ORGANISATION, MANAGEMENT AND CONTROL MODEL

UNDER LEGISLATIVE DECREE NO. 231/2001

soilmec

ACRONYMS	DESCRIPTION
BoD	Board of Directors
CEO	Chief Executive Officer
SB	Supervisory Board (Leg. Decree 231/2001)
IA	Internal Audit
MOG	Organisation, management and control model

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UPDATES OF THE ORGANISATION, MANAGEMENT AND CONTROL MODEL

REVISION NO.	DATE	DESCRIPTION OF UPDATE	DRAFTING	APPROVAL
0	24/03/2011	First issue.	Workgroup	Board of Directors of 24/03/2011
1	01/10/2012	Second Issue For the integration of environmental crimes and the employment of illegally staying third-country nationals.	231 Model Development Manager	Board of Directors of 14/11/2012
2	31/12/2012	Third issue for the integration of the offences of extortion by inducement and bribery between private individuals.	231 Model Development Manager	Board of Directors of 19/02/2013
3	31/12/2015	Fourth issue for formal references to new self-laundering offences (see Law no. 186/2014 on voluntary disclosure), against the P.A., corporate offences (see Law 69/2015) and environmental offences (see Law 68/2015).	231 Model Development Manager	Board of Directors of 29/07/2016
4	06/03/2018	Fifth issue for update on offences in the area of self money laundering (see Law no. 186/2014), corruption and false accounting (see Law no. 69/2015), bribery between private individuals (cf. 38/2017) illicit brokering and labour exploitation (see Law 199/2016), eco-crimes (see Law 68/2015), racism and xenophobia (see Law 167/2017), whistleblowing (see Law 179/2017).	Workgroup[1]	Board of Directors of 06/03/2018
5	21/03/2021	Sixth issue for update of predicate offences on the handling of tax offences, customs smuggling and integration of whistleblowing topic.	Workgroup[2]	Board of Directors of 21/03/2021
6	26/03/2025	Seventh issue to update the structure following the complete revision also of the special part with the new offences 231 and the whistleblowing part	External company	Board of Directors of 26/03/2025

[1] *The workgroup consists of the compliance officer and members of the company's top management, with the support of an external consulting company.*

[2] *The workgroup consists of the Compliance Officer and the company's management.*

CHAPTER 1:
THE REGULATORY FRAMEWORK

1.1 Introduction

Legislative decree of 8 June 2001 no. 231 (hereinafter referred to as "Legislative Decree No. 231/2001" or the "Decree"), in implementation of the delegation conferred on the Government by Art. 11 of the Law of 29 September 2000, no. 300[3] regulates the "*liability of entities for administrative infractions dependent on offences*".

In particular, these rules apply to entities with legal personality and companies and associations, including those without legal personality.

Legislative Decree No. 231/2001 finds its primary genesis in a number of international and EU conventions ratified by Italy that require forms of liability of collective entities for certain types of offences.

According to the rules introduced by the Decree, in fact, companies can be held liable for certain offences committed or attempted, even in the interest or to the advantage of the companies, by members of the company's senior management (senior persons) and by those who are subject to their diction or supervision (Art. 5(1) of Legislative Decree no. 231/2001)[4].

The administrative liability of companies is independent of the criminal liability of the natural person who has committed the offence, and stands alongside the latter.

This broadening of liability essentially aims to involve in the punishment of certain offences the assets of companies and, ultimately, the economic interests of shareholders, who, until the entry into force of the Decree under review, did not suffer direct consequences from offences committed by directors and/or employees in the interest or to the advantage of their company[5].

Legislative Decree No. 231/2001 innovates the Italian legal system inasmuch as companies are now directly and independently subject to penalties of both a pecuniary and disqualifying nature in relation to offences ascribed to persons functionally linked to the company pursuant to Art. 5 of the Decree.

Administrative liability is, however, excluded if the company has, inter alia, adopted and effectively implemented, prior to the commission of the offences, organisational, management and control models capable of preventing those offences. These models can be adopted on the basis of codes of conduct (guidelines) drawn up by trade associations, including Confindustria and the Associazione Nazionale Costruttori Edili (ANCE).

The administrative liability of the company is in any case excluded if senior persons and/or their subordinates have acted exclusively in their own interest or in the interest of third parties.

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[3] *Legislative Decree No. 231/2001 is published in the Official Journal of 19 June 2001, no. 140, Law 300/2000 in the Official Journal of 25 October 2000, no. 250.*

[4] *Art. 5(1) of Legislative Decree no. 231/2001: "Liability of the entity - The entity is liable for offences committed in its interest or to its advantage: a) by persons who hold positions of representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy, as well as by persons who exercise, including de facto, the management and control of the entity; b) by persons subject to the management or supervision of one of the persons referred to in point a)".*

[5] *Thus, the introduction of the Guidelines for the construction of organisational, management and control models pursuant to Legislative Decree No. 231/2001 by Confindustria, circulated on 7 March 2002, supplemented on 3 October 2002 with an appendix on corporate offences (introduced in Legislative Decree No. 231/2001 by Legislative Decree no. 61/2002) and last updated in March 2014.*

1.1.1 Nature of liability

With reference to the nature of administrative liability under Legislative Decree No. 231/2001, the Explanatory Report to the Decree emphasises the "*birth of a third type that combines the essential features of the criminal and administrative systems in an attempt to reconcile the reasons of preventive effectiveness with those, even more inescapable, of maximum guarantee*".

Legislative Decree No. 231/2001 has, in fact, introduced into our legal system a form of administrative corporate liability - in accordance with the dictates of Art. 27(1) of our Constitution[6] - but with numerous points of contact with criminal liability.

In this sense, see - among the most significant - Arts. 2, 8 and 34 of Legislative Decree No. 231/2001, where the first reaffirms the principle of legality typical of criminal law; the second affirms the autonomy of the entity's liability with respect to the ascertainment of the liability of the natural person perpetrator of the criminal conduct; the third provides for the circumstance that such liability, dependent on the commission of an offence, is ascertained in the context of criminal proceedings and is, therefore, assisted by the guarantees of criminal proceedings. Consider, moreover, the afflictive nature of the penalties applicable to the company.

1.2 Perpetrators of the offence: persons in senior positions and persons under the direction of others

As mentioned above, according to Legislative Decree No. 231/2001, the company is liable for offences committed in its interest or to its advantage:

- by "persons who hold positions of representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy, as well as persons who exercise, including de facto, the management and control of the entity" (the above-mentioned 'in senior positions' or 'senior' persons; Art. 5(1)(a) of Legislative Decree No. 231/2001);
- by persons subject to the direction or supervision of one of the senior persons (persons subject to the direction of others; Art. 5(1)(b) of Legislative Decree no. 231/2001).

It should also be reiterated that the company is not liable, by express legislative provision (Art. 5(2) of Legislative Decree no. 231/2001), if the above persons have acted in their own exclusive interest or in the interest of third parties[7].

1.3 Type of offences

According to Legislative Decree 231/2001, the entity may only be held liable for the offences expressly referred to in Art. 24-26 of Legislative Decree 231/2001, if committed in its interest or to its advantage by persons qualified under Art. 5(1) of the Decree itself or in the case of specific legal provisions referring to the Decree, as in the case of Art. 10 of Law no. 146/2006.

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[6] *Art. 27 paragraph 1 of the Constitution of the Italian Republic: "Criminal liability is personal".*

[7] *The Explanatory Report to Legislative Decree No. 231/2001, in the part relating to Art. 5(2), Legislative Decree No. 231/2001, states: "The second paragraph of Article 5 of the system borrows the closing clause from subparagraph (e) of the delegate law and excludes the liability of the entity when the natural persons (whether senior or subordinate) have acted exclusively in their own interest or in the interest of third parties. The rule stigmatises "breaking" the pattern of organic identification, i.e. it refers to cases in which the natural person's offence is in no way attributable to the entity because it is not carried out even in part in its interest. And it should be noted that, where the manifest extraneousness of the moral person is thus established, the court does not even have to verify whether the moral person has by chance derived an advantage (this provision thus operates as an exception to the first paragraph)."*

1.4 Penalties system

Arts. 9-23 of Legislative Decree 231/2001 provide for the following penalties against the company, as a consequence of the commission or attempted commission of the offences mentioned above:

- fine (and precautionary garnishment);
- disqualification penalties (also applicable as a precautionary measure) of a duration of no less than three months and no more than two years (with the specification that, pursuant to Art. 14(1), Legislative Decree No. 231/2001, "*Disqualification penalties are aimed at the specific business to which the entity's offence relates"*) which, in turn, may consist of:
    - disqualification;
    - suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
    - prohibition of contracting with the public administration, except to obtain the performance of a public service;
    - exclusion from benefits, financing, contributions or subsidies and the potential revocation of those granted;
    - ban on advertising goods or services;
- confiscation (and precautionary seizure);
- publication of the judgment (in case of application of a disqualification penalty).

The fine is determined by the criminal court through a system based on "quotas" in a number of not less than one hundred and not more than one thousand and in an amount varying between a minimum of Euro 258.22 and a maximum of Euro 1,549.37. In calculating the fine, the court shall determine:

- the number of quotas, taking into account the seriousness of the offence, the degree of the company's liability and the steps taken to eliminate or mitigate the consequences of the offence and to prevent further offences;
- the amount of the individual quota, on the basis of the company's economic and asset conditions.

Disqualification penalties are applied only in relation to offences for which they are expressly provided for (i.e. offences against the public administration, certain offences against public faith - such as counterfeiting currency - offences relating to terrorism and subversion of the democratic order, offences against the individual, female genital mutilation practices, transnational offences, health and safety offences as well as offences of receiving, laundering and using money, goods or utilities of unlawful origin, computer crimes and unlawful processing of data, organised crime offences, offences against industry and trade, and offences relating to violation of copyright) and provided that at least one of the following conditions is met:

a) the company derived a significant profit from the offence and the offence was committed by persons in a senior position or by persons subject to the direction of others when, in the latter case, the offence was determined or facilitated by serious organisational deficiencies;

b) in the event of repeat offences[8].

[8] *Art. 13(1)(a) and (b) Legislative Decree 231/2001. In this regard, see also Art. 20 Legislative Decree No. 231/2001, pursuant to which "A repeat offence occurs when the entity, which has already been definitively convicted at least once for an offence, commits another offence within five years following the final conviction."*

The court determines the type and duration of the disqualification penalty, taking into account the suitability of the individual penalties to prevent offences of the type committed and, if necessary, may apply them jointly (Art. 14(1) and (3), Legislative Decree No. 231/2001).

The penalties of disqualification from exercising the business, prohibition from contracting with the public administration and prohibition from advertising goods or services may be applied - in the most serious cases - on a definitive basis.[9] We also point out the continuation of the company's business (instead of the imposition of the penalty) by a court-appointed administrator pursuant to and under the conditions of Art. 15 of Legislative Decree 231/2001[10].

1.5 Attempt

In the event of attempt to commit the offences punishable on the basis of Legislative Decree No. 231/2001, pecuniary penalties (in terms of amount) and disqualification penalties (in terms of duration) are reduced by between one third and one half.

The imposition of penalties is excluded in cases where the entity voluntarily prevents the performance of the action or the realisation of the event (Art. 26 Legislative Decree No. 231/2001).

1.6 Offences committed abroad

According to Art. 4 of Legislative Decree 231/2001, the entity may be held liable in Italy in relation to offences covered by the same Legislative Decree. 231/2001 but committed abroad[11]. The Explanatory Report to Legislative Decree No. 231/2001 emphasises the need not to leave a frequently occurring criminal situation unsanctioned, also in order to avoid the easy circumvention of the entire regulatory framework in question.

The prerequisites on which the liability of the entity for offences committed abroad is based are:

(i) the offence must be committed by a person functionally linked to the entity, pursuant to Art. 5 comma 1 of Legislative Decree no. 231/2001;

(ii) the entity must have its head office in the territory of the Italian State, i.e. the actual place where the administrative and management activities are carried out, which may also be different from the

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[9] *See, in this respect, Art.* 16 *Legislative Decree No. 231/2001, according to which: "1. A definitive disqualification from exercising the business may be ordered if the entity has derived a significant profit from the offence and has already been sentenced, at least three times in the last seven years, to temporary disqualification from exercising the business. The court may definitively impose on the entity the penalty of a prohibition on contracting with the public administration or a prohibition on advertising goods or services when it has already been sentenced to the same penalty at least three times in the last seven years. 3. If the entity or one of its organisational units is permanently used for the sole or predominant purpose of permitting or facilitating the commission of offences for which it is held liable, the entity shall always be permanently banned from exercising its business and the provisions of Article 17 shall not apply".*

[10] *See Art. 15 of Legislative Decree 231/2001: "Judicial Administrator - If the prerequisites exist for the application of a disqualification penalty that results in the interruption of the entity's business, the court, instead of applying the penalty, orders the continuation of the entity's business by an Administrator for a period equal to the duration of the disqualification penalty that would have been applied, when at least one of the following conditions is met (a) the entity performs a public service or a service of public necessity, the interruption of which may cause serious harm to the community; (b) the interruption of the entity's business may cause, taking into account its size and the economic conditions of the territory in which it is located, significant repercussions on employment. In the judgment ordering the continuation of the business, the court indicates the duties and powers of the Administrator, taking into account the specific activity in which the offence was committed by the entity. Within the scope of the tasks and powers indicated by the court, the Administrator shall ensure the adoption and effective implementation of organisational and control models suitable for preventing offences of the kind that have occurred. It may not perform acts of extraordinary administration without authorisation from the court. The profit from the continuation of the business is confiscated. The continuation of the business by an Administrator may not be ordered when the interruption of the business follows the definitive application of a disqualification penalty".*

[11] Art. *4 of Legislative Decree 231/2001 provides for the following: "1. In the cases and under the conditions laid down in Articles 7, 8, 9 and 10 of the Criminal Code, entities having their head office in the territory of the State shall also be liable in respect of offences committed abroad, provided that the State of the place where the offence was committed does not prosecute them. 2. In cases where the law provides that the offender is punished at the request of the Minister of Justice, proceedings are brought against the entity only if the request is also made against the latter."*

place where the business or registered office is located (entities with legal personality) or the place where the business is carried out on a continuous basis (entities without legal personality);

(iii) the entity may be liable only in the cases and under the conditions laid down in Art. 7, 8, 9, 10 of the Criminal Code (in cases where the law provides that the offender - a natural person - is punished at the request of the Minister of Justice, proceedings are brought against the body only if the request is also made against the body itself)[12] and, also in compliance with the principle of legality set out in Art. 2 of Legislative Decree 231/2001, only for offences for which its liability is provided for by an *ad hoc* legislative provision;

(iv) if the cases and conditions provided for in the aforementioned articles of the Criminal Code are in place, the State of the place where the act was committed does not prosecute the entity.

These rules concern offences committed entirely abroad by senior or subordinate persons.

With regard to the scope of application of the provision in question, the Confindustria guidelines updated to 2021 point out that any entity established abroad in accordance with the provisions of its domestic law but which has its place of management or principal object in Italy is subject to Italian law - thus also to Decree 231.

1.7 Proceedings to establish the offence

Liability for administrative offences resulting from a criminal offence is established in criminal proceedings. In this regard, Art. 36 of Legislative Decree 231/2001 provides that "*The jurisdiction to hear administrative offences committed by the entity belongs to the criminal court having jurisdiction for the offences on which they depend. The provisions on the composition of the court and the related procedural provisions relating to the offences on which the administrative offence depends shall be observed in the proceedings for establishing the administrative offence of the entity".*

Another rule, inspired by reasons of effectiveness, homogeneity and procedural economy, is that of the mandatory joinder of proceedings: the proceedings against the entity must remain joined, as far

[12] *Art. 7 Criminal Code: "Offences committed abroad - Any citizen or foreigner who commits any of the following offences on foreign soil shall be punished under Italian law: 1) offences against the personality of the Italian State; 2) offences of counterfeiting the seal of the State and the use of such a counterfeit seal; 3) offences of counterfeiting money that is legal tender in the territory of the State, or in revenue stamps or in Italian public credit cards; 4) offences committed by public officials in the service of the State, abusing their powers or violating the duties inherent in their functions; 5) any other offence for which special legal provisions or international conventions establish the applicability of Italian criminal law". Art. 8 Criminal Code: "Political offence committed abroad - A citizen or foreigner who commits on foreign soil a political offence not included among those indicated in number 1 of the preceding article shall be punished according to Italian law, at the request of the Minister of Justice. In the case of an offence punishable on complaint by the offended person, a complaint is required in addition to the request. For the purposes of criminal law, a political offence is any offence, which offends a political interest of the State or a political right of citizens. An ordinary offence determined, in whole or in part, by political motives is also considered a political offence." Art. 9 Criminal Code: "Ordinary offence by a citizen abroad - A citizen, who, outside the cases indicated in the two preceding articles, commits in foreign territory a crime for which Italian law establishes life imprisonment, or imprisonment of at least three years, shall be punished according to the same law, provided he is in the territory of the State. If it is an offence for which a punishment restricting personal liberty of a lesser duration is prescribed, the offender shall be punished at the request of the Minister of Justice or at the request of or on complaint of the offended person. In the cases provided for in the preceding provisions, if the offence is committed against the European Communities, a foreign State or a foreigner, the offender shall be punished at the request of the Minister of Justice, provided that his/her extradition has not been granted or has not been accepted by the Government of the State where he/she committed the offence." Art. 10 Criminal Code: "Ordinary offence by a foreigner abroad - A foreigner who, outside the cases indicated in Articles 7 and 8, commits in foreign territory, to the detriment of the State or of a citizen, an offence for which Italian law prescribes life imprisonment, or imprisonment of at least one year, shall be punished in accordance with that law, provided that he/she is in the territory of the State, and there is a request from the Minister of Justice, or an application or a complaint by the offended person. If the offence is committed to the detriment of the European Communities, a foreign State or a foreigner, the offender shall be punished according to Italian law, at the request of the Minister of Justice, provided that: 1) he/she is in the territory of the State; 2) it is an offence for which the penalty is life imprisonment or imprisonment of at least three years; 3) his/her extradition has not been granted, or has not been accepted by the Government of the State where he committed the crime, or by the Government of the State to which he/she belongs.*

as possible, to the criminal proceedings instituted against the natural person who committed the offence underlying the entity's liability (Art. 38 of Legislative Decree 231/2001). This rule is balanced in the wording of Art. 38 which, in paragraph 2, regulates the cases in which the administrative offence is prosecuted separately[13].

The entity participates in the criminal proceedings with its legal representative, unless the latter is charged with the offence underlying the administrative offence; when the legal representative does not appear, the entity is represented by its defence counsel (Art. 39(1) and (4) of Legislative Decree No. 231/2001).

1.8 Exonerating value of Organisation, Management and Control Models

A fundamental aspect of Legislative Decree No. 231/2001 is the attribution of an exonerating value to the company's organisation, management and control models.

If the offence has been committed by a person in an senior position, in fact, the company is not liable if it proves that (Art. 6(1), Legislative Decree No. 231/2001):

a) the management body has adopted and effectively implemented, prior to the commission of the offence, organisational and management models capable of preventing offences of the kind committed;

b) the task of supervising the operation of and compliance with the models and ensuring that they are updated has been entrusted to a body of the company vested with autonomous powers of initiative and control;

c) the persons committed the offence by fraudulently circumventing the organisation and management models;

d) there was no omission or insufficient supervision by the Supervisory Board.

In the event of an offence committed by senior persons, there is therefore a presumption of liability on the part of the company due to the fact that such persons express and represent the policy and, therefore, the will of the entity itself. This presumption, however, can be overcome if the company succeeds in demonstrating its extraneousness to the facts alleged against the senior person by proving the existence of a combination of the above-mentioned requirements and, consequently, that the commission of the offence did not derive from its own organisational fault[14].

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[13] *Art. 38(2), Legislative Decree No. 231/2001: "Separate proceedings shall be brought for the administrative offence committed by the entity only when: a) the suspension of proceedings has been ordered pursuant to Article 71 of the Code of Criminal Procedure [suspension of proceedings due to the incapacity of the defendant, Ed.]; b) the proceedings have been defined by an abbreviated judgment or by the application of the penalty pursuant to Article 444 of the Code of Criminal Procedure [plea bargain, Ed.], or a criminal decree of conviction has been issued; c) compliance with procedural provisions makes it necessary." For the sake of completeness, reference is also made to Art. 37 of Legislative Decree 231/2001, pursuant to which "The administrative offence committed by the entity shall not be prosecuted when criminal proceedings cannot be commenced or continued against the perpetrator of the offence for lack of a condition of prosecution" (i.e. those provided for in Title III of Book V of the Code of Criminal Procedure: complaint, application for proceedings, request for proceedings or authorisation to proceed, referred to, respectively, in Arts. 336, 341, 342, 343 of the Code of Criminal Procedure).*

[14] *The explanatory report to Legislative Decree No. 231/2001 expresses itself, in this respect, in these terms: "For the purposes of the entity's liability, therefore, it will be necessary not only that the offence be objectively attributable to it (the conditions under which this occurs, as we have seen, are governed by Article 5); moreover, the offence must also be an expression of company policy or at least derive from organisational fault". And again: "one starts from the presumption (empirically well-founded) that, in the case of an offence committed by a senior person, the requirement for the body's liability [i.e. the so-called "organisational fault" of the body] is satisfied, since the top management expresses and represents the body's policy; where this does not happen, it will be up to the company to prove its extraneousness, and this it can only do by proving the existence of a series of combined requirements".*

In the case, on the other hand, of an offence committed by persons subject to the management or supervision of others, the company is liable if the commission of the offence was made possible by the violation of the management or supervisory obligations to which the company is subject[15].

In any case, the violation of management or supervisory obligations is excluded if the company, prior to the commission of the offence, has adopted and effectively implemented an organisation, management and control model capable of preventing offences of the kind committed.

In the case of an offence committed by a person subject to the direction or supervision of a senior person, there is a reversal of the burden of proof. The prosecution shall, in the hypothesis provided for in the aforementioned Art. 7, prove the failure to adopt and effectively implement an organisation, management and control model suitable for preventing offences of the kind that have occurred.

Legislative Decree No. 231/2001 outlines the content of the organisation and management models, providing that in relation to the extent of delegated powers and the risk of offences being committed, as specified in Article 6(2), they must:

- identify the activities within the scope of which offences may be committed;
- provide for specific protocols aimed at planning the formation and implementation of the company's decisions in relation to the offences to be prevented;
- identify ways of managing financial resources that are suitable for preventing the commission of offences;
- provide for information obligations vis-à-vis the body in charge of supervising the functioning of and compliance with the models;
- introduce an appropriate disciplinary system to sanction non-compliance with the measures indicated in the model.

Art. 7(4) of Legislative Decree no. 231/2001 also defines the requirements for the effective implementation of organisational models:

- periodic verification and potential amendment of the model when significant violations of the requirements are discovered or when changes occur in the organisation and business;
- a disciplinary system suitable for penalising non-compliance with the measures indicated in the model.

1.9 Codes of Conduct (Guidelines)

Art. 6(3) of Legislative Decree no. 231/2001 provides that "*Organisational and management models may be adopted, guaranteeing the requirements set out in paragraph 2, on the basis of codes of conduct drawn up by the associations representing the entities and communicated to the Ministry of Justice, which, in agreement with the competent Ministries, may, within thirty days, formulate observations on the models' suitability to prevent offences".*

Confindustria, which Soilmec S.p.A. is a member of, in implementation of the provisions of the above-mentioned article, has defined the Guidelines[16] for organisation, management and control models

[15] *Art. 7(1) of Legislative Decree no. 231/2001: "Persons subject to the direction of others and organisational models of the entity - In the case provided for in Article 5(1)(b), the entity is liable if the commission of the offence was made possible by failure to comply with the direction or supervision obligations".*

[16] *It should be noted that the reference to the Guidelines of said trade association is made on account of the Company's membership, and/or its branch offices, with both Confcommercio and Confindustria. However, since the Confindustria Guidelines present a more complete and comprehensive treatment of the topics pertaining to the transposition of Legislative Decree No. 231/2001 compared to the*

(hereinafter, "Confindustria Guidelines") providing, inter alia, methodological indications for the identification of risk areas (sector/business within which offences may be committed), the design of a control system (the protocols for planning the formation and implementation of the entity's decisions) and the contents of the organisation, management and control model.

In particular, the Confindustria Guidelines suggest that member companies use risk assessment processes and provide for the following steps to define the model:

- identification of risks and protocols;
- adoption of a number of general instruments, the main ones of which are a code of ethics with reference to offences under Legislative Decree No. 231/2001 and a disciplinary system;
- Identification of the criteria for the selection of the Supervisory Board, indication of its requirements, tasks and powers, and information obligations.

The Confindustria Guidelines were forwarded, prior to their dissemination, to the Ministry of Justice, pursuant to Art. 6(3) of Legislative Decree no. 231/2001, so that the latter could express its observations within thirty days, as provided for in Art. 6(3) of Legislative Decree no. 231/2001, referred to above. The latest version was published on 30 June 2021.

1.10. The regulation of business groups and the relationship with Legislative Decree. 231/2001

Soilmec S.p.A. has adopted its own organisation, management and control model on the basis of the Guidelines drawn up by the main trade associations and, in particular, the Confindustria Guidelines, within which the management of issues relating to Legislative Decree No. 231/2001 for Groups of Companies is also examined in detail[17].

It is deemed appropriate to make a few references to the legislation on groups and, above all, how the existence of a group of companies is relevant for the purposes of Legislative Decree No. 231/2001.

The legislature does not expressly identify the corporate group as one of the recipients of criminal-administrative liability; despite the absence of clear legislative references, case law, in order to extend the concept of liability to companies belonging to a group, has developed the concept of group interest for the purposes of applying Decree 231/2001.

It should be noted, however, that a generic reference to the group is not in itself sufficient to establish the liability of the parent company or a company belonging to the group. Indeed, the interest must be direct and immediate, and the mere presence of a management and coordination business of one company over the other is not in itself a sufficient condition for both to be liable under Legislative Decree No. 231/2001.

The parent company or other companies in the group may be held liable under Legislative Decree No. 231/2001 for an offence committed within the scope of the other group companies provided that a natural person (a senior one de jure, but also de facto), acting on behalf of the parent company or the other group companies and pursuing the interest of the latter, is complicit with the person acting on its behalf.

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more restricted Code of Ethics issued by Confcommercio (and moreover largely inspired in its contents by the Confindustria Guidelines, the first version of which predates the aforementioned Code of Ethics), it was deemed preferable to use as the primary reference in this document the Confindustria Guidelines, without prejudice to the constant verification of their compatibility with the corresponding principles expressed by the Confcommercio Code of Ethics.

[17] *Please refer to the section "Liability for Offences in Groups of Companies" of the Confindustria Guidelines last updated on 30 June 2021.*

Case law has established that the characterising element of the group interest is that it is not proper and exclusive to one of the members of the group, but common to all the members of the group. For this reason, it is argued that the offence committed by the subsidiary may also be charged to the parent company, provided that the natural person who committed the offence also belongs functionally to the latter.

The supreme court case law, with reference to this latter issue, has established that the criminal liability of the controlling or parent company exists when the offence perpetrated in the course of the subsidiary's business is committed in the immediate and direct interest or advantage not only of the subsidiary but also of the controlling (or parent) company and is committed with a causally relevant contribution, proven in a concrete and specific manner, of natural persons functionally connected to the controlling company.

In conclusion, the task of the parent company is to define a unified strategy whilst fully respecting the self-determination prerogatives of the various companies included within its scope, which will also be responsible for operational choices, including those relating to the definition of principles of conduct and control protocols for the purposes of preventing potential offences pursuant to Legislative Decree No. 231/2001.

Finally, it should be noted that liability under Legislative Decree No. 231/2001 may also arise in the case of companies belonging to the same group, where one company performs services in favour of another company in the group, provided there are the elements described above, with particular reference to complicity in the offence.

CHAPTER 2:
ORGANISATION, MANAGEMENT AND CONTROL MODEL

2.1 Foreword

The adoption of an Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001, in addition to representing grounds for exemption from the company's liability with regard to the types of offences included in the Decree, is an act of social responsibility on the part of the company from which benefits accrue to all *stakeholders*: managers, employees, creditors and all other parties whose interests are linked to the company's fortunes.

The introduction of a control system of entrepreneurial action, together with the establishment and dissemination of ethical principles, improving the already high standards of conduct adopted by the Company, performs a regulatory function, in that it regulates the behaviour and decisions of those who are called upon to work in favour of the Company on a daily basis in accordance with the aforementioned ethical principles and standards of conduct.

The Company has, therefore, intended to start drafting its own organisational model (hereinafter, the "Project") that complies with the requirements of Legislative Decree No. 231/2001 and consistent with both the principles already ingrained in its governance culture and with the indications contained in the Confindustria Guidelines.

2.2 Purpose and Recipients of the Model

By adopting the Model, the Company intended to comply with the requirements of the Decree in order to improve and make the existing internal control and corporate governance system as efficient as possible.
The main objective of the Model is to create an organic and structured system of control principles and procedures to prevent the offences set out in the Decree. The Model will constitute the foundation of the Company's governance system and will implement the process of spreading a management culture marked by legality, fairness and transparency.
The Model also has the following aims:

- providing adequate information to employees, to those who act on behalf of the Company, or are linked to the Company by relationships relevant for the purposes of the Decree, with reference to the activities that entail the risk of offences;
- disseminating a management culture based on legality, since the Company condemns any conduct that does not comply with the law or internal provisions and, in particular, the provisions contained in its Model;
- disseminating a risk control and management culture;
- implementing an effective and efficient organisation of the business, with particular emphasis on the formation of decisions and their transparency and traceability, on the empowerment of the resources dedicated to taking these decisions and their implementation, on the provision of preventive and subsequent controls, and on the management of internal and external information;
- implementing all the necessary measures to reduce the risk of offences as far as possible and as quickly as possible, also enhancing the control measures already in place.

The following are Recipients of the Model:

- all directors and those who hold positions of representation, administration or management of the Company or of one of its organisational units with financial and functional autonomy, as well as those who exercise, also de facto, the management and control of the Company;
- all those who have a subordinate employment relationship with the Company (employees), including those who are seconded to carry out the business in Italy or abroad;
- all those who collaborate with the Company, by virtue of a para-subordinate employment relationship (contractors, temporary workers, interim workers, etc.).

- The Model also applies to those who, although not functionally linked to the Company by a subordinate or para-subordinate employment relationship, act under the direction or supervision of the Company's top management. Furthermore, although they are not included among the persons who entail the liability of the entity pursuant to the Decree, this Model is also addressed to the Company's Statutory Auditors. All the Recipients thus defined are required to comply, with the utmost diligence, with the provisions contained in the Model and its implementing procedures.

2.3 Model Preparation Method

The Company's Model, inspired by the Guidelines for the purposes of Legislative Decree 8 June 2001, no. 231 proposed by Confindustria, was drawn up taking into account the business concretely carried out by the Company, its structure, and the nature and size of its organisation. However, it is understood that the Model will be subject to any updates that may be necessary based on future legislative and case law developments, as well as changes in the operational framework in which the company will be called upon to operate.
The Company proceeded to a preliminary analysis of its context and, subsequently, to an accurate examination aimed at identifying the processes dealing with the activities presenting potential risks in relation to the offences indicated by the Decree.
In particular, the following have been analysed: the history of the Company, the sector to which it belongs, the existing organisational and governance structure, the system of powers of attorney and proxies, the legal relations entertained with third parties, the operational reality, and the procedures already formalised and disseminated within the Company to protect sensitive activities.
The Company has also taken into account the existing instruments aimed at regulating corporate governance, such as the Articles of Association, the Corporate Governance Code, the Code of Conduct on Internal Dealing, the system of proxies and powers of attorney, as well as the operating procedures drawn up by the individual departments.
For the purposes of preparing this document, and consistently with the provisions of the Decree, the Guidelines indicated above and the indications inferable to date from case law, the Company has therefore proceeded to:

- the identification, by means of interviews or questionnaires, of the processes, sub-processes or activities in which the predicate offences indicated in the Decree may be committed;
- the control & risk self-assessment of offences and of the internal control system suitable for preventing unlawful conduct;
- the identification of adequate control measures, either already in place or to be implemented in operational procedures and practices, necessary for the prevention or mitigation of the risk of the offences referred to in the Decree;
- the analysis of its system of delegations and powers and the allocation of responsibilities.

2.4 Offences relevant to the Company

The Company's Model has been drawn up taking into account the structure and activities concretely carried out by the Company, as well as the nature and size of its organisation. This document identifies in the Special Part of the Model the processes and activities of the Company to be considered sensitive due to the inherent risk of offences being committed, and provides for principles of conduct and specific prevention protocols for each one of the sensitive activities. The Company itself, following the control & risk assessment, has deemed that the residual types of offences do not present a risk profile such that the possibility of their commission in the interest or to the advantage of the entity is reasonably founded.

These offences have therefore not been covered in the Special Section.

The Company undertakes to constantly assess the relevance to the Model of any further current and future offences. For details of the predicate offences, please refer to the Annex - List of predicate offences.

2.5 The Organisation, Management and Control Model of the Company

The development by the Company of its own organisation, management and control model pursuant to Legislative Decree No. 231/2001 (hereinafter, the "Model") therefore involved an assessment of the existing organisational model in order to make it consistent with the control principles introduced by Legislative Decree No. 231/2001 and, consequently, suitable for preventing the offences referred to in the Decree.

Legislative Decree No. 231/2001, in fact, attaches, together with the occurrence of the other circumstances provided for in Art. 6 and 7 of the Decree, an exemption value to the adoption and effective implementation of organisation, management and control models, to the extent that they are suitable for preventing, with reasonable certainty, the offences or attempted offences referred to in the Decree.

In particular, pursuant to paragraph 2 of Art. 6 of Legislative Decree 231/2001 an organisation and management model must meet the following requirements:

- identify the activities within the scope of which offences may be committed;
- provide for specific control protocols aimed at planning the development and implementation of the entity's decisions in relation to the offences to be prevented;
- identify ways of managing financial resources that are suitable for preventing offences;
- provide for information obligations vis-à-vis the body in charge of supervising the functioning of and compliance with the models;
- introduce an appropriate disciplinary system to sanction non-compliance with the measures indicated in the model.

In the light of the above considerations, the Company intended to prepare a Model that, on the basis of the indications provided by the Confindustria Guidelines, would take into account its peculiar corporate reality, consistent with its governance system and capable of enhancing the existing controls and bodies.

The adoption of the Model, pursuant to the aforementioned Decree, is not an obligation. The Company, however, considered this adoption to be in line with its corporate policies in order to

- establish and/or reinforce controls enabling the Company to prevent or react promptly to prevent offences by senior persons and persons subject to their management or supervision that entail the administrative liability of the Company;
- raise awareness, with the same purpose, among all persons who collaborate, in various capacities, with the Company (external contractors, suppliers, etc.), requesting them, within the limits of the activities carried out in the interest of the Company, to conform to conduct such as not to entail the risk of offences;
- ensure its integrity by adopting the fulfilments expressly provided for in Art. 6 of the Decree.
- improve effectiveness and transparency in the management of business activities;
- determine a full awareness in the potential perpetrator of an offence (the commission of which is strongly condemned and contrary to the interests of the Company even when it could apparently benefit from it).

The Model, therefore, represents a coherent set of principles, procedures and provisions that: i) affect the internal functioning of the Company and the ways in which it relates to the outside world; and ii) regulate the diligent management of a control system for sensitive activities, aimed at preventing the commission, or attempted commission, of the offences referred to in Legislative Decree No. 231/2001.

The Model, as approved by the Company's Board of Directors, comprises the following constituent elements:

- identifying the corporate activities within the scope of which the offences referred to in Legislative Decree 231/2001 may be committed ;
- provision of control protocols (or standards) in relation to the sensitive activities identified;
- identifying the methods of managing financial resources suitable for preventing the commission of offences;
- Supervisory Board;
- information flows to and from the Supervisory Board and specific reporting obligations to the Supervisory Board;
- disciplinary system to penalise the violation of the provisions contained in the Model;
- training and communication plan for employees and others interacting with the Company;
- criteria for updating and adapting the Model;
- Code of Ethics.

The above-mentioned constituent elements are detailed in the following documents:

- Organisation, management and control model pursuant to Legislative Decree 231/01 (consisting of General Section and Special Sections);
- Code of Ethics.

The document “Organisational, management and control model pursuant to Legislative Decree No. 231/01” contains:

(i) in the general section, a description of:

- the regulatory framework of reference;
- the purposes, recipients, methodology, training and communication plan to be adopted in order to ensure awareness of the measures and provisions of the Model, as well as the criteria for updating and adapting the Model;

- the characteristics of the Company's Supervisory Board, specifying its powers, tasks and information flows;
- the function of the disciplinary system and its sanctioning apparatus;

(ii) in the special sections, a description of:

- the types of offences referred to in Legislative Decree No. 231/2001 that the Company has decided to take into consideration due to the characteristics of its business;
- sensitive processes/activities and related control standards.

2.6 Group Model and Code of Ethics

The document also includes, as an integral part of the Model and an essential element of the control system, the Code of Ethics approved by resolution of the Board of Directors, which sets out the general principles and rules of conduct common to the entire Group. The Code of Ethics collects the ethical principles and values that form the corporate culture and that must inspire the conduct and behaviour of those who work in the interest of the Company, both inside and outside the corporate organisation, in order to prevent the offences underlying the administrative liability of entities.

The approval of the Code of Ethics creates a coherent and effective body *of* internal regulations, with the aim of preventing misconduct or behaviour that is not in line with the Company's directives, and is fully integrated with the Company's Model.

Observance of the rules contained in the Group's Code of Ethics must be considered an essential part of the contractual obligations of the Recipients of the Code and, consequently, acceptance of the lines of conduct outlined is an essential requirement for the establishment of an employment and contractual relationship, in any capacity, with the Company.

2.7 The Model within the Group

The Company shall notify all Subsidiaries, in the manner it deems appropriate, of this Model and any subsequent updates thereto.

Subsidiaries shall independently adopt, by resolution of their management bodies, and under their own responsibility, their own Organisation, Management and Control Model, taking care of its implementation and appointing their own supervisory board. Each company shall identify sensitive activities, taking into account the nature and type of business carried out, the size and structure of its organisation, drawing inspiration from this Model.

The final model adopted by the aforementioned companies shall be forwarded to the Company's Supervisory Board. Any subsequent changes of a significant nature made to their own model are forwarded by the supervisory boards of the companies to the Supervisory Board of the Company in their annual report. Even before the adoption of a specific model pursuant to the Decree, all subsidiaries must adopt appropriate organisational and internal control measures to prevent the offences listed in the Decree.

2.8 Adopting, updating and adapting the Model

The Board of Directors decides on the updating of the Model and its adaptation in relation to changes and/or additions that may become necessary as a result of:

- significant violations of the provisions of the Model;
- changes in the internal structure of the Company and/or in the way the business activities are carried out;
- regulatory changes;
- audit findings.

The Supervisory Board retains, in any case, precise duties and powers with regard to the care, development and promotion of the constant updating of the Model. To this end, it formulates observations and proposals, concerning the organisation and the control system, to the relevant corporate structures or, in cases of particular importance, to the Board of Directors.

In particular, in order to ensure that the changes to the Model are made with the necessary timeliness and effectiveness, without at the same time incurring into any lack of coordination among the operational processes, the prescriptions contained in the Model and their dissemination, the Board of Directors has decided to delegate to the Supervisory Board the task of periodically making changes to the Model that relate to aspects of a descriptive nature, where necessary. It should be noted that the expression “aspects of a descriptive nature” refers to elements and information deriving from acts decided by the Board of Directors (such as, for example, the redefinition of the organisational chart) or by corporate departments with specific delegated powers (e.g. new corporate procedures).

On the presentation of the annual summary report, the Supervisory Board shall submit to the Board of Directors an information note of the changes made in the implementation of the delegation received in order for the Board of Directors to ratify them.

It remains, in any case, the exclusive competence of the Board of Directors to decide on updates and/or adjustments to the Model due to the following factors:

regulatory changes in the area of the administrative liability of entities;

identification of new sensitive activities, or variation of those previously identified, also possibly connected with the start-up of new business activities;

comments by the Ministry of Justice on the Guidelines pursuant to Art. 6 of Legislative Decree 231/2001 and of Arts. 5 et seq. of Ministerial Decree 26 June 2003, no. 201;

offences referred to in Leg. 231/2001 being committed by the recipients of the Model or, more generally, significant violations of the Model;

detection of deficiencies and/or gaps in the Model's provisions following audits of its effectiveness.

2.9 Training and Communication Plan

2.9.1 Foreword

The Company, in order to effectively implement the Model, intends to ensure the proper dissemination of its contents and principles within and outside its organisation.

In particular, the Company's objective is to communicate the contents and principles of the Model not only to its employees, but also to persons who, although not formally employees, operate - even occasionally - for the achievement of the Company's objectives by virtue of contractual relationships. Recipients of the Model are, in fact, both persons with representative, administrative or management functions in the Company, and persons subject to the management or supervision of one of the aforementioned persons (pursuant to art. 5 Legislative Decree No. 231/2001), but also, more generally, all those who work to achieve the Company's purpose and objectives. The Recipients of the

Model therefore include members of corporate bodies, persons involved in the functions of the Supervisory Board, employees, contractors, external consultants and business and/or financial *partners*.

The Company, in fact, intends to:

- determine, in all those who work in its name and on its behalf in sensitive areas, the awareness that they may incur into a punishable offence in the event of violation of the provisions contained therein;
- inform all those who work in any capacity in its name, on its behalf or in its interest that violation of the provisions contained in the Model will result in the application of appropriate penalties or termination of the contractual relationship;
- reiterate that the Company does not tolerate unlawful conduct of any kind and for any purpose whatsoever, since such conduct (even if the Company were apparently in a position to take advantage of it) is in any case contrary to the ethical principles to which the Company intends to adhere.

Communication and training are diversified according to the Recipients, with particular attention to employees operating in specific risk areas, to the Supervisory Board and to those in charge of internal control, and is, in any case, based on principles of completeness, clarity, accessibility and continuity in order to allow the various Recipients to be fully aware of the corporate provisions they are required to comply with and of the ethical standards that must inspire their conduct. The dissemination of the Model and its contents is monitored by means of special training sessions at which records are kept:

- of the course participants, by indicating in a register the first and last name of the participants and the date of the course;
- of the outcome of the training by administering evaluation questionnaires to participants.

These recipients are required to comply exactly with all the provisions of the Model, also in fulfilment of the duties of loyalty, fairness and diligence arising from the legal relations established by the Company.

Communication and training activities are supervised by the Supervisory Board, which is assigned, inter alia, the tasks of “promoting and defining initiatives for the dissemination of knowledge and understanding of the Model, as well as for the training of personnel and raising their awareness of the principles contained in the Model” and of “promoting and developing communication and training activities on the contents of Legislative Decree No. 231/2001, on the impacts of the legislation on the company's business and on behavioural norms”.

2.9.2 Employees

Each employee is required to: i) acquire awareness of the principles and contents of the Model; ii) know the operating methods with which his or her activities must be carried out; iii) contribute actively, in relation to his or her role and responsibilities, to the effective implementation of the Model, reporting any shortcomings found in it.

In order to guarantee an effective and rational communication, the Company promotes the knowledge of the contents and principles of the Model and the implementation procedures within the organisation applicable to them, with a degree of in-depth knowledge that varies according to the position and role covered.

Employees and new recruits are given a copy of the Model or are guaranteed the possibility of consulting it directly on the corporate *Intranet* in a dedicated area; they are also made to sign a statement of knowledge of and compliance with the principles of the Model described therein.

In any case, for employees who do not have access to the *Intranet*, this documentation will have to be made available to them by alternative means such as attaching it to their pay slip or posting it on company notice boards.

Communication and training on the principles and contents of the Model are ensured by the heads of the individual departments who, according to the indications and plans of the Supervisory Board, identify the best way to use these services (e.g. *staff meetings*, etc.).

At the end of the training event, participants will have to fill in a questionnaire, thus certifying that they have received and attended the course.

Completion and submission of the questionnaire will serve as a statement of knowledge of and compliance with the contents of the Model.

Appropriate communication tools will be adopted to update the Recipients of this paragraph on any changes made to the Model, as well as on any relevant procedural, regulatory or organisational changes.

The Company may consider the advisability of preparing a self-assessment questionnaire to be sent by e-mail, in order to periodically assess the level of knowledge and application of the ethical principles contained in the Model's principles.

2.9.3 Members of corporate bodies and persons representing the Company

The members of the corporate bodies and persons representing the Company shall be provided with a hard copy of the Model when accepting the office conferred upon them and shall be made to sign a statement of compliance with the principles of the Model.

Appropriate communication and training tools will be adopted to update them on any changes made to the Model, as well as any relevant procedural, regulatory or organisational changes.

2.9.4 Supervisory Board

Specific training or information (e.g. on any organisational and/or business changes in the Company) is intended for the members of the Supervisory Board and/or the persons it uses in the performance of its duties.

Training initiatives may also take place remotely through IT systems (e.g. video conferencing, e-learning).

2.9.5 Other recipients

The business of communicating the contents and principles of the Model must also be addressed to third parties who have contractual cooperation relations with the Company (for example: business partners, consultants and other self-employed contractors), with particular reference to those who operate within the scope of activities deemed sensitive pursuant to Legislative Decree no. 231/2001.

To this end, the Company will provide significant third parties with an extract of the Model's reference principles.

CHAPTER 3:
THE SUPERVISORY BOARD

3.1 The Supervisory Board of Soilmec S.p.A.: requirements.

According to the provisions of Legislative Decree No. 231/2001, art. 6(1)(a) and (b) - the entity may be exonerated from liability resulting from offences committed by the persons qualified under Art. 5 of Legislative Decree 231/2001, if the management body has, inter alia:

- adopted and effectively implemented organisation, management and control models suitable for preventing the offences in question;
- entrusted the task of supervising the operation of and compliance with the model and ensuring that it is updated[18] to a body of the entity endowed with autonomous powers of initiative and control.

The task of continuously supervising the widespread and effective implementation of the Model, its observance by the Recipients, as well as proposing its updating in order to improve its efficiency in preventing offences, is entrusted to this body set up internally by the company.

Entrusting the aforesaid tasks to a body endowed with autonomous powers of initiative and control, along with the proper and effective performance thereof, is therefore an indispensable prerequisite for exemption from liability under Legislative Decree No. 231/2001.

The Confindustria Guidelines[19] suggest that it should be a body characterised by the following requirements:

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[18] *The explanatory report to Legislative Decree No. 231/2001 states, in this regard: "The entity [...] shall also supervise the actual operation of the models, and thus compliance with them: to this end, in order to ensure the maximum effectiveness of the system, it is provided that the company shall make use of a structure that must be set up internally (in order to avoid easy manoeuvres aimed at pre-establishing a licence of legitimacy for the company's actions through recourse to compliant bodies, and above all to establish a real fault of the entity), endowed with autonomous powers and specifically assigned to these tasks [...]; of particular importance is the provision of a duty to provide information to the aforementioned internal control body, in order to guarantee its own operational capacity [...]'.*

[19] *Confindustria Guidelines: "In order to verify whether there already exists, within the corporate organisation, a structure with the necessary requirements to perform the functions attributed to the Body provided for by Legislative Decree 231/2001, it seems useful to identify its main requirements, as inferred from Decree 231 and interpreted by case law.*

- ***Autonomy and Independence****[...] These requirements appear to be ensured by the inclusion of the Body under review of staff in as high a hierarchical position as possible and by providing for "reporting" to the company's top operational management, i.e. to the Board of Directors as a whole.*
- ***Professionalism****: This requirement refers to the set of tools and techniques that the Supervisory Board must possess in order to be able to perform its activities effectively. As clarified by case law, it is essential that the choice of the members of the Supervisory Board be made by verifying the possession of specific professional skills: a generic reference to the curriculum vitae of individuals is not sufficient. The Model must require that the members of the Supervisory Board have skills in 'inspection, consultancy, or knowledge of specific techniques, suitable to guarantee the effectiveness of the powers of control and the power to make proposals. With regard to the inspection and analysis of the control system, case law has referred - by way of example - to statistical sampling; techniques for analysing, assessing and containing risks, (authorisation procedures; mechanisms for the juxtaposition of tasks; etc.); flow-charting of procedures and processes to identify weak points; the drafting and evaluation of questionnaires; and methodologies for detecting fraud. These are techniques that can be used to verify that day-to-day conduct actually complies with the conduct that is codified: as a preventive measure, in order to adopt - at the time of the design of the Model and subsequent amendments - the most appropriate measures to prevent, with reasonable certainty, the commission of offences (advisory approach); or again, a posteriori, to ascertain how the predicate offence could have occurred (inspection approach). It is also desirable that at least some of the members of the Supervisory Board have expertise in the analysis of control systems and legal expertise, more specifically, in criminal law. Indeed, the regulations in question are essentially punitive in nature and the purpose of the Model is to prevent offences from being committed. Knowledge of the structure and manner in which offences are committed is therefore essential, and can be ensured through the use of company resources or external consultancies [...].*
- ***Continuity of action:*** *in order to ensure the effective and constant implementation of a Model such as the one set out in Decree 231, especially in large and medium-sized companies, it is necessary to have a structure dedicated full-time to supervising the Model, without operational tasks that could lead it to take decisions with economic and financial effects [...]".*

(i) autonomy and independence;

(ii) professionalism;

(iii) continuity of action.

The **autonomy** and **independence** requirements entail: a) the absence of operational tasks on the part of the Supervisory Board, which, by making it a participant in operational decisions and activities, would jeopardise its objectivity of judgment; b) the provision of reports of the Supervisory Board to the most senior corporate management; c) the provision, within the annual budgeting process, of financial resources for the functioning of the Supervisory Board.

The requirement of **professionalism** is to be understood as the theoretical and practical knowledge of a technical-specialist nature necessary to effectively perform the functions of the Supervisory Board, i.e. the specialised techniques proper to those who perform inspection and advisory activities.

The requirement of **continuity of action** makes it necessary for the Supervisory Board to have an internal structure continuously dedicated to supervising the Model.

Legislative Decree No. 231/2001 does not provide any indication of the composition of the Supervisory Board[20].

The Supervisory Board (hereinafter also referred to as "SB") of the Company is a multi-person body (composed of three members), identified by virtue of the professional skills acquired and the personal characteristics of each of its members, such as a marked capacity for control, independence of judgment and moral integrity.

3.1.1 General principles on the establishment, appointment and replacement of the Supervisory Board

The Company's Supervisory Board is established by a Board of Directors resolution and remains in office for a period of three years, which is determined at the time of appointment. The Supervisory Board may be re-elected.

Appointment as a member of the Supervisory Board is subject to the personal eligibility requirements[21].

In the selection of members, the only relevant criteria are those pertaining to the specific professionalism and competence required to perform the functions of the Body, integrity and absolute autonomy and independence; the Board of Directors, when appointing members, must acknowledge

[20] *The Confindustria Guidelines specify that the discipline dictated by Legislative Decree No. 231/2001 "does not provide precise indications as to the composition of the Supervisory Board (SB). This makes it possible to opt for both a one-person and multi-person composition. In the latter case, persons internal and external to the entity may be called upon to compose the Board [...]. In spite of the legislator's indifference to the composition, the choice between one or the other solution must take into account the purposes pursued by the law and, thus, ensure the effectiveness of the controls. Like every aspect of the model, the composition of the Supervisory Board must be modulated on the basis of the size, type of business and organisational complexity of the entity". Confindustria, Guidelines, cit., in the final version updated in March 2014.*

[21] *"This applies, in particular, when one opts for a multi-person composition of the Supervisory Board and all the different professional skills that contribute to the control of corporate management in the traditional corporate governance model (for example, a member of the Board of Statutory Auditors or the person in charge of internal control) are concentrated into it. In these cases, the existence of the requirements referred to may already be ensured, even in the absence of further indications, by the personal and professional characteristics required by law for auditors and the person in charge of internal controls". Confindustria, Guidelines, cit., in the final version updated in March 2014.*

the existence of the requirements of independence, autonomy, integrity and professionalism of its members[22].

In particular, following the approval of the Model or, in the case of new appointments, at the time the appointment is made, a person appointed as a member of the Supervisory Board must issue a statement in which he/she certifies the absence of the following grounds for ineligibility:

- relationships of kinship, marriage or affinity within the fourth degree with members of the Board of Directors, auditors of the Company and auditors appointed by the auditing firm;
- conflicts of interest, even potential, with the Company such as to undermine the independence required by the role and tasks of the Supervisory Board;
- ownership, direct or indirect, of shareholdings of such a size as to enable it to exercise a significant influence on the Company;
- management functions - in the three financial years preceding the appointment as member of the Supervisory Board or the establishment of the consultancy/collaboration relationship with the Body - in companies subject to bankruptcy, compulsory administrative liquidation or other insolvency procedures;
- Conviction, even if not final, or plea bargaining, in Italy or abroad, for the offences referred to in Legislative Decree no. 231/2001 or other offences affecting professional morality and good repute;
- Conviction, with sentence, even if not final, to a punishment entailing disqualification, even temporary, from public offices, or temporary disqualification from the executive offices of legal persons and companies;
- pendency of proceedings for the application of a preventive measure under Law of 27 December 1956 no. 1423 and to Law of 31 May 1965 no. 575 or seizure decree pursuant to Art. 2 of Law no. 575/1965 or interim measure, whether personal or real;
- lack of the integrity requisites provided for by Ministerial Decree of 30 March 2000 no. 162 for members of the Board of Statutory Auditors of listed companies, adopted pursuant to Art. 148 paragraph 4 of the Consolidated Finance Law.

Should any of the above-mentioned reasons for ineligibility arise for an appointed person, ascertained by a resolution of the Board of Directors, he/she shall automatically forfeit his/her office.

The Supervisory Board may avail itself - under its direct supervision and responsibility - in the performance of the tasks entrusted to it, of the collaboration of all the divisions and structures of the Company or of external consultants, making use of their respective skills and professionalism. This power enables the Supervisory Board to ensure a high level of professionalism and the necessary continuity of action.

The above-mentioned grounds of ineligibility must also be considered with reference to any external consultants involved in the tasks of the Supervisory Board.

In particular, at the time of appointment, the external consultant must draw up a statement in which he or she certifies:

- the absence of the aforementioned reasons of ineligibility or reasons preventing the appointment (e.g.: conflicts of interest; kinship relations with members of the Board of Directors, top

[22] *In the sense of the need for the Board of Directors, at the time of appointment, "to give evidence of the requirements of independence, autonomy, integrity and professionalism of its members', Order of 26 June 2007 Court of Naples, Office of the court for Preliminary Investigations, Sec. XXXIII.*

management in general, auditors of the Company and auditors appointed by the auditing firm, etc.);

- the fact of having been adequately informed of the provisions and rules of conduct laid down in the Model.

The revocation of the powers of the Supervisory Board and the assignment of such powers to another person, may only occur for just cause (also related to organisational restructuring of the Company) by means of a specific resolution of the Board of Directors and with the approval of the Board of Statutory Auditors.

In this regard, “just cause” for the revocation of the powers connected with the office of member of the Supervisory Board includes, by way of example and without limitation:

- serious negligence in the performance of the tasks connected with the office, such as: failure to draw up the half-yearly information report or the annual summary report on the business carried out, which the Body is required to do; failure to draw up the supervisory programme;
- "omitted or insufficient supervision" on the part of the Supervisory Board - as provided for in Art. 6(1)(d), Legislative Decree No. 231/2001 - resulting from a conviction, even if not final, issued against the Company pursuant to Legislative Decree No. 231/2001 or by plea bargaining;
- in the case of an internal member, the assignment of operational functions and responsibilities within the corporate organisation that are incompatible with the requirements of autonomy and independence and continuity of action of the Supervisory Board. In any case, any measure of an organisational nature affecting him/her (e.g. termination of employment, transfer to another post, dismissal, disciplinary measures, appointment of a new manager) must be brought to the attention of the Board of Directors;
- in the case of an external member, serious and established grounds of incompatibility that would frustrate their independence and autonomy;
- the loss of even one of the eligibility requirements.

Any decisions concerning individual members or the entire Supervisory Board concerning removal, replacement or suspension are the sole responsibility of the Board of Directors.

3.2 Functions and powers of the Supervisory Board

The activities carried out by the Supervisory Board cannot be reviewed by any other body or department of the Company. The verification and control business performed by the Body is, in fact, strictly functional to the effective implementation of the Model and cannot replace or substitute the Company’s traditional control functions.

The Supervisory Board is vested with the powers of initiative and control necessary to ensure effective and efficient supervision over the operation of and compliance with the Model, in accordance with the provisions of Art. 6 of Legislative Decree 231/2001.

The Body has autonomous powers of initiative, intervention and control, which extend to all the sectors and departments of the Company, powers that must be exercised in order to effectively and promptly perform the functions provided for in the Model and its implementing rules. In particular,

the Supervisory Board is entrusted with the following tasks and powers for the performance and exercise of its functions[23]:

- regulating its own functioning also through a regulation of its own activities that provides for: the scheduling of activities, the determination of the time intervals of controls, the identification of criteria and analysis procedures, the regulation of information flows from corporate structures;
- supervising the operation of the Model both with respect to the prevention of offences referred to in Legislative Decree no. 231/2001 and with regard to the ability to bring to light any unlawful conduct;
- carrying out regular inspection and control activities, of an ongoing nature - with a time frequency and manner predetermined by the Schedule of Supervisory Activities - and spot checks, in consideration of the various sectors of intervention or types of activities and their critical points in order to verify the efficiency and effectiveness of the Model;
- accessing freely any of the Company's departments and units - without the need for any prior consent - to request and acquire information, documents and data, deemed necessary for the performance of the tasks provided for by Legislative Decree no. 231/2001, from all employees and managers. In the event of a reasoned refusal to grant access to the documents, the Body draws up a report to be forwarded to the Board of Directors if it does not agree with the reason given;
- requesting relevant information or the production of documents, including computerised documents, relevant to activities posing a risk, from directors, control bodies, auditing firms, contractors, consultants and, in general, from all persons required to comply with the Model. The obligation of the latter to comply with the Supervisory Board's request must be included in individual contracts.
- taking care of, developing and promoting the constant updating of the Model, formulating, where necessary, proposals to the management body for any updates and adjustments via amendments and/or additions that may become necessary as a result of: i) significant violations of the Model's provisions; ii) significant changes to the internal structure of the Company and/or the way in which business activities are carried out; iii) regulatory changes;
- verifying compliance with the procedures laid down in the Model and detecting any conduct deviations that may emerge from analysing the information flows and from the reports to which the heads of the various departments are subject, and proceeding in accordance with the provisions of the Model;
- ensuring the periodic updating of the system for identifying sensitive areas, mapping and classifying sensitive activities;
- handling relations and ensuring the relevant information flows to the Board of Directors, as well as to the Board of Auditors;
- promoting communication and training on the contents of Legislative Decree No. 231/2001 and the Model, the impact of the regulations on the company's activities and behavioural norms, and

[23] *"The activities that the Body is called upon to perform, also on the basis of the indications contained in Art. 6 and 7 of Legislative Decree No. 231/2001, can be summarised as follows:*

- *supervision of the **effectiveness of** the model, i.e. consistency between the actual conduct and the established model;*
- *examination of the **adequacy of** the model, i.e. its actual - not merely formal - power to prevent prohibited conduct;*
- *analysis of the **maintenance of** the model's robustness and functionality requirements over time;*
- *taking care of the necessary **updating** of the model in a dynamic sense, in the event that the analyses carried out make it necessary to make corrections and adjustments. This latter aspect goes through;*
  - ***suggestions and proposals for adaptation** of the model to the corporate bodies or departments capable of giving them concrete implementation in the corporate context [...];*
  - ***follow-up** verification of the implementation and effective functionality of the proposed solutions".*

Confindustria, Guidelines, cit., in the final version updated in June 2021.

also establishing frequency checks. In this regard, it will be necessary to differentiate the programme by paying particular attention to those working in the various sensitive activities;

- verifying the effectiveness of the internal whistleblowing communication system to allow the transmission of relevant information for the purposes of Legislative Decree No. 231/2001, guaranteeing the protection and confidentiality of the whistleblower and the prohibition of retaliatory or discriminatory acts against them for reasons related to the reports, in accordance with the provisions of Law 30 November 2017 no. 179;
- ensuring knowledge of the conduct to be reported and how to report it;
- providing clarification on the meaning and application of the provisions contained in the Model;
- formulating and submitting for approval by the management body the expenditure forecast necessary for the proper performance of the tasks assigned, with absolute independence. This expenditure forecast, which must guarantee the full and proper performance of its activities, must be approved by the Board of Directors. The Body may autonomously commit resources in excess of its spending powers if the use of such resources is necessary to deal with exceptional and urgent situations. In such cases, the Body must inform the Board of Directors at its next meeting;
- promptly reporting to the management body, for the appropriate measures, any ascertained violations of the Model that may entail liability for the Company;
- verifying and assessing the suitability of the disciplinary system pursuant to Legislative Decree No. 231/2001;
- within the scope of supervising the application of the Model by the subsidiaries, the Company's Supervisory Board is assigned the power to acquire, without any form of intermediation, relevant documentation and information, and to carry out periodic checks and targeted audits on individual activities posing a risk.

In carrying out its activities, the Body may avail itself of the Company's departments with the relevant competences.

3.3 Reporting obligations towards the Supervisory Board - Information flows

The Supervisory Board must be promptly informed, by means of an appropriate communication system, of those acts, behaviours or events that may lead to a breach of the Model or that, more generally, are relevant for the purposes of Legislative Decree no. 231/2001.

The obligation to report on any conduct contrary to the provisions contained in the Model is part of the employee's broader duty of diligence and loyalty.

The corporate departments and any committees (e.g. the Risk and Sustainability Control Committee) operating within the scope of sensitive activities must transmit to the Supervisory Board, via the appropriate e-mail address **odv.soilmec@soilmec.it**, information concerning: i) the periodic findings of the controls carried out by them in implementation of the Model, including upon request (summary reports of the activities carried out, etc.); ii) any anomalies found in the information available.

Such information may include, but is not limited to:

- transactions falling within the scope of sensitive activities (for example: periodic summary statements on contracts obtained following tenders with public entities at national and international level, on contracts awarded following tenders at national and European level, or by private negotiations, information on orders awarded by public entities or entities performing public utility functions, information on new staff recruitment or use of financial resources for the purchase of goods or services or other investment activities, etc.);

- measures and/or information from judicial police bodies, or any other authority, from which it can be inferred that investigations are being carried out, including against persons unknown, for offences covered by Legislative Decree no. 231/2001 and that may involve the Company;
- requests for legal assistance made by employees in the event of legal proceedings being initiated against them in relation to offences under Legislative Decree No. 231/2001, unless expressly prohibited by the judicial authorities;
- reports prepared by the heads of other corporate departments as part of their control activities and from which facts, acts, events or omissions with critical issues may emerge with respect to compliance with the rules and provisions of the Model;
- information on disciplinary proceedings carried out and any penalties imposed (including measures taken against employees) or orders to dismiss such proceedings, with the reasons for them;
- any other information which, although not included in the above list, is relevant for the purposes of correct and complete supervision and of updating the Model.

As far as partners, consultants, external contractors, etc. are concerned, there is a contractual obligation to immediately inform them in the event that they receive, directly or indirectly, from an employee/representative of the Company a request to engage in conduct that could lead to a violation of the Model.

In this respect, the following general requirements apply:

- reports must be collected relating to: i) the committing, or the reasonable risk of committing, of offences referred to in Legislative Decree no. 231/2001; ii) conduct that is not in line with the rules of conduct issued by the Company; iii) conduct that, in any case, may lead to a violation of the Model;
- an employee who becomes aware of a violation, attempt or suspected violation of the Model may contact his or her direct superior or, if the report is unsuccessful, or the employee feels uncomfortable approaching his or her direct superior to make the report, he or she may report directly to the Supervisory Board;
- partners, consultants, external contractors, with regard to their relations with and activities performed for the Company, may report directly to the Supervisory Board any situations in which they receive, directly or indirectly, from an employee/representative of the Company a request to engage in conduct that could lead to a breach of the Model;
- In order to effectively collect the reports described above, the Supervisory Board shall promptly and extensively inform all the persons concerned of the methods and forms of reporting;
- The Supervisory Board assesses, at its discretion and on its own responsibility, the reports received and the cases in which action needs to be taken[24];
- the determinations regarding the outcome of inspections must be justified in writing.

Correct fulfilment of the duty to report by the employee may not give rise to the application of disciplinary penalties.

[24] *Pursuant to the Law of 30 November 2017 no. 179 on whistleblowing, reports must be circumstantiated to unlawful conduct, be relevant under Legislative Decree No. 231/2001, be based on precise and concordant factual elements of which the whistleblowers have become aware by reason of their duties.*

Whistleblowing is governed by the following regulations:

- with the Law of 30 November 2017 no. 179 laying down the "Provisions for the protection of the whistleblowers of offences or irregularities of which they have become aware in the context of a public or private employment relationship", the Legislator introduced specific provisions for the recipients of Legislative Decree no. 231/2001.
- with Legislative Decree 24/2023, published in the Official Journal on 15 March 2023, the Italian legislator implemented Directive (EU) 2019/1937 on the protection of whistleblowers, i.e. those who report to the entities for which they work or with which they collaborate violations of the law committed by third parties (whistleblowers). According to Art. 24 of the decree, for public entities and for some of the private sector entities to which it is addressed, the new rules will take effect on 15 July 2023. For private-sector entities that have employed an average of up to 249 employees under permanent or fixed-term employment contracts in the last year, the obligation to set up the internal reporting channel will take effect on 17 December 2023.

The innovative elements of Legislative Decree 24/2023 are:

- the broadening of the recipients of the obligations;
- the broadening of potentially unlawful conduct deemed worthy of reporting:
- the integration of the traditional reporting channel (internal to the entities) with an external reporting channel entrusted to the Anti-Corruption Authority (ANAC), thus allowing for escalation where necessary;
- strengthening the protection of whistleblowers with rules and guarantees to prevent them from being discouraged from reporting for fear of the consequences or of being penalised if they have reported violations.

The obligations arising from the decree are addressed to all public sector bodies. Among private-sector entities are those that have employed, in the last year, an average of at least fifty employees with permanent or fixed-term employment contracts, those that fall within the scope of the European regulations indicated by Directive (EU) 2019/1937 as relevant (even if in the last year they did not reach the average of at least fifty employees), those that adopt organisation, management and control models pursuant to Legislative Decree 231/2001 (even if in the last year they did not reach the average of at least fifty employees).

The Company has complied with the whistleblowing regulations and, in order to ensure the effectiveness of the whistleblowing system, ensures the timely information and training of all employees and persons who collaborate with the Company with reference to the knowledge, understanding and dissemination of the objectives and the spirit in which reports must be made. As far as partners, consultants, external contractors, etc. are concerned, there is a contractual obligation to immediately inform them in the event that they receive, directly or indirectly, from an employee/representative of the Company a request to engage in conduct that could lead to a violation of the Model. In this context, the Company ensures that all Recipients have access to one or more channels that allow them to submit, for the protection of the entity's integrity, circumstantiated reports (hereinafter the "Reports") of irregularities or offences, as better identified in the applicable legislation, in the Group policy and in the individual operating instructions adopted by each company belonging to the Group.
The Company guarantees the confidentiality of whistleblowers and ensures that they are not subject to any form of retaliation, discrimination or penalisation for reasons connected, directly or indirectly, to the report, without prejudice to the right of the parties concerned to protect themselves in the

event that criminal or civil liability is ascertained against the whistleblower in connection with the falsehood of the statement, and without prejudice to legal obligations.

The Company has put in place several alternative communication channels that are suitable for guaranteeing the confidentiality of the whistleblower's identity.

Reports, even if anonymous, must be circumstantiated and the person making the report must provide all the elements known to him/her that are useful for verifying the facts reported. In particular, the report must contain the following essential elements:

- Subject matter: a clear description of the facts to be reported is required, with an indication (if known) of the circumstances of time and place in which the facts were committed/permitted.
- Whistleblower: the whistleblower must provide personal details or other elements (such as department/company role) enabling easy identification of the alleged perpetrator of the unlawful conduct. The reported party may be a natural or legal person (e.g. a company providing goods or services).

The whistleblower may also indicate the following additional elements:

- his/her personal details if he/she does not wish to avail of confidentiality;
- the indication of any other persons who can report useful circumstances about the facts narrated;
- an indication of any documents that may confirm these facts.

This channel may in no way be the instrument to give vent to disagreements or disputes between employees. The following is likewise forbidden:

- the use of insulting expressions;
- the submission of reports for purely defamatory or slanderous purposes;
- sending reports that relate exclusively to aspects of private life, without any direct or indirect connection with the company's business. Such reports will be considered even more serious when they refer to sexual, religious, political and philosophical orientations.

In a nutshell, each report must have as its sole purpose the protection of the integrity of the Company or the prevention and/or curbing of unlawful conduct as defined in the Model, of which the Code of Ethics, it should be recalled, is an integral part.

The reporting channels provided are as follows:

- Paper mail: SOILMEC S.p.A., Via Dismano, 5819 - 47522 Cesena (FC) Italia**;** FAO “Whistleblowing Team”
- IT platform: accessible at https://gruppotrevi.segnalazioni.net. In detail, no one, including system administrators, is allowed to access, verify or disseminate the contents of the above-mentioned portal. Violation of this prohibition will result in disciplinary penalties.
- Voice mailbox made available via the IT platform

For the management and collection of reports, the Company has appointed a cross-department team ("Whistleblowing Team"), in charge of handling reports and the potential involvement of internal departments and/or third parties and/or legal entities to carry out investigations where the nature of the report makes it necessary.

The Company has, in any case, adopted a policy and procedure detailing all stages of the collection of reports, management and end of the investigation of reports.

The Company must acknowledge receipt of the report within seven days and provide information on the status of the handling of the report to the whistleblower if he or she so requests, and in any case the report must be handled within three months of receipt. The Company guarantees whistleblowers

against any form of retaliation, discrimination or penalisation and, in any case, the confidentiality of the whistleblower's identity is ensured, without prejudice to legal obligations and the protection of the rights of the Company or of persons accused wrongly or in bad faith. For the above purposes, the whistleblowing platform collects and stores the received reports for five years, allowing access only to the Whistleblowing Team.

CHAPTER 5:
DISCIPLINARY SYSTEM

6.1 Function of the disciplinary system

Art. 6(2)(e) and Art. 7(4)(b) of Legislative Decree no. 231/2001 indicate, as a condition for the effective implementation of the organisation, management and control model, the introduction of a disciplinary system capable of sanctioning non-compliance with the measures indicated in the model.

Therefore, the definition of an adequate disciplinary system constitutes an essential prerequisite for the model's exonerating value with respect to the administrative liability of entities.

The adoption of disciplinary measures in the event of violations of the provisions contained in the Model is irrespective of an offence being committed and of the course and outcome of any criminal proceedings instituted by the judicial authority[25].

Compliance with the provisions contained in the Model adopted by the Company must be considered an essential part of the contractual obligations of the Recipients defined below.

Their violation of rules damages the relationship of trust established with the Company and may lead to disciplinary, legal or criminal action. In the most serious cases, the breach may lead to termination of employment, if carried out by an employee, or to termination of contract, if carried out by a third party.

For this reason, each Recipient is required to be familiar with the rules contained in the Company's Model, in addition to the rules governing the business carried out within the scope of his or her department.

This penalty system, adopted pursuant to Art. 6(2)(e) Legislative Decree No. 231/2001 must be considered complementary and not alternative to the disciplinary system established by the Collective National Contract in force and applicable to the different categories of employees working for the Company.

The imposition of disciplinary penalties for violations of the Model is irrespective of any institution of criminal proceedings for an offence provided for in the Decree.

The penalty system and its application are constantly monitored by the Supervisory Board.

No disciplinary proceedings concerning alleged violations of the Model may be filed, nor may any disciplinary penalty be imposed, without prior information and opinion of the Supervisory Board.

[25] *"Failure to comply with the measures laid down in the organisational model must trigger the penalty mechanism provided for therein, irrespective of any criminal proceedings over the offence that may have been committed. On the contrary, a model can only be said to be effectively implemented when it deploys the disciplinary apparatus to counter behaviour preliminary to an offence. Indeed, a disciplinary system aimed at punishing conduct that already constitutes an offence in itself would end up unnecessarily duplicating the penalties imposed by the state system (punishment for the individual and penalty under Decree 231 for the entity). On the other hand, it makes sense to provide for a disciplinary apparatus if it operates as an internal safeguard within the company, which adds to and prevents the application of "external" penalties by the State. [...] At the same time, the decision to apply a penalty, especially an expulsion penalty, without waiting for the criminal trial, implies a rigorous ascertainment of the facts, without prejudice to the possibility of resorting to precautionary suspension when such ascertainment is particularly complex. Confindustria, Guidelines, cit., in the version updated in March 2014.*

5.2 Penalties and disciplinary measures

5.2.1 Penalties against employees

The Code of Ethics and the Model constitute a set of rules with which a company's employees must comply, also pursuant to the provisions of Arts. 2104 and 2106 of the Civil Code and the National Collective Labour Agreements (CCNL) on rules of conduct and disciplinary penalties. Therefore, any conduct by employees in violation of the provisions of the Code of Ethics, the Model and its implementation procedures, constitutes a breach of the primary obligations of the employment relationship and, consequently, an infraction entailing the possibility of disciplinary proceedings and the application of the relevant penalties.

With regard to employees with blue collar, white collar and middle management status, in the case at hand - in accordance with the procedures laid down in Art. 7 of the law of 20 May 1970 no. 300 (Workers' Statute[26]) - the measures provided for in Art. 99 and 100 of the CCNL for employees of construction and related companies are applicable.

In compliance with the principles of gradualness and proportionality, the type and extent of the penalties to be imposed will be determined on the basis of the following criteria:

- seriousness of the violations committed;
- duties and functional position of the persons involved in the facts;
- voluntariness of the conduct or degree of negligence, recklessness or inexperience;
- overall conduct of the worker, with particular regard to the existence or otherwise of disciplinary precedents, within the limits allowed by law and the CCNL;
- other special circumstances accompanying the disciplinary violation.

Based on the above principles and criteria,

a) the measures of verbal warning, written warning, fine and suspension from work and pay shall be applied if the employee violates the procedures laid down in the Model or otherwise behaves in a way that does not comply with the provisions of the Model or the Code of Ethics when carrying out activities in areas at risk of offences being committed, in the hypothesis set out in point g), par. 2 of Art. 99 CCNL, and/ or violation of Art. 2104 Civil Code. In particular, a fine not exceeding the amount of three hours' pay will normally apply. In cases of greater seriousness or recurrence of the above offences that do not lead to dismissal, a suspension from work and pay of up to three days may be applied, while in less serious cases a verbal or written warning may be applied;

b) the measure of dismissal with notice (for justified reason) shall be applied when the worker adopts, in the performance of activities in areas at risk of offences being committed, a conduct that does not comply with the provisions of this Model or the Code of Ethics, such as to constitute a significant breach of contractual obligations or a conduct seriously prejudicial to the business, the organisation of work and the proper operation thereof (art. 100, no. 2, CCNL), such as:
    - any conduct unequivocally aimed at committing an offence provided for in the Decree;
    - any conduct aimed at concealing an offence provided for in the Decree;
    - any conduct that deliberately contravenes the specific measures laid down in the Model and its implementing procedures to protect the health and safety of workers;

c) dismissal without notice (for just cause) shall be applied in the presence of conduct consisting in the serious and/or repeated violation of the rules of conduct and the Procedures contained in the

[26] *As updated with the entry into force of the Legislative Decrees implementing the "Jobs Act' (law of 10 December 2014 no. 183).*

Model or of the provisions of the Code of Ethics, as conduct such as not to allow the continuation, even temporary, of the employment relationship (art. 100 no. 3, CCNL).

5.2.2 Penalties against managers

The management relationship is characterised by its eminently fiduciary nature. A manager's conduct is not only reflected within the Company, constituting a model and example for all those who work there, but also has repercussions on its external image. Therefore, compliance by the Company's managers with the provisions of the Code of Ethics, the Model and the relevant implementation procedures is an essential element of the managerial employment relationship.

In respect of Managers who have committed a breach of the Code of Ethics, the Model or the procedures established to implement it, the entity holding disciplinary power, jointly represented by the Human Resources Department and the Director in charge of the internal control system, initiates the procedures within its competence to make the relevant charges and, subject to authorisation by the Board of Directors through a specific resolution, apply the most appropriate penalties, in accordance with the provisions of the CCNL for Managers and, where necessary, in compliance with the procedures set out in Article 7 of the Law of 30 May 1970, no. 300.

penalties must be applied in accordance with the principles of gradualness and proportionality in relation to the seriousness of the act and guilt or malice. Among other things, with the charge, the revocation of any powers of attorney entrusted to the person concerned may be ordered as a precautionary measure, up to and including the termination of the relationship in the event of violations so serious as to break the relationship of trust with the Company.

5.2.3 Penalties against directors

The Company assesses with the utmost rigour any violation of this Model committed by those who hold top management positions within the Company, and who, for this reason, are more capable of orienting the Company's ethics and the actions of those working in the Company to the values of fairness, legality and transparency.

With regard to Directors who have committed a violation of the Code of Ethics, the Model or the procedures established to implement it, the Board of Directors may apply, in compliance with the principles of gradualness and proportionality with respect to the seriousness of the fact or wilful misconduct, any suitable measure permitted by law, including the following penalties:

a) formal written warning;

b) a fine equal to two to five times the emoluments calculated on a monthly basis;

c) revocation, in whole or in part, of any powers of attorney.

In the most serious cases, and, anyway, when the breach is such as to damage the Company's trust in the manager, the Board of Directors shall convene the Shareholders' Meeting, proposing removal from office.

5.2.4 Penalties against auditors

If a breach is committed by one or more Statutory Auditors, the Supervisory Board must immediately inform the Board of Directors, in the person of the Chairman and the Managing Director, and the Board of Statutory Auditors, in the person of the Chairman, if not directly involved, by means of a written report.

The recipients of the information from the Supervisory Board may, in accordance with the provisions of the Articles of Association, take the appropriate measures, including, for instance, convening the Shareholders' Meeting, in order to adopt the most suitable measures provided for by law.

The Board of Directors, in the event of violations constituting just cause for revocation, proposes to the Shareholders' Meeting the adoption of measures within its competence and takes the further steps required by law.

5.2.5 Penalties against external contractors and parties acting on behalf of the Company

With regard to external contractors or parties working on behalf of the Company, the penalties and application methods for violations of the Code of Ethics, the Model and the relevant implementation procedures are determined in advance.

These measures may provide for termination of the relationship for more serious violations, and in any case when such violations are such as to damage the Company's trust in the person responsible for the violation. If a violation by these persons occurs, the Supervisory Board informs the Chairman in a written report.

5.2.6 Measures against the Supervisory Board

In the event of negligence and/or incompetence on the part of the Supervisory Board in supervising the proper application of the Model and compliance therewith, in failing to identify cases of violation thereof and proceeding to their elimination, the Board of Directors shall, in agreement with the Board of Statutory Auditors, take the appropriate measures in accordance with the procedures provided for by the laws in force, including the revocation of the appointment, without prejudice to any claims for damages.

In order to guarantee the full exercise of the right of defence, a time limit must be provided within which the person concerned may submit justifications and/or defence documents and may be heard.

In the event of alleged unlawful conduct on the part of members of the Supervisory Board, the Board of Directors, upon receipt of the report, investigates the actual wrongdoing and then determines the relevant penalty to be applied.