



**INTEGRA LIFESCIENCES ITALY S.R.L.**

**Model of Organization, Management and Control**

*(pursuant Italian Legislative Decree 231/2001)*

*[TRANSLATED FROM THE ORIGINAL ITALIAN VERSION]*

**Special Part F**

**Human Resources Management**

## 1. Special Part Aim

This Special Part aims to define do's-and-don'ts as well as control activities that all Addressees are required to adhere to and execute whenever operating within activities and process listed in subsequent chapter 2, for the purpose of *i)* preventing the risk of specific "231" relevant crimes commission as well as of *ii)* assuring correctness and transparency in conducting business activities.

In addition, this "Special Part" aims to provide Supervisory Body and all other control bodies with relevant information to perform their control activities.

Addressees should adhere to each of the extent applicable:

- Model of Organization, Management and Control, General Part;
- Standard of Business Conduct and Ethics;
- Delegation of Authorities in place;
- each and all other Company and Group documents addressing activities relevant for the Italian Legislative Decree 231/2001 compliance.

In general, all actions and behaviors in violation of existing and valid laws are forbidden.

## 2. Special Part Scope

This Special Part and, specifically, do's-and-don'ts as well as control activities detailed in subsequent chapters, apply to all Integra managers, employees and other professionals involved with the below listed processes:

- Human Resources selection and hiring;
- Human Resources management:
  - payroll and admin management;
  - benefit management;
  - bonus / MBO management;
  - Career advancements and salary increase management;
- Management of training financed with Public Administration found;

Please note that specific activities are performed outside Integra Lifesciences Italy S.r.l.:

- EMEA Talent Acquisition Department, Corporate department responsible for supporting new hiring selection;
- Payroll Specialist Department, Corporate department responsible for employee's master data update and Payroll provider coordination;
- Payroll provider, external provider responsible for payroll, payslips and other tax and retirement duties;

- Corporate Comp&Ben Department, Corporate department responsible for defining Comp&Ben guidelines for entire Integra Lifescience Group.

### **3. Applicable 231 crime**

231 crimes theoretically applicable to Integra Lifesciences Italy S.r.l. are the following:

- offences against the Public Administration (artt. 24 and 25 Leg. D. 231/2001);
- corporate offences (including corruption between private parties) (art. 25-ter Leg. D. 231/2001);
- use of illegal immigrant workers (art. 25-duodecies Leg. D. 231/2001);
- tax crimes (art. 25-quinquiesdecies Leg. D. 231/2001).

### **4. Do's-and-don'ts**

All Addressees must:

- in general, ensure that human resources management activities are conducted in compliance with the legal provisions and regulations in force (e.g. Workers' Statute ("Statuto dei lavoratori"), Text on Immigration ("Testo unico sull'immigrazione"), Text on Health safety at work ("Testo unico sulla salute sicurezza sul lavoro"), tax legislation in force, etc.);
- select employees and associates on the basis of technical, ethical and behavioural eligibility; selection must follow transparency criteria in assessing skills, competences and potential;
- ensure that evidence of proper selection process followed exist;
- verify employees and associates to-be background so to hire only those with good reputation, involved in legitimate business and whose ethic culture is aligned with Integra's;
- ensure that no form of discrimination is put in place, with particular reference to those related to age, sex, sexual orientation, race, state of health, nationality, political opinion and religious belief;
- ensure that economics offered to the employee / associate are in line with the role and responsibilities to be assigned;
- ensure that all employment and association relation are formalized within a contract / letter, stating economics, to be authorized by properly delegated personnel, since no form of employment relationship is allowed that does not comply with or circumvents the current regulatory provisions;
- ensure that work conditions are respectful of personal dignity, equity and workplace adequacy;
- comply with applicable laws and regulations on working hours, holidays, days offs, contributions;
- hire employees and collaborators in full compliance with current labour regulations (e.g. social security and welfare contributions, residence permits, etc.);
- ensure all documentation related to selecting and hiring foreigners is archived;

- ensure that benefits, MBOs and bonuses assigned to employees and associates are coherent with their role and responsibility;
- ensure that career advancements are based on meritocracy criteria only;
- ensure that compulsory fulfilments for payroll computation are executed with due diligence and professionalism to provide true, accurate and complete information and allow for transparent, collaborative, fair and lawful relations with Public Administration Officers;
- manage business trips and expense reimbursements authorization and control following value-for-money and transparency criteria, in line with fiscal laws and internal regulations, there including those on payment instruments, payments traceability, anti-money laundering;
- request / acknowledge reimbursements of labour-related expenses only;
- assure that reimbursements take place only after proper receipts presentation;
- assure traceability over authorizations and control activities performed regarding business trips and expense reimbursements;
- support entertainment expenses only for lawful ends, following transparency, value-for-money criteria;
- ensure that relations with Public Administrations providing funding for employees and associates training and development purposes are managed in absolute compliance with applicable laws as well as Standard of Business Conduct and Ethics;
- ensure that relations with Public Administrations are managed by those properly delegated only;
- ensure that documentation addressed to Public Administration are drafted by competent personnel and contain complete, true and correct information only;
- ensure that documentation addressed to Public Administration are preliminary reviewed and approved by personnel properly delegated only;

ensure that funds made available by Public Administration are employed only for the purpose they were obtained through an adequate and rigorous reporting activity. It is explicitly forbidden to:

- hire, promise to hire or facilitate the hiring of people recommended or near (e.g. relative, known to) a public administration officer in exchange for favours or undue concessions (e.g. favourable inspection closing);
- hire, promise to hire or facilitate the hiring of people linked to criminal conspiracies in exchange for advantages for the Company;
- hire, promise to hire or facilitate the hiring of people linked to target clients in exchange for their unfaithful and/or detrimental behaviours against such target clients (e.g. providing confidential information over such target clients);
- give, offer or promise, directly or indirectly through third parties, under whichever form (e.g. sponsorships or donations), payments or other benefits to Trade Unions representatives or to people near to them, to influence their behaviour and ensure advantages to the Company;

- correspond or promise money or other benefits to a third party or a person attributable to it, in order to ensure undue advantages of any kind to the Company, thanks to the intermediation that can be exercised against public administration officers;
- offer, or just promise, money or other benefits as remuneration for an illegal intermediation activity carried out by a third party that has existing or even alleged relationships with a public official;
- pay salaries clearly non-aligned to comparable ones or non-proportionate to the quantity and/or quality of activities involved;
- employ foreign personnel without a valid residence permit;
- over exploit work force;
- promise or grant promises of hiring personnel in exchange for actions in violation of laws as well as internal regulations;
- amend master data with fake employees / associates so to create out-of-the-books resources or other benefits, also of fiscal nature;
- hire personnel, either temporary or permanent, in violation of existing labour laws (e.g. in terms of social contribution, permits, etc.);
- report untrue or hide true information regarding the Company economic, property and financial situation to Public Administration;
- promise or give benefits / bonuses / career advancements / salary rises in exchange for activities performed in violation of laws and/or internal regulations;
- promise or give benefits / bonuses / career advancements / salary rises to personnel near or appreciated by Public Officers and/or a third party with whom the Company is in relations with in violation of the real Company needs and/or not reflecting meritocracy criteria;
- include untrue, imprecise or incomplete data in documentation sent or shared with the Public Administration regarding payroll;
- authorise reimbursement to employees or associates of expenses with no link to their business activity or in case of proper receipts absence;
- support entertainment expenses that may be considering exceeding ordinary business and courtesy practices and limits: prepare and present untrue declarations or evidences for obtaining funds for workforce training and development;
- behave untruly towards Public Administration so to induce it in mis-assessing the Company funding requests;
- promise or give money or other benefits to (such as hiring, consulting engagements, etc.) to Public Officers or people near them in order to obtain undue funds;
- establish employment, collaboration or consultancy relationships for purely fictitious activities or with contractual provision of remuneration artfully higher than the consideration actually due for the activity provided, in order to account for, in whole or in part, non-existent costs, with a

view to achieving undue savings in tax expenditure, or for the purpose of creating extra-accounting availability, black funds or parallel accounting or, again, in order to use, transfer, replace or conceal financial resources of illicit origin;

- correspond to employees and executives emoluments lower than those indicated in the certification accounted and used to deduct the related cost, in order to achieve undue savings in tax expenditure.

## 5. Human Resources selection and hiring

- Here follow the control activities to be put in place within Human Resources selection and hiring process. Corporate Financial Planning & Analysis Function is responsible for budgeting;
- vacancies are opened in the system (iCIMS) according to the Head Counts identified in the budget;
- personnel selection and hiring is performed by EMEA Talent Acquisition Department together with the requesting local department and HR Department;
- personnel hiring request is verified against the approved budget and then authorized by Finance Department;
- requesting local department Head submits new employees request to EMEA Talent Acquisition Department through the dedicated system (iCIMS);
- the opening of vacancies in iCIMS with the aim of starting the research activity for the profile to be assumed is subject to system approval, according to the 3 levels of approval required;
- Corporate HR Department assesses new employees' requests validity and activates the search on the market (web platforms mainly);
- EMEA Talent Acquisition Department provides to requesting local department a short-list of candidates identified on the basis of the needs mentioned;
- requesting local department and local HR Department interview candidates to assess technical and behavioural elements;
- the interview results as well as the reasons behind them are formalised by those who have interviewed the candidates;
- for the purpose of hiring, HR Department collects relevant candidate documentation (e.g. identity documentation, fiscal code, bank information, etc.) assessing its validity;
- in case of foreigner candidates, HR Department (supported by the Payroll Provider) verifies the validity of the residence permit;
- hiring is formalized through a letter of employment / contract, elaborated on the basis of templates defined by the employment consultant and signed in line with the delegation of authorities in place;
- HR Department requires candidates to positively acknowledge knowledge of Italian Legislative Decree 231/2001 and future respect of the Standard of Business Conduct and Ethics and of the Model by signing a specific clause.

## 6. Human Resources management

Here follow the control activities to be put in place within Human Resources management process.

### Payroll and admin management

- Employees and associates master data creation and update within the ERP (iCIMS) is a Corporate Payroll Specialist Department responsibility, pursuant a Service Level Agreement between the parties;
- data transfer in the Group management system is automatically made via batch;
- Local HR is responsible for data creation and update for payroll and payslip purposes within the ERP;
- variable items (e.g. holidays, rests, etc.) are approved by each Head of Department via ERP;
- local HR verifies payslips accuracy before their issuance in the Payroll provider dedicated portal;
- Payroll Provider, on the basis of the information specified in the above-mentioned systems and transmitted by Payroll Specialist for Country Italy and Global Payroll, calculates payroll and related social and fiscal contributions and drafts payslips and F24;
- HR Department (supported by Payroll Provider) periodically monitors foreign employees and associates residence permits expiration.

### Benefit management

- Benefits are attributed based on role and level within the Company;
- benefits are defined at hiring (and, in case, updated during career progressions) and their attribution is formalized in writing; hiring letters / contracts are signed in line with delegation of authorities in place;
- hiring letter / contracts define do's and don'ts to be followed by receiving personnel;
- corporate credit cards (corporate billing) are employed only for business-related expenses payment; each and every expense need to be properly justified by receipts, in line with "Travel and Expense" Policy;
- for benefits related master data amendments, please refer to previous bullets.

### Bonus / MBO management

- Incentives plans are attributed based on role and level within the Company;
- bonuses are defined by Corporate Comp&Ben Department for employees entitled to year-end bonus
- bonuses linked to sales performance for employees entitled to quarterly "sales incentives" are defined by Corporate Commercial Operations Department;
- targets are shared with the entitled person, managed through People Fluent tool and traced in the ERP system;
- local HR facilitates communication and oversees the entire process;

- target achievements are annually attested by the hierarchical manager of the resource, supported by the competent corporate structures and local HR;
- targets are both Company-wide and individual;
- for Bonus / MBO related master data amendments, please refer to previous bullets;
- for benefits related master data amendments, please refer to previous bullets.

#### Career advancements and salary increase management

- Career advancements may result from an internal application in light of new open positions and/or an advancement proposal by the Head of Department the employee / associate reports to; in both cases, career advancements must be discussed with Local HR;
- consequent salary increases are discussed by HR in agreement with the Global Compensation Function and finally included in the Group's management system for approval by HR International;
- proposals are evaluated according to three progressive levels of approval, from local to international;
- contracts modifications are formalized by Local HR Department, supported by Payroll Provider. Modified contracts must be undersigned by the parties and in line with the delegation of authorities in place;
- for career advancements and salary increases related master data amendments, please refer to previous bullets;
- all relevant documentation, highlighting process and critical decision must be duly archived by the competent function.

## **7. Management of training financed with Public Administration found**

Here follow the control activities to be put in place within management of training financed with Public Administration found:

- local HR function provides for the preparation of a training and selection plan for initiatives in coherence with public tenders in which the Company can participate;
- the relevant documentation of the present process (e.g. in the matter of financing or documentation, documentation relating to the reporting of the loan received, etc.) is prepared by local HR, supported by an external Company (e.g. employment agency), and verified by people in charge;
- the relevant documentation of the present process is formally authorized by people with appropriate powers, in line with the system of powers of attorney and delegation;
- the loan agreement is signed by parties with appropriate powers, in line with the system of powers of attorney and delegation in place;
- local HR function compares the reporting of the loan with the supporting documentation (e.g. cost of internal work, purchase orders, credit transfers, etc.) and verifies the consistency with the financed program and the accounting advance compared to actual;

- all relevant documentation, highlighting process and critical decision must be duly archived by the competent function.