division I, Sentence no. 43689 of 29 October 2015).

The reference is made to all situations where, evidently, the crime committed by the individual is not in any way attributable to the Entity, as it did not even take place in the interest of the latter (in this case, the Judge is not required to ascertain whether the Entity obtained an advantage or not.

Entity's liability will in any event apply, instead, if the individual has committed "*the crime mainly in his interest or the interest or third parties and the entity did not obtained an advantage or a minimum advantage*"; this without prejudice to the attenuating factor with special effect (Article 12, para 1 of the Decree: the financial penalty is reduced by half and may not exceed Euro 103,291.00).



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2.3. The subjective conditions for administrative liability resulting from a crime

For the purposes of establishing administrative liability for administrative offences arising from crime, the Decree requires not only the attribution of the crime to the Entity on an objective level, but also the possibility of formulating a judgment of reprehensibility for the Entity itself.

In this regard, Articles 6 and 7 of the Decree identify the *subjective criteria of the charge*, establishing specific forms of exemption from administrative liability of the Entity.

In particular, according to Article 6, para 1, of the Decree, in the event that the conduct of the crime is attributable to Top Management position, the Entity is not liable if it can prove that:

- it adopted and implemented, before the crime was committed, a Model suitable for preventing crimes of the type committed;
- it appointed an independent body, with autonomous powers, to supervise the functioning of and compliance with the Model and oversee its updating ("**Supervisory Body**" or "**SB**" or also "**Body**");
- the crime was committed by fraudulently circumventing the measures established in the Model;
- there was neither insufficient supervision nor a lack of supervision by the SB.

Instead, in the case of a crime committed by Subordinates, the adoption and effective implementation of the Model means that the Entity shall be liable only if the commission of the crime was possible due to a failure to comply with management and supervision obligations (Article 7, para 1 and 2 of of the Decree jointly applied).

In this case, unlike the provisions contemplated for crimes committed by Top Management position, the Public Prosecutor has the burden of proving the failure to adopt and ineffective implementation of the models.

Lastly, it should be noted that, in accordance with Article 23 of the Decree, the Entity can also be held liable in the case of:

- failure to observe bans or if a ban or a preventive prohibition measure has been applied pursuant to the Decree, the Entity violates the inherent obligations or prohibitions;
- crimes committed abroad by a person functionally related to the Entity, on condition that the State where the crime was committed does not prosecute.

2.4. Predicate crimes of administrative liability of Entities

The administrative liability of the Entity is not "related" to the commission of any crime, as it may only arise in relation to crimes specifically referred to in the Decree and in Italian Law no. 146/2006. Indeed, in compliance with the legality principle pursuant to Article 2 of the Decree, the liability of the Entity only exists in the case of the commission of specific types of crimes, known as predicate crimes (hereinbelow as "**Predicate Crimes**").



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Compared to the original set of offences introduced in 2001, the list of Predicate Crimes resulting in the liability of the Entity has been extended considerably (**Annex 1** to this Model) and is being continually developed².

The latest additions to the list of Predicate Crimes are listed below:

- Italian Law 3 of 9 January 2019, on "*Measures to fight the public administration as well as and transparency of political parties and movements to combat crimes against the public administration, as well as on the matter of statute of limitations and transparency of political parties and movements*" (known as the "Bribe Destroyer Law", which introduced the crime of "*Trafficking in illicit influences*" pursuant to Article 346 bis of the Criminal Code (as amended by the new legislation), in the category of predicate crimes contemplated in Article 25 of the Decree, and also made sanctions harsher for the organization in the event of crimes committed against the Public Administration. The legislation in question also introduces the possibility of prosecuting ex officio the crimes of "*Private-to-private corruption*" and "*Incitement to private-to-private corruption*";
- Italian Law 39 of 3 May 2019, on the "*Ratification and Execution of the Council of Europe Convention on the Manipulation of Sports Competitions, done in Magglingen on 18 September 2014*", which introduced the predicate crimes of "*Fraud in sporting competitions*" and "*Unlawful gaming and betting and gambling using prohibited equipment*"; referring to them in the new Article 25 quaterdecies of the Decree;
- Italian Law 105 of 18 December 2019, with urgent measures on national cyber security, introducing - in the predicate crimes contemplated in Article 24 bis of the Decree - the circumstance of the "*Infringement of regulations in the scope of national cyber security*", contemplated in Article 1(11) of Law 105/2019;
- Italian Law 157 of 19 December 2019, converting, with amendments, Decree Law 124 of 26 October 2019 on "*Urgent measures concerning taxation and undelayable requirements*", which led to the inclusion in Legislative Decree 231/2001 of Article 25-quinquiesdecies, "*Tax Crimes*". This article extends the liability of the entity to the crimes of false tax returns by using invoices or other documents for non-existent transactions (Article 2 of Italian Legislative Decree no. 74/2000), fraudulent tax returns through other artifices (Article 3 of Italian Legislative Decree no. 74/2000), the issue of invoices for non-existent transactions (Article 8 of Italian Legislative Decree no. 74/2000), the concealment or destruction of accounting documents (Article 10 of Italian Legislative Decree no. 74/2000) and the fraudulent omission of tax payments (Article 11 of Italian Legislative Decree no.74/2000);
- Italian Legislative Decree 75 of 14 July 2020, "*Implementing Directive (EU) 2017/1371, on the fight against fraud to the Union's financial interests by means of criminal law*" which introduced the following offences under predicate crimes: i. "*Fraud in public supplies*"(Article 356 of the Criminal Code, referred to in Article 24 of Italian Legislative Decree no. 231/2001), ii. "*Embezzlement*"; "*Embezzlement through profiting from the error of others*" and "*Abuse of office*"(pursuant to Articles 314, para 1, 316, 323 of the

² In fact, at a primary level, EU bodies are targeting this aspect to a considerable extent; at a secondary and also national level, various proposals have been made to introduce additional, material circumstances. Moreover, the hypothesis of directly including the liability of Organizations in the Italian Criminal Code, with a consequent change in the nature of the liability (which would become, to all effects, criminal liability and no longer - formally - administrative liability), and the extension of material circumstances, has also been considered (see the works of the Pisapia Commission). More recently, proposals to amend the Decree 231 have been made, in order to take into account experience in implementing the decree, and, ultimately, to "remedy" some aspects that have appeared to be excessively onerous.



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Criminal Code and respectively referred to in Article 25 of Italian Legislative Decree no. 231/2001), iii. "Inaccurate tax returns", "Failure to file tax returns" and "Undue offsetting" (pursuant to Articles 4, 5 and 10 quater of Italian Legislative Decree no. 74/2000, also committed partially in the territory of another Member State of the European Union for the purpose of avoiding VAT, contemplated in Article 25 quinquiesdecies of Italian Legislative Decree no. 231/2001); iv. *Smuggling crimes* contemplated in Italian Presidential Decree no. 43 of 1973 (referred to in the new Article 25 sexesdecies of Italian Legislative Decree no. 231/2001).

Italian Legislative Decree no. 231/01	Category of crime
Article 24	Undue receipt of funds, fraud against the State, a public authority or the European Union or to obtain public funds, computer fraud against the State or a public authority and fraud in public supplies.
Article 24-bis	Cyber crimes and unlawful data processing
Article 24-ter	Organized crime
Article 25	Embezzlement, extortion, undue inducement to give or promise benefits, corruption and abuse of office
Article 25-bis	Forgery of money, public credit instruments, revenue stamps and distinctive signs or instruments
Article 25-bis.1	Crimes against industry and trade
Article 25-ter	Corporate crimes
Article 25-quater	Crimes committed for the purposes of terrorism and subversion of democratic order contemplated in the criminal code and in special laws
Article 25-quater.1	Female genital mutilation practices
Article 25-quinquies	Crimes against the individual
Article 25-sexies	Crimes of market abuse
Article 25-septies	Crimes of manslaughter or serious or very serious personal injury through negligence committed in breach of the rules on occupational health and safety
Article 25-octies	Crimes of receiving, laundering and using money, goods or assets of unlawful origin, as well as self-laundering
Article 25-nonies	Copyright infringement and related crimes
Article 25-decies	Crime of inducement to refrain from making statements or to make false statements to the legal authorities
Article 25-undecies	Environmental crimes
Article 25-duodecies	Employment of illegally staying third-country nationals
Article 25-terdecies	Racism and xenophobia
Article 25-quaterdecies	Fraud in sporting events, abusive gambling or betting and games of chance exercised by means of prohibited devices
Article 25-quinquiesdecies	Tax crimes
Article 25-sexiesdecies	Smuggling crimes
Law 9/2013	The liability of entities for administrative offenses resulting from crime in the production of virgin olive oil
Law 146/2006	Transnational crimes

In accordance with Article 26 of the Decree, the Entity shall be held liable for crimes listed above (with the exception of the crime referred to in Article 25 septies of the Decree) also in the event that the crimes are attempted.



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Attempted offences take place when acts are carried out which are suitable, and unambiguously intended, to commit a crime, but the action is not completed or the event does not occur (see Article 56 of the Italian Criminal Code).

In the event of the attempted commission of the crimes indicated in Chapter I of the Decree (Articles 24 to 25 sexiesdecies, with the exception of Article 25 septies of the Decree), fines (in terms of the amount), and, if applicable, bans (in terms of the duration) are reduced from one-third to half (see Article 26, para 2 of the Decree).

Whereas sanctions are not imposed if the Entity voluntarily prevents the completion of the action or the occurrence of the event (voluntary discontinuance, see Article 26, para 2 of the Decree). In this circumstance, the exclusion of sanctions is justified based on the absence of any connection between the Entity and subjects acting in its name and on its behalf.

2.5 The administrative penalties envisaged by the Decree

In the event of the commission of the Predicate Crimes by the individuals listed in Article 5 of the Decree, the Entity may be subject to some highly penalizing sanctions.

Pursuant to Article 9 of the Decree, the following types of penalties (referred to as administrative penalties) are applicable:

- financial penalties (Articles 10 - 12 of the Decree): these always apply for all administrative offenses and are punitive, not compensatory, in nature. Only the entity bears liability for the payment of the fine with its own assets or with the joint fund.

Financial penalties are calculated based on a system of "*quotas, in a number no less than one hundred, and no more than one thousand*", determined by the Judge based on the gravity of the offence and degree of liability of the Entity, the activity performed by the Entity to eliminate or mitigate the consequences of the crime and to prevent the commission of similar crimes; each quota ranges from a minimum of Euro 258.23 to a maximum of Euro 1,549.37.

The amount of each quota is determined by the Judge, taking account of Entity's economic and financial conditions; the amount of the fine is therefore determined by multiplying the first factor (number of quotas) by the second factor (the amount of the quota).

As indicated in point 5.1 of the Explanatory Report on the Decree, "*As for the procedures to establish the economic and financial conditions of the entity, the judge may refer to the financial statements or other records suitable for reflecting such conditions. In some cases, proof may be had also considering the size of the entity and its position on the market. (...) The judge considers the reality of the company, assisted by consultants, to obtain information on the entity's financial robustness, position and performance*".

Article 12 of Italian Legislative Decree no. 231/01 establishes a number of cases in which the financial penalties are reduced. These cases are schematically summarized in the next table, indicating the reduction and conditions in which this reduction can be made.



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Reduction	Conditions
½ (and not in any case above 103,291.00 euros)	<ul style="list-style-type: none"> ▪ The perpetrator of the crime committed the act mainly in their own interests or in the interests of a third party <i>and</i> the Entity did not receive any advantage or received a minimal advantage; <p><i>or</i></p> <ul style="list-style-type: none"> ▪ the financial damage caused is particularly minor.
from 1/3 to 1/2	<p>[Before the first instance court hearing begins]</p> <ul style="list-style-type: none"> ▪ The Entity has completely refunded the damage and has either eliminated the damaging or dangerous consequences of the crime or taken effective steps in this direction; <p><i>or</i></p> <ul style="list-style-type: none"> ▪ the Entity has adopted and effectively implemented a Model suitable to prevent crimes of the type committed.
from 1/2 to 2/3	<p>[Before the first instance court hearing begins]</p> <ul style="list-style-type: none"> ▪ The Entity has completely refunded the damage and has either eliminated the damaging or dangerous consequences of the crime or taken effective steps in this direction; <p><i>and</i></p> <ul style="list-style-type: none"> ▪ the Entity has adopted and effectively implemented a Model suitable to prevent crimes of the type committed.

- prohibitory penalties (Articles 13 to 17 of the Decree): these only apply to the crimes for which they are expressly envisaged referred to in the Decree and concern (Article 9, para 2, of the Decree):
- ✓ a ban on performing the activity;
 - ✓ the suspension or withdrawal of authorizations, licenses or permits enabling the commission of the crime;
 - ✓ a ban on contracting with the Public Administration, other than to obtain a public service; this ban may also be limited to specific types of contract or specific administrations;
 - ✓ the exclusion from concessions, loans, grants and subsidies and possible revocation of those already granted;
 - ✓ a ban on advertising goods or services.

Prohibitory penalties limit or condition a business's activities, and in more serious cases can bring a business to a standstill (ban on performing activities); the purpose of bans is also to prevent a conduct connected with the commission of crimes.



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Article 45 of the Decree indeed imposes the prohibitory penalties indicated in Article 9, para 2, on a precautionary basis when there is serious evidence to believe that the Entity is liable for an administrative offense arising from a crime and there are substantial and specific grounds to believe that crimes of the same nature are likely to be committed.

These penalties also apply in the cases specifically indicated in the Decree (Article 13) when at least one of the following conditions exists:

- ✓ the Entity has gained a substantial profit and the crime was committed by Top Management position or by persons subject to the management of another individual when, if the crime resulted from or was facilitated by serious organizational shortcomings;
- ✓ in the event of repeated offending³.

In general, prohibitory penalties last for not less than three months and not more than two years; an exception to the above, due to the amendments introduced by Italian Law no. 3/2019 (Bribe Destroyer) refers to convictions for the crimes contemplated in Article 25, para 2 and 3 of Italian Legislative Decree no. 231/2001 (Extortion, corruption, undue inducement to give or promise benefits, corruption in judicial proceedings), in relation to which the applicable prohibitory penalties have a duration "*of not less than four years and not more than seven years*" if the predicate crime was committed by an individual in a Top Management position or a duration "*of not less than two years and not more than four years*" if the predicate crime was instead committed by an individual under the management and control of Top Management position⁴. Moreover, as an exception to the temporary nature, it is possible to apply permanent prohibitory penalties, in more serious cases described in Article 16 of the Decree.

Lastly, it should be noted that Article 23 of the Decree punishes non-compliance with prohibitory penalties, meaning the case where penalties or precautionary measures have been applied pursuant to the Decree, and the Entity transgresses the obligations or related prohibitions;

- confiscation (Article 19 of the Decree): is an autonomous, mandatory sanction that applies with the sentence of conviction against the Entity and concerns the price or profit from the crime (excluding the part that could be returned to the injured party), or, if it is not possible, sums of money or other assets of a value equivalent to the price or of profit of the crime (confiscation of the value or equivalent); the foregoing is without prejudice to any rights acquired by third parties in good faith.

The aim is to prevent the Entity adopting an unlawful conduct for "profit".

Article 53 of the Decree establishes the possibility - in the presence of conditions envisaged by law - of ordering preventive seizure for the purposes of confiscating the assets of the Entity that constitute the price or profit of the crime; the provisions contained in Articles 321 and following of the Code of Criminal Procedure on preventive seizure applies;

³ Pursuant to Article 20 of Italian Legislative Decree no. 231 of 2001, "*repeated offending occurs when an entity, having already been definitively found guilty for an offence arising from a crime, commits another within five years of the definitive judgment*".

⁴ However, the prohibitory penalties shall have the standard duration established by Article 13, para 2, of the Decree (i.e. no less than three months and no more than two years) "*if before the judgement of first instance, the entity has effectively taken steps to prevent the criminal activity from having further consequences, to secure the evidence of the crimes and to identify the persons responsible or the seizure the sums or other benefits transferred and it has eliminated the organizational deficiencies that determined the crime by adopting and implementing organizational models suitable to prevent crimes of the type that occurred*".



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- publication of the conviction (Article 18 of the Decree): may be ordered when prohibitory penalties are applied to the Entity. The publication is paid for the Entity and is arranged by the clerk of the Court; the purpose is to inform the public of the conviction.

In general terms, the criminal Judge competent for the proceedings concerning the crimes from the administrative liability arise is responsible for the ascertainment of the Entity's responsibility, as well as for determination of the an and quantum of the sanction.

2.6 Precautionary measures

The Decree establishes the possibility of applying to the Entity the prohibitory penalties indicated in Article 9, para 2, also as a precautionary measure.

Precautionary measures meet a need for procedural precaution, as they are applicable in proceedings against a person who is being investigated or is the defendant, but has not yet been convicted. For this reason, precautionary measures may be ordered at the request of the Public Prosecutor when specific conditions are met.

Article 45 of the Decree indicates the conditions for applying precautionary measures, stating that they may be used if "*serious indications of guilt*" exists regarding the entity's liability, thereby following the provisions set forth in Article 273, para 1 of the Code of Criminal Procedure.

The assessment of "*serious indications*" referred to the adoption of precautionary measures in accordance with Article 45 of the Decree must take into account:

- ✓ the overall circumstances of the administrative offense with which the Entity may be charged;
- ✓ the relationship of dependence with the Predicate Crime;
- ✓ the existence of the interest of or advantage for the Entity.

The proceedings for applying precautionary measures are based on those outlined in the Code of Criminal Procedure, albeit with some derogations.

The Judge responsible for ordering the measure, at the request of the Public Prosecutor, is the Judge of the proceedings, or in the preliminary investigations phase, the Judge for Preliminary Investigations. The application order is that set forth in Article 292 of the Code of Criminal Procedure, which is expressly referred to in Article 45 of Decree 231.

After receiving the request from the Public Prosecutor, the Judge schedules an ad hoc hearing in chambers to discuss the application of the measure. This hearing is attended by the Public Prosecutor, as well as the Entity and its defence attorney who, before the hearing, may consult the files of the Public Prosecutor and examine the elements on which the application is based.



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2.7 Requirements for and purposes of adopting a Model

In general, the procedures for setting up a valid Model are identified in Article 6 of the Decree which, in paragraphs 2 and 2 *bis*⁵, establishes that the Model shall meet the following requirements:

- a. identify the activities where Predicate Crimes may be committed;
- b. set out specific protocols designed to assist management in formulating and implementing the Entity's decisions in relation to the Predicate Crimes to be prevented;
- c. identify the methods for managing the financial resources necessary for preventing Predicate Crimes;
- d. set out obligations for sending information to the SB;
- e. set up one or more channels that allow the persons in Top Management positions and Subordinates to submit – in protection of the integrity of the Entity – detailed reports of unlawful conduct under the Decree that are based on clear and coherent facts, or violations of the Entity's Model, which they become aware of due to the functions they perform; these channels must guarantee the confidentiality of the identity of the whistleblower, in the management of the reports⁶;
- f. set up at least one alternative whistleblowing channel, suitable for guaranteeing the confidentiality of the identity of the whistleblower using computerized methods⁷;
- g. regards the reports indicated in letters e) and f) above, provide for at least a ban on acts of retaliation or discrimination – direct or indirect – against the whistleblower for reasons connected directly or indirectly to the report⁸;
- h. set up a disciplinary system suitable for penalize failure to comply with the measures provided for in the Model (the “**Disciplinary System**”), also with specific reference to the reports in letters e) and f) above, and sanctions for persons who violate the measures to protect the whistleblower and persons carry out, with malice or gross negligence, reports that prove to be unfounded⁹.

Paragraphs 3 and 4 of Article 7 of the Decree also establish the following:

- ✓ the Model shall provide for suitable measures to ensure the performance of activities in compliance with law, and for the promptly detect of at-risk situations, considering the type of activity performed as well as the nature and size of the organization;
- ✓ the effective implementation of the Model requires periodic verification and possible amendments if significant violation of legal provisions are identified, or significant changes to the organization or legal framework take place; the existence of a suitable Disciplinary System also assumes relevance.

⁵ Paragraph 2 *bis* was introduced by Italian Law 179 of 30 November 2017 on *whistleblowing*. The Law, with specific reference to the private sector, intervened in matter of administrative liability of entities resulting from crimes *pursuant to* Italian Legislative Decree no. 231/2001, amending the requirements for Model to be suitable and effectively implemented set forth in Article 6 of the Decree.

⁶ Requirement introduced by Italian Law 179 of 30 November 2017, as per the previous note.

⁷ See the previous note.

⁸ See the previous note.

⁹ See the previous note.



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Moreover, with specific reference to the Model's effectiveness at preventing (culpable) occupational health and safety crimes, Article 30 of Italian Legislative Decree no. 81/2008 establishes that *"the organisation and management model suitable to exempt the administrative liability of legal entities, companies and associations also without legal personality as contemplated in Legislative Decree 231 of 8 June 2001, must be adopted and effectively implemented, ensuring a company system that meets all relative legal obligations on:*

- ✓ *compliance with technical and structural legal standards relating to equipment, facilities, workplaces and biological agents;*
- ✓ *risk assessment activities and consequent prevention and protection measures;*
- ✓ *organizational activities, such as emergencies, first aid, tender management, periodic safety meetings, consultation of workers' safety representatives;*
- ✓ *health surveillance activities;*
- ✓ *worker information and training activities;*
- ✓ *supervisory activities with reference to the compliance with safe working procedures and instructions by workers ;*
- ✓ *obtaining documentation and mandatory certification;*
- ✓ *periodic checks on the application and effectiveness of procedures adopted".*

Article 30 of Legislative Decree 81/2008 also states that *"the organization and management model must include suitable systems for recording the activities carried out. The organizational model must in any case provide for a system of functions, based on the nature and size of the organization and type of activity carried out, that ensures the technical skills and powers necessary to check, assess, manage and control risk, as well as a disciplinary system suitable for penalising failure to comply with the measures indicated in the model. The organizational model must also provide for a suitable system for checking the implementation of the Model and the maintenance over time of the suitability of the measures adopted. The review of and any amendments to the model must be adopted when significant violations of the regulations relating to accident prevention and occupational hygiene have been identified, or in the event of changes in the organization and in activities relating to scientific and technological progress".*

The above provision requires that on first-time application, company organizational model defined in compliance 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 be compliant with the requirements pursuant to this article as regards the corresponding parts. OHSAS 18001:2007 has currently been replaced by ISO 4500:2018.

In formal terms, the adoption and effective implementation of a Model is not an obligation but only an option for Entities, that might well decide to not conform to the requirements of the Decree without, for this reason, being liable for any sanctions.

However, the adoption and effective implementation of a suitable Model is a necessary prerequisite for Entities in order to benefit from the exemption provided for by the Lawmaker.



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In any case, it should be noted that the Model, if adopted, is not meant to be a static tool. Instead, it must be considered as a dynamic system, that enables the Entity to eliminate, through a correct and targeted implementation over time, any deficiencies that could not be identified at the time the Entity was set up.

3. REFERENCE PARAMETERS: GUIDELINES OF INDUSTRY ASSOCIATIONS

Article 6, paragraph 3 of the Decree establishes that the Model may be adopted on the basis of codes of conduct drawn up by industry associations representing Entities, submitted to the Ministry of Justice, which will issue an opinion.

In preparing this Model, the Company was inspired, first and foremost, by the "*Guidelines for drafting organization, management and control models pursuant to Legislative Decree no. 231/2001*" issued by Confindustria ("**Confindustria Guidelines**"), last updated in March 2014.

The Confindustria Guidelines for drafting the Model provide associations and businesses (who are members of Confindustria or otherwise) with methodological instruction on how to prepare an organization model suitable for preventing the commission of the crimes indicated in the Decree.

The instructions in the Guidelines, which is also recognized as valid by the Decree, may be summarized in the following main points:

- ✓ the identification of at-risk areas, aimed to verify in which company area/sector the commission of crimes envisaged in Italian Legislative Decree no. 231/2001 is possible;
- ✓ the identification of the methods for committing the crimes;
- ✓ the performance of a risk assessment;
- ✓ the identification of control points to mitigate the risk of the commission of crimes;
- ✓ gap analysis.

The most significant components of the Confindustria control system are:

- ✓ the code of ethics and conduct;
- ✓ the organizational system;
- ✓ manual and IT procedures;
- ✓ authorization and signing powers;
- ✓ control and management systems;
- ✓ personnel communication and training.

These components must be based on the following principles:

- ✓ the verifiability, documentability, consistency and coherence of each operation;
- ✓ the application of the principle of the segregation of duties (no-one may independently manage an entire process);



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- ✓ the documentation of controls;
- ✓ the establishment of an adequate penalty system for the violation of the procedures provided for in the Model;
- ✓ the identification of supervisory body requirements, which may be summarized as follows:
 - autonomy and independence;
 - professionalism;
 - continuity of action.
- ✓ creation of information flows from and to the Supervisory Body.

In any event, failure to comply with specific points of the Guidelines does not in itself invalidate the Model, as it contains general indications, which must then be adapted to the specific context of the Entity where the Model will be applied.

Indeed, each Model should be developed taking into account the characteristics of the organization it applies to. The risk of the commission of crimes for each organization is strictly related to the economic sector, organizational complexity - not only in terms of size - and its geographic area.

This means that the Model may deviate considerably from indications in the "Guidelines", as these are general and merely indicative.

Lastly, the contents of the Porsche Group Code of Conduct, and the policies, directives and guidelines issued by the Porsche Group on anti-money laundering, anti-corruption, anti-trust and compliance, are reference parameters for preparing this Model.

4. NTC's MODEL

4.1 The purposes of this Model

This Model takes into account the business context of NTC and is a valid tool to inform and raise awareness in Addressees, Other Addressees, Outsourcers and Third Parties in general.

This ensures that the above persons adopt a conduct, in carrying out their activities, that is fair and transparent in line with the values that inspire NTC in pursuing its object and that in any case prevent the risk of the commission of crimes contemplated in the Decree.

This Model was implemented by the Company based on an identification of possible risk areas in company activities, where the possibility of committing crimes is considered to be the highest. The Model's objectives are to:

- a) prepare a prevention and control system that reduces the risk of the commission of crimes related to company activities;



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- b)* make all subjects that operate in the name and on behalf of the Company, and in particular those who are involved in "at-risk areas" aware that a violation of the provisions in the Model may be a crime subject to criminal and administrative penalties, not only for the offender, but also for the Company;
- c)* inform everyone operating with the Company that a violation of the provisions in the Model will result in specific penalties being imposed, or the termination of the contract;
- d)* confirm that the Company will not tolerate unlawful conduct of any type and regardless of its aim and, in any case, will not tolerate such conduct (also if the Company were to obtain an advantage), which goes against the business principles of the Company.

4.2. Construction and adoption of the Model

Also on the basis of the instructions set forth in Confindustria guidelines, in the months prior to activities to update the Model, NTC set up a Working Group consisting of resources from the Company supported by external professionals with specific competencies in relevant areas and subject to reference regulations. The purpose of this Working Group was to map risk areas, as well as identify and assess risks relating to the crimes covered by legislation, and the related Internal Control System. Based on the results of these activities, the Company set up this Model.

The drafting of this Model consisted of the following steps:

- a)* a preliminary examination of the company context, having interviews with informed persons within the company structure in order to identify and define the organization and activities carried out by company functions, as well as the company processes in which these activities are structured and actually take place;
- b)* the identification of areas of activity and company processes that are "at-risk" or instrumental to the commission of crimes ("**At-Risk Areas**"), based on the above preliminary examination of the company context;
- c)* the identification of the main risk factors for each at-risk area, as well as the identification, analysis and assessment of the adequacy of existing company controls;
- d)* the identification of points for improvement in the Internal Control System;
- e)* the alignment of the Internal Control System in order to reduce the risks identified to an acceptable level.

At the end of these activities, the Working Group defined a list of At-Risk Areas, i.e. the areas of the Company and/or company processes in relation to which, in the light of mapping results, there is an abstract risk of commission of crimes, amongst those specified in the Decree, abstractly associated with the type of activity carried out by the Company. In relation to these areas a specific Special Part of the Model (**Special Section 3 – At-Risk Areas and Existing Controls**) was drafted.

[omissis]

The Working Group therefore identified and analyzed existing company controls – "as-is" phase- and also identified improvement points, providing with the formulation of specific suggestions in order to define an action plan to manage the related issues.



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With reference to Italian Law no. 123/2007, which introduced liability for some types of crimes connected with the violation of occupational health and safety regulations, the organizational structure was specifically analyzed regarding the entire company structure - as suggested by the Confindustria Guidelines. This because in the event of crimes of manslaughter and serious and very serious injuries committed with violation of occupational health and safety regulations ("OHS"), it is not possible to exclude any area of activity beforehand, as these type of crimes may, indeed, impact anyone within the company. On a preliminary basis, the Working Group collected and analyzed relevant OHS documentation (including risk assessment documents, etc.), necessary to understand the Company's organizational structure and OHS-related areas, as well as to define activities in the sites analyzed. In this case as well, key people were interviewed. In particular, the Working Group also checked legal and similar requirements applicable to activities as well as the workplaces and workstations.

4.2.1. The idea of "acceptable risk"

In setting up a Model, like the one herein, the idea of acceptable risk must be taken into account. Indeed, to comply with provisions introduced by Italian Legislative Decree no. 231/01, a threshold must be established so that the quantity and quality of preventing measures be adopted to prevent the commission of the crime.

With specific reference to the sanctions system introduced by the Decree, the acceptability threshold is the effective adoption of an adequate prevention system which is such that it cannot be avoided unless intentionally, i.e. for the purposes of excluding the administrative liability of the entity, people committed the crime fraudulently evading the Model and controls adopted by the Company.

4.3. The structure of the Model

This Model consists of a "General Section" and a "Special Section".

The "**General Section**" contains an overview on applicable legislation, the Company's context and its activities, the governance system adopted, the system of delegated powers, procedures in place, the function of the Model adopted and its founding principles, the duties and functioning of the Supervisory Body, the information flows and whistleblowing channels, the sanctions applicable for violations, the information/communication/training activities for addresses of the Model and necessary updates.

The "**Special Section**" contains a description of the predicate crimes pursuant to Italian Legislative Decree no. 231/2001 considered significant for the Entity on the basis of the outcome of risk assessment activities and how the crimes could be committed, as well as the indication of general principles of conduct, the At-Risk Areas and related at-risk activities, the company functions potentially involved, as well as the specific organizational controls defined by the Entity for the purpose of prevention.

In particular, the Special Section has the following structure:

- ✓ **Special Section 1 - Relevant Crimes**, describing the crimes that may, in the abstract, be committed at NTC and how they could be committed;
- ✓ **Special Section 2 – Rules of Conduct**, describing the rules of conduct to observe, in order to mitigate the risk of crimes being committed;



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✓ Special Section 3 – At-Risk Areas and Existing Controls:

- indicating the At-Risk Areas (also instrumental, where identified) and related at-risk activities;
- the Departments/Divisions/Functions operating in each At-Risk Area (also instrumental, where identified);
- the main existing controls for each At-Risk Areas (also instrumental, where identified);
- the obligations of the Supervisory Body for the performance of its duties.

As regards categories of crimes considered relevant and therefore considered in the Special Part, a specific Risk Assessment was conducted to identify the crimes which are relevant for the Company as they may be potentially carried out in its interest or for its advantage.

In particular, the Working Group, on the basis of the examof documentation provided by the Company, has identified the types of crimes that may inabstract terms be committed in the performance of business activities, making a distinction for each type of predicate crime according to the “**risk of occurrence**” of each one in the company context (“**high**” – “**medium**” – “**low**” risk).

The results of the Risk Assessment -conducted, among other things, on the basis of an examination of the organizational structure, the specific business sector and internal control system - have been summarized in **Annex 2** to this Model and are reported in the **Special Section 1 – Relevant Crimes**, to which reference should be made for a more in-depth analysis of the types of crimes considered abstractly relevant and the related risk index. Considering also the number of crimes that currently constitute the basis for the administrative liability of Entities pursuant to the Decree, some were not considered relevant for the purposes of the construction of this Model, as the related risk of committing these crimes was only abstract and could not be presumed in practice.

In particular, following a careful assessment of the activities actually carried out by NTC and its background, the following categories of crimes were considered as **relevant** :

Ref. Article Italian Legislative Decree no. 231/01	Heading
Articles 24 and 25	Crimes against the Public Administration
Article 25-bis	Forgery of money, public credit instruments, revenue stamps and distinctive signs or instruments
Article 25-bis.1	Crimes against industry and trade
Article 25 ter	Corporate crimes
Article 25 quater	Crimes committed for the purposes of terrorism and subversion of the democratic order
Article 25 quinquies	Crimes against the individual
Article 25 septies	Crimes of manslaughter or serious or very serious personal injury through negligence committed in breach of the rules on occupational health and safety
Article 25 octies	Crimes of receiving, laundering and using money, goods or assets of unlawful origin, as well as self-laundering
Article 24-bis	Cyber crimes and unlawful data processing
Article 24-ter	Organized crime



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Article 10 Law 146/2006	Transnational crimes
Article 25-novies	Crimes relating to infringement of copyright
Article 25-decies	Inducement to refrain from making statements or to make false statements to the legal authorities
Article 25-undecies	Environmental crimes
Article 25 duodecies	Employment of illegally staying third-country nationals
Article 25 quinquiesdecies	Tax crimes
Article 25 sexesdecies	Smuggling crimes

The following types of crimes are considered as **not applicable** and/or **not significant** even if applicable to the NTC company context in the abstract terms (and therefore, they have not been referred to in the Special Section of the Model):

Ref. Article Italian Legislative Decree no. 231/01	Predicate Crime	Heading
Article 25- <i>quater</i> .1 Female genital mutilation practices	Article 583- <i>bis</i> of the Criminal Code	Female genital mutilation practices
Article 25- <i>sexies</i> Crimes of market abuse	Article 184 of Italian Legislative Decree no. 58/1998	Insider trading
	Article 185 of Italian Legislative Decree no. 58/1998	Market manipulation
	Article 187- <i>bis</i> of Italian Legislative Decree no. 58/1998	Insider trading
	Article 187- <i>ter</i> of Italian Legislative Decree no. 58/1998	Market manipulation
Article 25 <i>terdecies</i> Racism and xenophobia	Article 604- <i>bis</i> of the Criminal Code	Propaganda and instigation to commit a crime for reasons of racial, ethnic and religious discrimination
Article 25 <i>quaterdecies</i> Fraud in sporting events, abusive gambling or betting and games of chance exercised by means of prohibited devices	Article 1 of Italian Law no. 401/89	Fraud in sports competitions
	Article 4 of Italian Law no. 401/89	Unlawful gaming and betting
Law 9/2013 The liability of entities for administrative offenses resulting from crime in the production of virgin olive oil	Italian Law no. 9/2013	The liability of entities for administrative offenses resulting from crime in the production of virgin olive oil

This decision was taken considering the current structure of NTC, the activities currently carried out by the Company, as well as the type of crimes indicated.

In any case, the Company will continually monitor its activities in relation to the aforesaid crimes and legal developments affecting the Decree.



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If one of the above crimes becomes relevant, or the Lawmaker adds new crimes to the Decree, the Company shall assess the opportunity to updating this Model.

4.4. The documents included in the Model

For the purposes of this Model, all means already operating in NTC, including existing all the policies, procedures and rules of conduct, are expressly and fully referred to. These means are an integral and substantial part of this Model.

In particular, the protocols indicated below (hereinafter also referred to as "Protocols") form an integral and substantial part of this Model:

- the organizational structure, aimed at ensuring a clear and systematic assignment of duties and controlling the correctness of behaviours, as indicated in documents describing and assigning responsibilities and/or duties of Company staff operating in At-Risk Areas, and in particular, the **Organization Chart** and **Task Lists**;
- the organizational structure for occupational health and safety, which is integrated with the general structure and is specific to the sector in question;
- the system of delegation and powers of attorney, granted in line with responsibilities assigned, to ensure a clear and transparent representation of the company process of decision-making and implementation,
- the system of internal controls and procedures (including control of management and financial flows), aimed at ensuring adequate transparency and knowledge of decision-making and financial processes, as well as the conduct to be adopted by Addressees of this Model operating in At-Risk Areas;
- the certification issued to the Company, guaranteeing the application of procedures to ensure the proper performance of corporate activities;
- the Porsche Codes of Conduct, containing the fundamental principles of the Porsche Group to which the Company belongs, and the Guidelines on the conduct to adopt in relations in and outside the Company;
- the service agreements governing relations between the NTC and PAG/PEG/PIT and/or other Porsche Group subsidiaries;
- the Company's outsourced processes, namely the processes or parts of them outsourced through outsourcing agreements that do not relieve in any way company bodies and senior management of their respective liability;
- the Disciplinary System and related sanctions, to apply in the case of violation of the Model ("Disciplinary System")
- communication to and involvement of personnel in the Model, as well as their training.

It follows that the term "Model" not only refers to this document, but to all other documents and Procedures that will subsequently be adopted in accordance with its provisions and that will pursue the purposes indicated therein.



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5. THE COMPANY AND THE GOVERNANCE MODEL

5.1. The Company: Nardò Technical Center s.r.l.

NTC is a single-member company incorporated in Italy, leader in the supply of systems and services for testing and experimental engineering in the automotive sector, wholly owned by Porsche Italia S.p.A., a company incorporated in Italy, subject to the management and coordination of Dr. Ing. h.c. F. Porsche AG ("**PAG**"), with head office in Stuttgart (Germany) - the holding of the Porsche Group, wholly owned by Volkswagen AG.

The Company has its registered office in Nardò (Lecce), in the area of Fattizze - Santa Chiara, where NTC's proprietary testing tracks and systems are located.

Thanks to synergies with Porsche Engineering Group GmbH (a Porsche Group company with head office in Weissach (Germany), subject to the management and coordination of PAG, "**PEG**"), Nardò Technical Center combines consolidated experience in testing with know-how of complete vehicle development, offering an integrated suite of services for the entire automotive sector, from design and validation up to the production of any type of vehicle.

At a general level, NTC provides the following services:

- Expertise in development processes;
- Testing;
- Engineering;
- Ancillary services;
- Events.

5.2 NTC's governance system

NTC's governance model and, in general, the entire organizational system, has a structure designed to ensure the Company adopts strategies and achieves its objectives.

NTC's structure has been set up taking into account the Company's need to have an organization that can guarantee it the maximum operating efficiency and effectiveness.

[omissis]

6. NTC's ORGANIZATIONAL STRUCTURE

The Company's organizational structure is designed to ensure, on the one hand, the segregation of roles, duties and responsibilities amongst the different functions, and on the other, the most efficiency possible. The structure specifically defines the competencies of each Company's area and the related responsibilities. [omission]

The Company organization chart shows:

- the areas in which Company' activities are divided;
- the hierarchical reporting lines of individual company entities;
- the persons operating in each area and their organizational role.

[omissis]



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The Company also has specific job descriptions, indicating the specific mission of each function, summarizing the purposes and main areas of responsibility, as well as the hierarchical reporting lines.

[omissis]

7. THE ORGANIZATIONAL STRUCTURE FOR OCCUPATIONAL HEALTH AND SAFETY

In compliance with the provision of the Confindustria Guidelines, the Company' organizational structure complies with occupational health and safety legislation, with a view to eliminating and, where this is not possible, reducing, occupational health and safety risks.

The Company has drafted its Risk Assessment Report and set up an appropriate organizational structure on occupational health and safety, clearly and formally identifying the persons responsible for occupational health and safety.

8. CERTIFICATION GAINED BY THE COMPANY

The Company has decided to adopt management systems developed in keeping with its own organizational structure, considering the specific activities carried out and particular aspects of its operating market, with the specific aim of implementing and maintaining an effective management of internal processes, so as to guarantee services that can meet Customers' expectations, and also comply with applicable legislation, while respecting health and safety and the environment.

The Company and management systems adopted are reviewed annually to ensure their compliance with planning and applicable legal requirements.

Specifically, NTC is a company certified according to the most recent standards on:

- monitoring, supervising and updating company procedures (Quality Management System);
- occupational health and safety management;
- environmental management.

The requirements of the above standards ensure a good level of consistency between the Management System and the Model. For example, the identification and analysis of "risk", and consequent definition of actions to prevent this risk are some of the most fundamental aspects of the above standards and, at the same time, are particularly important for taking a cautious approach to preventing risks of predicate crimes being committed.

Following this approach, a Management System that has been effectively designed, implemented and above all, planned by the organization adopting it to provide real support for operations, is already capable, for the most part, of meeting many of the requirements set out in Italian Legislative Decree no. 231/2001.

Besides, the standards followed when designing and implementing the System adopted by the Company may be considered to all effects as "best available techniques" at an organizational level for managing the Quality and Environment-related aspects of an organization or business.



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9. THE SYSTEM OF DELEGATIONS AND POWERS OF ATTORNEY

[omissis]

The level of autonomy, power of representation and limits of expenditure assigned to various persons with delegated powers within the Company are always identified and determined consistently with the hierarchical level of the addresses, within the limits strictly necessary to carry out the duties and tasks the powers of attorney are for.

Powers of attorney are always formalized via notary deeds and disclosed to the addresses to ensure their full knowledge and acceptance. Moreover, powers of attorney with external relevance are registered with the competent Company Register Office.

Each powers of attorney shall indicate the following information:

- the delegating party and source of his or her power to delegate or grant powers of attorney;
- the delegated party, with explicit reference to the function assigned, and the connection between the delegations and powers of attorney and organizational position held by the delegated party;
- the subject of the powers, consisting of a list of the types of activities and documents for which the delegation/power of attorney is granted. These activities and documents are always functional to and/or strictly related to the responsibilities and functions of the delegated party;
- value limits within which the delegated party may exercise the powers granted. This value limit is determined based on the delegated party's role and position within the company organization.

As regards delegations and powers of attorney, in line with company policies (i.e. the segregation of duties and four eyes principles), the same delegated party may not for the same transaction:

- authorize a commitment and provide authorization for payment;
- commit and provide authorization for payment;
- commit and make/collect the payment;
- provide authorization for payment and make/collect the payment.

Moreover, in accordance with internal control principles set forth in Company' policies:

- Delegated parties, regardless of the delegations granted to them, may not authorize a commitment nor confer a note for payment on their behalf, nor exercise a power if they have a direct or indirect personal interest in the resulting transaction;
- Deed of authorizations for commitment and of commitment for the same transaction are separate, and must usually be executed by different and independent individuals;
- there must always be two people in the commitment process (from preparing the commitment - the initial application - up to the commitment itself). If the requesting party and holder of the commitment authorization power are the same person, the request shall be formally approved by the authority at the



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higher hierarchical level, even if the amount in question is below the commitment authorization threshold of this person.

10. THE SYSTEM OF PROCEDURES

In compliance with Confindustria Guidelines, NTC has put in place a system of procedures, which include **Group Procedures/Directives** (applicable to all Porsche Group companies, including NTC) and local **Procedures/Directives**.

The procedures adopted by the Company and at Group level, including IT procedures, consist in the rules to be followed in company processes concerned, in order to ensure the processes are fair and effective and also prevent the commission of crimes within the Company.

In general, internal procedures and practices adopted by the Company are based on the following principles:

- ✓ the definition and implementations of entuty decisions must be based on the utmost transparency and approval by multiple parties;
- ✓ technical/operating functions must be kept separate from accounting and control functions;
- ✓ internal procedures, where possible, shall also be characterized by the segregation of roles, with particular reference to control functions, that shall be kept separate from decision-making and operational functions;
- ✓ process traceability must be guaranteed;
- ✓ the principle of transparency must be respected, consisting of the visibility given of procedures within the company and the entire set of rules governing them, as well as the duty of communication and notification of significant decisions amongst the various Company' functions;
- ✓ bonus systems based on objectively attainable performance targets must be modeled according to standards previously planned by competent functions.

Each procedure shall include, among others: the roles and activities involved in the process, a description of activities, operating controls, responsibilities for updates/alignment. Documents on procedures are adopted and/or updated, adequately notified to Departments/Functions/Divisions concerned through specific communication and training activities, and are made available to all Company staff on the company intranet and/or local internal network (the Directory).

The main procedures adopted by the Company (which are an integral and substantial part of this Model) include those governing activities in relation to the following risk profiles:

Anti-corruption: [omissis]

Privacy: [omissis]

Anti-trust: [omissis]

Tax: [omissis]

Anti-Money Laundering: [omissis]



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The Company aims to implement integrated information systems, which segregate functions, a high level of standardization in processes and the protection of process information, with reference to management and accounting systems, as well as systems supporting operating activities related to the business.

So in this context, the Company ensures compliance with the following principles:

- ✓ promoting the involvement of various people, to ensure an adequate segregation of duties by separating functions;
- ✓ adopting measures ensuring that all operations, transactions and actions are verifiable, documented, consistent and appropriate;
- ✓ requiring the adoption of measures to document controls on operations carried out and/or actions taken.

[omissis]

11. MANAGEMENT CONTROL AND FINANCIAL FLOWS

NTC's management control system ("**Management Control**") provides mechanisms for the audit of resources management, which must guarantee expense verifiability and traceability, as well as the efficiency and cost-effectiveness of company activities, in order to achieve the following objectives:

- ✓ defining in a clear, systematic and recognizable way the resources (monetary and otherwise) available to each Department and the functions and the scope within which such resources may be used, by planning and defining the budget;
- ✓ identifying any deviations from the budget based on actual monthly situations, analyzing the relative causes and reporting the assessment results to appropriate hierarchical levels for the required adjustments;
- ✓ preparing interim forecast statement in which the initial planning defined in the budget is reviewed based on deviations identified in actual budget analysis;
- ✓ controlling and monitoring expenditure trends related to marketing and sales activities, in terms of costs incurred.

12. CODES OF CONDUCT

Relationship between NTC's Model and Porsche Group's Codes of Conduct

An essential element of the preventive control system is the adoption of a Code of Ethics, a measure adopted independently and to be applied generally in order to express the principles of "business ethics" acknowledged as the organization's own, and require compliance from all employees.

With the intention of carrying out company activities on a lawful basis, NTC has adopted as its Code of Ethics the "**Porsche Code of Conduct**". With this code, Porsche has disseminated guidelines on legal compliance and ethics to all its *subsidiaries*, with a view to "prevention" based on "zero tolerance" of the commission of crimes - a principle embraced by the Porsche Group (**Annex 3**).



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With specific reference to relations with suppliers, consultants, sales agents and business partners, and strategic stakeholders of the Company and Group, NTC has also adopted the “**Porsche Code of Conduct for Business Partners**”, which sets out specific principles of conduct to be adopted by business partners, also for their employees and any sub-contractors (**Annex 4**).

Hereinafter the Porsche Code of Conduct for employees” and the “Porsche Code of Conduct for Business Partners”, considered collectively as the “**Porsche Codes of Conduct**”.

The Model and Porsche Codes of Conduct are strictly related and should be considered as a single set of rules adopted by the Company to promote high moral standards, fairness, honesty and transparency - which NTC believes in and aligns its activities to.

Specifically, the Model, with provisions that in any case are consistent with and compliant with the ethical principles set forth in the above documents, specifically meets the needs of the Decree and therefore meant to prevent the commission of the types of crimes contemplated in Italian Legislative Decree no. 231/2001.

In any case the Porsche Codes of Conduct affirm principles suitable for preventing unlawful conducts as per Italian Legislative Decree no. 231/2001 and therefore are relevant for the purposes of the Model as well and is complementary to it.

The Porsche Codes of Conduct are general instruments which establish the conducts that the Group, as a whole, promotes and encourages, and complies and ensures compliance with in the performance of the business activities of its Companies, in order to protect its reputation and image on the market.

The Porsche Codes of Conduct - to which reference is made - reflect, in summary, the “ideal social contract” of a business with its stakeholders and define the ethical criteria adopted in balancing their expectations and interests.

The Porsche Codes of Conduct comply with the principles of Confindustria Guidelines and contain the fundamental Group principles and the Guidelines on the conduct to adopt in the internal and external relations of Group Companies.

For the purposes of the Decree, it is highlighted that such principles aim, inter alia, to prevent the commission of crimes – whether or not they are contemplated by the Decree - within NTC, as well as a conduct that is not aligned with the ethical expectations of the Porsche Group.

13. THE DISCIPLINARY SYSTEM

13.1 Purposes of the disciplinary system

NTC considers compliance with the Model to be essential.

On the assumption that the violation of rules and measures imposed by the Company to prevent the crimes set forth in the Decree harms the relationship of trust established with it, in compliance with Articles 6, para 2, letter e) and 7, para 4, letter b) of the Decree the Company has adopted a penalty system (“**Disciplinary System**”), to be applied if rules established in the Model are violated.



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In compliance with Article 6, para 2-bis, letter d) of the Decree, the Disciplinary System establishes (among others) specific sanctions for individuals violating the protection measures adopted by the Company for whistleblower reporting unlawful conduct which is relevant pursuant to the Decree, to protect the integrity of the Entity, and for persons carrying out reports with malice or false reports that prove to be unfounded, with malice or gross negligence, solely to damage or otherwise harm one or more employees of the Company.

For the Company to apply the penalties set forth therein, the establishment of any criminal proceedings and their conclusion are not necessary, as the rules and measures set forth in the Model are adopted by NTC in full autonomy, regardless of the crime that any conduct may result in.

Attempts and, in particular, conduct or omissions unequivocally aimed at violating the regulations and rules established by NTC are also sanctioned, even if the action is not completed or the event does not occur for any reason whatsoever.

A brief description of the penalty system adopted by the Company is provided below, while reference is made to the related document for details (**Annex 5**).

13.2 Penalty system for employees (subordinates)

[omissis]

13.3 Sanctions against Top Management

[omissis]

13.4 Measures against persons holding company officers

[omissis]

13.5 Measures against Third Parties

The compliance of third parties with the rules of the Model (only as regards applicable aspects on a case by case basis) and with the principles of the Code of Conduct is ensured by specific contract clauses.

Any violation by Third Parties of the rules in the Code of Conduct and the Model (the latter only as regards applicable aspects on a case by case basis), or any commission of crimes contemplated in the Decree by such parties will be sanctioned not only in accordance to the provisions of the agreement entered into with them, but also via the appropriate legal actions for the protection of the Company.

14. TRAINING, COMMUNICATION AND DISSEMINATION OF THE MODEL

14.1 Communication and involvement regarding the Model and related Protocols

The Company encourages the utmost dissemination of the principles and provisions set forth in the Model and related Protocols, both in and outside the Company.

[omissis]



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NTC will not entered into or continue any relationship with a parties that does not intend committing to the principles of the Model (the latter only as regards aspects applicable from time to time).

14.2 Training on the Model and related Protocols

In addition to activities related to informing addresses, the Company ensures periodic and continuous personnel training.

In turn, the SB must promote and monitor the Company's implementation of initiatives aiming to promote a adequate knowledge and awareness of the Model and related Protocols in order to increase a culture of ethics and control within the Company.

In particular, the principles of the Model must be explained to company resources through dedicated mandatory training activities (e.g. courses, seminars, questionnaires, etc.), scheduled by preparing specific training plans, implemented by the Company.

Courses and other training initiatives on Model principles must be differentiated based on the role and responsibilities of the resources involved, i.e. by providing more intensive training with higher-level of detail for Top Management personnel according to the Decree, as well as for persons operating in areas considered to be "at direct risk" according to the Model.

Specifically, the contents of training sessions must include a section on the Decree and on the administrative liability of entities (regulatory sources, crimes, sanctions against natural persons and companies, and exemptions) and a specific section on the Model (reference principles for adoption of the Model pursuant to the Decree and the General and Special Sections of the Model).

Evidence and adequate documentation on attendance of training courses must be kept.

15. THE SUPERVISORY BODY

15.1 Composition and appointment

NTC has opted for a joint composition for the Supervisory Body, considering its aims as established by law, and the size and organization of the Company.

[omissis]

15.2 The Regulation

[omissis]

15.3 Termination of office

[omissis]

15.4 Requirements

In compliance with provisions in Article 6, para 1 of the Decree, the Supervisory Body is responsible for supervising the functioning of and compliance with the Model and handling its updating, and is vested with autonomous powers of initiative and control.



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To effectively perform these functions, the Supervisory Body must meet the following requirements:

- autonomy and independence, as:
 - there is no interference and/or influence by subjects within NTC over the control activities carried out by the SB;
 - the SB reports directly to Top Management, and namely the Board of Directors, with the possibility of reporting directly to Shareholders and Auditors;
 - it does not have operating duties, nor takes part in decisions and operating activities, in order to protect and ensure its objective judgement;
 - it has adequate financial resources necessary to correctly perform its activities;
 - the SB defines and adopts internal rules on its functioning;
- professionalism, as the professional profiles on the Supervisory Body ensure different expertise in auditing and control system analysis, as well as legal expertise; to this end the Supervisory Body may also be assisted by company functions and internal resources, as well as external consultants;
- continuity of action, as the Supervisory Body is an ad hoc body exclusively dedicated to supervising the functioning of and compliance with the Model;
- integrity and absence of conflicts of interest, with the meaning given by Law, with reference to Board of Directors and members of the Board of Statutory Auditors.

The Board of Directors assesses the above requirements and operating conditions and ensures that the SB members meet the requirements of integrity and expertise, and do not have conflicts of interest, in order to further ensure the SB's autonomy and independence.

15.5 Functions, activities and powers of the Supervisory Body

In compliance with provisions in Article 6, para 1 of the Decree, NTC's Supervisory Body is responsible for supervising the functioning of and compliance with the Model and handling its updating.

Therefore, the SB generally has the following duties:

- control and supervision of the Model, i.e.:
 - assessing the adequacy of the Model, in order to prevent the occurrence of unlawful conduct, as well as to identify any unlawful conduct that has taken place;
 - assessing the effectiveness of the Model, i.e. the consistency between actual conduct and the conduct formally required according to the Model;
- updating the Model, i.e.:
 - working to ensure that the Company updates the Model, proposing to the Board of Directors or relevant company functions the Model's alignments if necessary to improve its adequacy and effectiveness;
- information and training on the Model, i.e.:
 - monitoring initiatives aimed at promoting the dissemination of the Model with persons required to comply with its provisions (the "Addressees");



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- monitoring initiatives, including courses and communications, aimed to promote an adequate knowledge of the Model by all Addressees;
- assessing requests for clarifications and/or advice received from company functions or resources, or from management and control bodies, if related to and/or connected with the Model;
- managing information flows and whistleblowing flows (as indicated herein) to the SB, as well as its information and reporting activities:
 - specifically ensuring that subjects concerned meet all reporting obligations concerning compliance with the Model;
 - reviewing and assessing all information and/or reporting received and related to compliance with the Model, including information on any violations thereof;
 - informing competent bodies, as indicated below, about activities carried out, related results and planned activities;
 - reporting any violation of the Model and the persons responsible, to relevant bodies, for suitable measures to be taken, also suggesting the sanction considered most appropriate for the specific case.
- follow-up activities, i.e. verifying the implementation and effective functioning of proposed solutions.

[omissis]

15.6 Information flows and violations report to the Supervisory Body (whistleblowing)

The SB, as a body responsible for supervising the functioning of and compliance with the Model, receives:

- a) information flows ("**Information flows**"), that are either periodic or ad hoc (per event), from the persons in charge of at-risk activities contemplated in the Model, and concerning:
 - i. relevant information on at-risk activities in their area of responsibility;
 - ii. information on the Company's activities, including but not limited to: information concerning organizational changes or company procedures in force; updates to the system of delegated powers; any communication that may indicate a lack of internal controls; decisions regarding the application for, disbursement and use of public funding; periodic reporting on occupational health and safety, as well as data on workplace accidents at the Company; the results of any internal audits conducted to verify actual compliance with the Model;
 - iii. justified indication of any proposal to change prevention protocols, in particular regarding changes to how activities identified in the Model as at-risk are carried out;
 - iv. the results of any internal audits conducted to verify actual compliance with the Model and Code of Conduct;
 - v. any suggestions/additions to consolidate the Model implemented in accordance with the Decree.

The purpose of the information flows to the Supervisory Body is to facilitate and improve its control planning and do not require it to systematically and specifically checks of the event reported;



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b) tips on unlawful conduct relevant pursuant to the Decree (hereinafter only “**Whistleblowing report(s)**”), made promptly and/or on an occasional basis, concerning any actual or suspected violation, that may result in:

1. fraud or mismanagement;
2. corruption;
3. a criminal relevant offense;
4. the violation of any law, regulation or policy and procedures issued by the Company;
5. violations, even potential, of the Model, including but not limited to:
 - any orders received from a superior and considered to be in contrast with the law, internal regulations or the Model;
 - any requests or offers of money, gifts (in violation of company rules and procedures), or other benefits from or for public officials or public servants;
 - any omissions, negligence or falsification in accounting records or in the retention of documents on which accounting records are based;
 - measures and/or notices from the judicial police bodies or any other authority indicating that investigations are being conducted that concern, also indirectly, the Company or its employees;
 - any reports, not promptly followed up by relevant functions, concerning gaps or inadequacies in workplaces or equipment, or personal protection equipment made provided by the Company, or any other dangerous situation relating to occupational health and safety.

Personnel and everyone operating in the name and on behalf of NTC who become aware of information about the commission of crimes within NTC or practices not in line with the rules of conduct and principles of the Code of Conduct are required to promptly inform the Supervisory Body.

Whistleblowing reports in any case:

- must concern situations which the person directly becomes aware of. Disclosures therefore refer to information obtained in an official capacity, but also while and/or because of carrying out work duties, even by chance;
- must be based on facts that are precise and consistent. On this point, it should be noted that it is not necessary for the person making the disclosure to be sure of the actual occurrence of the facts reported and the person involved, as it is sufficient, based on their knowledge, for them to consider that it was highly unlikely that an offense took place;
- must refer to: infringements of applicable laws or regulations; violations of the Model or procedures or related documents or documents referred to therein; conduct and/or practices not in line with the provisions of the Code of Conduct.



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Whistleblowing reports shall be as specific as possible and with details that indicate the functions and situations referring to given contexts.

The aspects described must be such as to allow for the facts to be easily reconstructed and subsequently checked.

By way of example, these elements may include:

- a clear and complete description of the facts reported in the Whistleblowing report;
- the time when and place where the reported facts took place;
- general details or other information making it possible to identify the person that allegedly adopted the conduct (e.g. the qualification or sector where the activity is carried out);
- information about any other subjects able to report on the facts reported;
- any documents that may confirm the grounds of the facts reported;
- any other information that may be useful to help in establishing and verifying the existence of the facts reported.

16. COMMUNICATION CHANNELS AND WHISTLEBLOWER PROTECTION

In order to identify and contrast possible offenses and disseminate a culture of ethical integrity and legality at local level, NTC - in compliance with Porsche Group guidelines - has adopted **Porsche Directive P50 - NTC "Whistleblowing System"** (Reference Document 1), which regulates the management of Whistleblowing reports within the Company.

In compliance with the Directive P50, Employees are required to report tips on violations , forwarding Whistleblowing reports to the Local Whistleblowing Office, i.e. the Local Compliance Help Desk managed by the Local Compliance Officer (LCO) of the Company.

In addition to the local Compliance Help Desk managed by the LCO, tips on unlawful conduct and violations of the Company's Model may be reported to the SB by email to: organismodivigilanza231@porsche-nardo.com or by ordinary mail to the Company's postal address, with a communication sent for the attention of the SB.

Local Whistleblowing Office

E-Mail compliance@porsche-nardo.com	Address Nardò Technical Center S.r.l. Località Fattizze 73050 - Santa Chiara di Nardò (LE) Italia
Phone +39 0833 877 766	

Supervisory Body pursuant to Legislative Decree 231

E-Mail organismodivigilanza231@porsche-nardo.com	Address Nardò Technical Center S.r.l. Località Fattizze 73050 Santa Chiara di Nardò (LE) Italia
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The SB forwards the Whistleblowing reports received for further management to the LCO and is promptly informed by the latter about the results of the investigation and measures taken by the Company.

All Whistleblowing reports concerning a (potential) serious violation (as defined in the **Porsche Directive P50 - NTC "Whistleblowing System"**) are submit to the Investigation Committee of Porsche AG for further controls.

The reporting systems described, save for any legal obligations, the protection of the rights of the Company and of persons wrongly accused or accused in willfully or with gross negligence (so-called bad faith report), guarantee:

- the protection of the confidentiality of the identity of the Whistleblower and of persons suspected of a violation ("Implicated Person"). To this end, the SB and/or other subjects involved in managing Whistleblowing reports are required to:
 - indicate the identity of the Whistleblower only after his/her written consent or when knowledge of the Whistleblower is essential for the defense of the Implicated Person,
 - separate the data identifying the Whistleblower from its contents, so that the Whistleblowing report can be processed anonymously and may be subsequently associated with the Whistleblower only where strictly necessary;
- the protection of the Whistleblower from retaliation, discrimination or unfair conduct as a result of the Whistleblowing reports.

To this end, direct or indirect measures of retaliation or discrimination against the Whistleblower, including changes of responsibilities pursuant to Article 2103 of the Civil Code, for reasons related, directly or indirectly, to the Whistleblowing report are prohibited. Moreover, the adoption of discriminatory measures against the Whistleblower may be reported to the National Labor Inspectorate for measures in its responsibility.

17. MODEL UPDATING

The SB is also responsible for reporting the need to update the Model to the Board of Directors. Updating are required, by way of example only, as a result of changes in organization and operating processes, significant violations of the Model and new legislation.

Communication and training on Model updates must follow the procedures required for approval.