

# Marzocchi Pompe S.p.A.

## The Organisation, Management and Control Model

pursuant Italian Legislative Decree 231/2001, Decree no. 81/08 and Ministry of Labour Decree of 13/02/2014 (intended for SMEs).

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- a) the procedure for handling inside information and for establishing and maintaining the insider register;
- b) the procedure for transactions with Related Parties;
- c) the internal dealing procedure;
- d) the procedure for keeping a register of persons with access to inside information;
- e) the procedure for communications to Euronext Growth Milan Advisor (formerly Nomad);
- f) the supplementary procedure to rename AIM as Euronext Growth Milan.

## DEFINITIONS

- **“Senior Executives”**: persons holding positions of representation, administration or management of the Entity or of one of its organisational units empowered with financial and functional autonomy, as well as persons exercising, also *de facto*, the management and control thereof, as identified in Article 5, paragraph 1(a) of Italian Legislative Decree 231/2001;
- **“National Collective Labour Agreement”**: National Collective Labour Agreement for employees of Marzocchi Pompe S.p.A., as amended, supplemented and renewed;
- **“National Collective Labour Agreement for Executives”**: National Collective Labour Agreement for Executives of industrial companies;
- **“Code of Ethics”**: code of ethics adopted by Marzocchi Pompe S.p.A., which formalises the essential core of those principles of behaviour and those values, already rooted in the corporate culture of Marzocchi Pompe S.p.A., to which the internal and external activity of the Company conforms and must continue to conform;
- **“Consultants”**: those who act in the name and/or on behalf of Marzocchi Pompe S.p.A. on the basis of a mandate or a relationship of collaboration;
- **“Addressees”**: persons holding positions of representation, administration or management of the Entity or of one of its organisational units empowered with financial and functional autonomy, persons exercising, also *de facto*, the management and control thereof (Senior Executives), as well as persons subject to the management or supervision of one of the aforementioned persons (Subordinates);
- **“Employees”**: all employees of Marzocchi Pompe S.p.A. (including executives);
- **“Italian Legislative Decree 231/2001”** or the **“Decree”**: Italian Legislative Decree no. 231 of 8 June 2001, as amended and supplemented;
- **“Entity”**: the legal person, company or association administratively liable pursuant to Italian Legislative Decree 231/2001;
- **“Group”**: Marzocchi Pompe S.p.A. and the companies directly or indirectly controlled by it pursuant to Article 2359, paragraphs 1 and 2 of the Italian Civil Code;
- **“Guidelines”**: the Guidelines for the construction of organisation, management and control models pursuant to Italian Legislative Decree 231/2001 approved by trade associations; in particular, the Guidelines approved by Confindustria on 7 March 2002 (as amended);
- **“Model”**: this Organisation, Management and Control Model, approved pursuant to Italian Legislative Decree 231/2001;
- **“Sensitive Transaction”**: operation or act falling within the scope of Sensitive Processes;

- **“Corporate Bodies”**: the Board of Directors and the Board of Statutory Auditors of Marzocchi Pompe;
- **“Supervisory Body”** (“SB”): body indicated in Article 6, paragraph 1(b) of Italian Legislative Decree 231/2001, responsible for supervising the operation of and compliance with the Model and its updating;
- **“P.A.”**: the Public Administration, including its officials, public officers and persons in charge of a public service;
- **“Partners”**: Marzocchi Pompe S.p.A.'s contractual counterparties (such as customers, suppliers, agents, etc., including Group companies), whether natural or legal persons, with whom Marzocchi Pompe S.p.A. enters into any form of contractually-governed collaboration (purchase and sale of goods and services, temporary business association, joint ventures, consortia, etc.), where they intend to cooperate with the Company in the area of Sensitive Processes;
- **“Sensitive Processes”**: activities of Marzocchi Pompe S.p.A. in which the risk of commission of the Crimes is potentially present;
- **“Crimes”**: crimes to which the provisions of Italian Legislative Decree 231/2001 apply (also with reference to subsequent amendments and additions, if any);
- **“Subordinates”**: persons subject to management or supervision by persons belonging to the top management of the Company (Senior Executives), identified in Article 7 of Italian Legislative Decree 231/2001.

# **GENERAL SECTION**

## **1. ITALIAN LEGISLATIVE DECREE 231/2001**

### **1.1 Introduction**

Italian Legislative Decree no. 231 of 8 June 2001, containing the "*Rules governing the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law no. 300 of 29 September 2000*" (hereinafter also referred to as the 'Decree'), aims to suppress a predetermined series of predicate offences committed in the interest or to the benefit of the Entity by persons holding positions of representation, administration or management, also *de facto*, or by persons subject to the management or supervision of the former.

Thus, for the first time in the Italian legal system, the liability of 'entities' for administrative offences resulting from an offence was introduced, in addition to the liability of the natural person who materially committed the offence.

### **1.2 Nature of administrative liability of companies**

The administrative liability of companies for the commission of one of the predicate offences for which it is envisaged, is additional to, and does not replace, the liability of the natural person who is the material perpetrator.

Pursuant to Article 8 of Italian Legislative Decree 231/2001, the administrative liability of the Entity also exists when the perpetrator of the offence has not been identified or cannot be charged, and also exists even if the offence itself is no longer punishable due to a reason other than amnesty, such as, for example, due to lapse of the statute of limitations or even the death of the offender.

Pursuant to Article 2 of the Decree, administrative liability of companies only arises in the cases provided for by law. The Company cannot be held liable for an act constituting an offence (Article 2 of the Decree) "if its administrative liability in relation to that offence and the relevant penalties are not expressly provided for by a law that came into force before the act was committed" (application also in matters of administrative liability of the principle of legality set out in Article 2 of the Italian Criminal Code).

The Company, therefore, can only be held liable for the commission of the offences expressly indicated in the Decree and subsequent supplements prior to the commission of the alleged offence (Articles 2 and 3 of the Decree).

### 1.3 Criteria for attributing administrative liability

Prerequisites for applying the regulations set out by the Decree are:

- one of the offences set out in the Decree and subsequent supplements has been committed (known as 'predicate offences');
- offence has to have been committed in the interest or to the benefit of the Entity pursuant to Article 5, paragraph 1 of the Decree, regardless of whether one or the other is actually achieved. The Entity is not liable if the offence was committed by one of the persons referred to in the Decree "in their own exclusive interest or in the interest of third parties" (Article 5, paragraph 2);
- the offence can be subjectively traced to the Entity pursuant to Article 5, paragraph 1(a) and (b).

Specifically, according to the Decree, the offence must have been committed by one or more 'qualified' persons, i.e. by:

- persons in "senior management positions": persons holding positions of representation, administration or management of the Entity or of one of its organisational units empowered with financial and functional autonomy, who exercise, also *de facto*, the management and control of the Entity;
- persons "subject to the management or supervision": persons subject to the management or supervision of one of the Senior Executives referred to in Article 5 (a).

The perpetrators of the offence from which the company may incur administrative liability, therefore, may number, for instance, among the Senior Executives, attorneys, the legal representative, the director, the general manager or the manager of a facility, as well as persons exercising, even *de facto*, the management and control of the Entity or of one of its organisational units empowered with financial and functional autonomy.

The persons referred to in Article 5(b) of the Decree include not only employees, but also persons external to the Entity, who have been entrusted with an assignment to be carried out under the management and supervision of Senior Executives (workers, agents or Consultants).

For offences committed by persons with managerial functions, the onus is placed on the Entity to prove the absence of its own liability arising from organisational misconduct.

In order to be exempt from liability, the Entity must demonstrate, pursuant to Article 6, paragraph 1 of Decree 231 of 2001, that all of the following circumstances occurred:

- 1) adoption of the Organisation, Management and Control Model capable of preventing offences of the kind that have occurred;

- 2) the task of monitoring the functioning of and compliance with the Model has been entrusted to a Supervisory Body of the Entity with independent powers of initiative and control;
- 3) proof that the offender fraudulently circumvented the organisation and management models;
- 4) demonstration that there was no omission or insufficient supervision by the Supervisory Body.

If the offence is committed by persons subject to the management of others ('subordinate' persons under Article 5, paragraph 1(b)), the Entity is liable (pursuant to Article 7, paragraph 1) if the commission of the offence was made possible by the Entity's failure to comply with the management and supervision obligations. However, no breach of management or supervision obligations (pursuant to Article 7, paragraph 2) shall be considered if the Entity, prior to the commission of the crime, adopted and effectively implemented an Organisation, Management and Control Model capable of preventing offences of the kind that have occurred. The Model (pursuant to Article 7, paragraph 3) shall set out, in relation to the nature and size of the organisation, as well as the type of activity performed, measures which guarantee that the activity is carried out in respect of the law and are capable of identifying and promptly eliminating any risk situations.

The effective implementation of the Model requires:

- (a) periodic verification and possible changes thereto when significant breaches of the requirements are discovered or when changes occur in the organisation or activity;
- b) a disciplinary system capable of penalising any lack of compliance with the requirements imposed by the Model.

## **1.4 Predicate offences relevant to corporate administrative liability**

The types of predicate offences currently provided for in Italian Legislative Decree 231/2001, updated as of **31 October 2023**, are as follows:

- I. Article 24 – Undue receipt of funds, fraud in detriment to the State or a public body to obtain public funds and cyber fraud in detriment to the State or a public body;
- II. Article 24-*bis* – Computer crimes and unlawful data processing;
- III. Article 24-*ter* – Organised crime offences;
- IV. Article 25 – Bribery and corruption;
- V. Article 25-*bis* – Counterfeiting of money, credit cards and revenue stamps;
- VI. Article 25-*bis* 1. – Crimes against industry and trade;
- VII. Article 25-*ter* – Corporate crimes;
- VIII. Article 25-*quater* – Crimes for the purpose of terrorism and subversion of the democratic order provided for by the Italian Criminal Code and special laws;
- IX. Article 25-*quater* – Practices of female genital mutilation;

- X. Article 25-*quinquies* – Crimes against individuals;
- XI. Article 25-*sexies* – Insider trading and market manipulation (market abuse);
- XII. Article 25-*septies* – Manslaughter and serious or very serious negligent injuries, committed in breach of the rules on accident prevention and on the protection of health and safety at work;
- XIII. Article 25-*octies* – Receiving stolen goods, money laundering, use or self laundering of goods or money of unlawful origin;
- XIV. Article 25-*octies*-1 – Crimes relating to non-cash payment instruments;
- XV. Article 25-*novies* – Crimes of breach of copyright;
- XVI. Article 25-*decies* – Inducement not to make statements or to make false statements to the judicial authorities;
- XVII. Article 25-*undecies* – Environmental offences;
- XVIII. Art 25-*deodecies* – Crimes relating to the employment of illegally staying third-country nationals;
- XIX. Article 25-*terdecies* – Racism and xenophobia;
- XX. Article 25-*quaterdecies* – Fraud in sports competitions, unlawful business of gaming, betting or gambling using prohibited devices;
- XXI. Article 25-*quinquiesdecies* – Tax crimes;
- XXII. Article 25-*sexiesdecies* – Smuggling;
- XXIII. Article 25-*septiesdecies* – Crimes against cultural heritage;
- XXIV. Article 25-*duodevicies* – Laundering of cultural heritage and looting of cultural and landscape heritage.
- XXV. Article 12 of Italian Law no. 9 of 14 January 2013 Liability of entities for administrative offences deriving from crimes for those operating in the virgin olive oil sector;
- XXVI. Articles 3 and 10 of Italian Law no. 146 of 16 March 2006 Transnational Crimes.

However, it should be noted that these categories of crime may be amended and extended by Italian law in the future.

An analytical listing of each offence is contained in the annex.

The Supervisory Body remains at the disposal of any Addressee to resolve any doubts concerning the interpretation of the predicate offences.

## **1.5 Applicable penalties**

The penalties provided for in Article 9 of Italian Legislative Decree 231/2001 are:

- (a) a monetary penalty;



- (b) debarment penalties;
- (c) publication of the judgment;
- (d) seizure.

- a) A monetary penalty is applied according to the system based on units of payment, as provided for in Article 11 of the Decree. The Judge shall make a judgement in two phases, aimed at independently determining the number of units of payment that can be imposed as a penalty on the entity, linking it to the objective and subjective seriousness, of the offence, as well as to the activity carried out to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences. The Judge must then assign an economic value to each individual unit, from a minimum of EUR 258.00 to a maximum of EUR 1,549.00, relating it to the economic and equity conditions of the company, for the express purpose of "*ensuring the effectiveness of the penalty*".
- b) Debarment penalties (prohibition from carrying on business activities, suspension or revocation of authorisations, licences or concessions that served to commit the offence, prohibition from contracting with the Public Administration except in the case of obtaining the provision of a public service, exclusion from facilitations, financing, grants or subsidies and possible revocation of those already granted, prohibition from advertising goods or services) have been, on the other hand, provided for in so far as they are capable of profoundly affecting the organisation, operation and activity of the Entity. Where the conditions are met, these penalties may also be applied as a precautionary measure (Article 45 *et seq.* of the Decree).

According to the provisions of Article 13 of the Decree, debarment penalties are applied for the offences they are expressly provided for, when at least one of the following conditions is met: - the Entity has derived a significant profit from the offence and the offence was committed by persons in a senior management position or by persons subject to the management of others when, in this case, the offence was committed or facilitated by serious organisational deficiencies; - in the event of repetition of the offence.

- c) Publication of the judgment may be ordered only in the event that a debarment penalty is imposed on the Entity (Article 18 of the Decree). The judgement is published only once, in excerpts or in full, in one or more newspapers indicated by the judge in the judgement as well as by billposting in the municipality where the Entity has its head office (Article 18, paragraph 2). The judgment is published by the court registrar at the expense of the Entity (Article 18, paragraph 3).
- d) Lastly, seizure of the price or profit of the offence, or its equivalent, is always ordered with the conviction, except for the portion that can be returned to the injured party, pursuant to Article 19 of the Decree. The rights acquired by third parties in good faith are not affected. Where it is not

possible to execute seizure of the price or profit of the crime, the seizure may concern sums of money, goods or other benefits of equivalent value to the price or profit of the crime.

## 1.6 Regulatory features of the Organisation Model

The Decree does not regulate the nature and characteristics of the Organisation Model in a detailed manner (except as provided for in Article 30 of Decree 81/2008, to which reference is made): it merely sets out some general principles parameterised according to the different parties who might commit an offence.

For the prevention of offences, the Model shall (Article 6, paragraph 2):

- *“identify the activities within the scope of which offences may be committed”;*
- *“establish specific protocols to plan the formation and implementation of the entity's decisions in relation to the offences to be prevented,” as well as “reporting obligations” to the body responsible for supervising the operation of and compliance with the models;*
- *“identify methods of managing financial resources capable of preventing the commission of the offences”;*
- *“establish reporting obligations to the body responsible for supervising the operation of and compliance with the models”;*
- *“implement a disciplinary system capable of penalising any lack of compliance with the requirements imposed by the Model.”*

The Model shall also set out, “in relation to the nature and size of the organisation, as well as the type of activity performed, measures which guarantee that the activity is carried out in respect of the law and are capable of identifying and promptly eliminating any risk situations” (as envisaged in Article 7, paragraph 3 of the Decree).

With reference to the effective implementation of the Model, Article 7, paragraph 4, further requires:

- *“periodic verification and possible changes thereto when significant breaches of the requirements are discovered or when changes occur in the organisation or activity”;*
- *implementation of “a disciplinary system capable of penalising any lack of compliance with the requirements imposed by the Model.”*

## **2. MODEL 231/2001**

### **2.1 Introduction**

This Model shall consist of a general section and some special sections.

The general section covers: - the purpose of the Model; - the founding principles; - the methodology followed in constructing the Model; - the construction of the Model; - the Addressees; - the relationship between the Model and the Code of Ethics; - the dissemination of the Model and the training of Employees and Workers; - the Supervisory Body; - the disciplinary and penalty system; and - the procedures for updating the Model.

The individual special sections concern - offences against the Public Administration (P.A.); - corporate and tax offences; - offences relating to insider trading and market manipulation (Market Abuse); - environmental offences; - offences relating to the protection of health and safety at work.

For the other predicate offences, no specific sensitive areas were identified on the basis of the risk mapping carried out in consultation with the Company's Senior Executives.

In any case, the principles contained in the Code of Ethics call for compliance with all legal provisions, including those relating to the aforementioned offences, imposing ethically virtuous conduct and practices.

### **2.2 MARZOCCHI POMPE S.p.A.**

The purpose of Marzocchi Pompe S.p.A. (hereinafter, the "**Company**") regards the following activities:

- design, construction, marketing, sale and maintenance of fluid-dynamic equipment.

The Company, based in Zola Predosa (BO), is currently managed by a Board of Directors consisting of seven members, one of whom is the Managing Director.

There are two production sites: in addition to the one in Zola Predosa, there is also one in Casalecchio di Reno (BO), Italy. Both production sites are ISO 9001-certified. The Zola Predosa plant also achieved IATF 16949 certification, which defines standards for supplies to automotive customers.

The Zola Predosa plant has also achieved ISO 14001/2015 certification for environmental matters.

As of 2019, the Company's shares are listed on Euronext Growth in Milan (formerly AIM Italy).

In order to adapt the Company's corporate governance system to the rules applicable to issuers with financial instruments admitted to trading on Euronext Growth Milan (formerly AIM Italia), the Board of Directors of Marzocchi Pompe S.p.A. resolved to adopt a series of procedures, which - given their

importance - shall be considered an integral part of this Model, to which the version of these procedures in force as at 30 September 2023 (the “**Euronext Growth Milan Procedures**”) are attached as ANNEX 3:

- a) the procedure for handling inside information and for establishing and maintaining the insider register;
- b) the procedure for transactions carried out with Related Parties;
- c) the internal dealing procedure;
- d) the procedure for keeping a register of persons with access to inside information;
- e) the procedure for communications to Euronext Growth Milan Advisor (formerly Nomad);
- f) the supplementary procedure to rename AIM as Euronext Growth Milan.

The Administrative and Financial Director of the Company shall inform the Supervisory Body, in a timely manner, of any changes that may be made to the aforementioned Euronext Growth Milan Procedures.

The text of the Euronext Growth Milan Procedures can always be consulted on the Company's institutional website.

The control body is represented by a board of auditors consisting of five members (including alternate members) and auditing is entrusted to a leading auditing company.

The Company's products are sold under the trademarks Marzocchi Pompe S.p.A. and ELIKA.

The customer base is represented by private individuals, with a share of revenues in the automotive sector of about 25%. The Italian market accounts for about 20%. Customers are both distributors and industrial/manufacturing end-users.

Suppliers are mainly located in Italy or, in any case, within the borders of the European Union.

### **2.2.1 Company organisation**

To clearly specify the role and responsibilities of each individual within the company processes, the Company has developed a specific Organisational Chart which displays the entire corporate organisational structure. The Organisational Chart, in particular, specifies:

- the areas into which the Company's activities are divided;
- the hierarchical reporting lines of the individual corporate entities;
- the persons operating in the individual areas and their organisational role.

### **2.3 Purpose of the Organisation Model**

The Decree provides that the Entity shall be exempt from liability if the management body has adopted and implemented a suitable Organisation Model and, moreover, if the task of monitoring the functioning of and compliance with the Model and overseeing its update has been entrusted to a Supervisory Body

of the Entity with independent powers of initiative and control, as provided for in Article 6, paragraph 1(a) and (b) of the Decree.

Organisation Model means a coherent and functional set of rules for the purpose of preventing the commission of predicate offences. It must therefore be assessed whether the set of rules available to the Company is consistent and prevents the predicate offences covered by the Decree.

The Organisation Model must be able to “identify the activities within the scope of which offences may be committed”. To this end, the Company activities or functions within the scope of which the offences provided for in the Decree may be committed must be mapped, to ensure the safeguards to be adopted are proportionate to the existence of concrete risks.

### **2.3.1 Occupational health and safety management**

This Organisation Model is adopted by Marzocchi Pompe S.p.A. also with reference to aspects regarding health and safety in the workplace, as the Company intends to ensure the fulfilment of all legal obligations relating to:

- compliance with legal technical and structural standards for equipment, facilities and workplaces;
- risk assessment activities and the preparation of the resulting prevention and protection measures;
- organisational activities, such as emergencies, first aid, tender management, periodic safety meetings and consulting with workers' safety representatives;
- health monitoring activities;
- information and training activities for workers;
- supervisory activities with regard to workers' compliance with safe working procedures and instructions;
- the acquisition of documents and certifications required by law;
- periodic checks on the application and effectiveness of the procedures adopted.

Every activity described above is documented and recorded so that the Company can have traceability and evidence of it.

In this regard, Marzocchi Pompe S.p.A. delegated an external party with proven experience (Giuseppe Sermasi) to oversee health and safety pursuant to Article 16 of Italian Legislative Decree 81/2008, vesting him with very broad powers.

As already mentioned, the Zola Predosa production site has obtained ISO 14001/2015 certification for environmental matters.

## 2.4 Organisation and management models. Minimum requirements.

As mentioned in Article 2.3 above, even if:

- a) the natural person acted in the interest of and/or for the benefit of the Entity; and
- b) they committed a crime provided for in Italian Legislative Decree 231/2001 as a source of administrative liability for legal persons;

it is possible, according to the law, for the legal person to be exempt from any liability under the following conditions, the proof of whose existence is placed on the Entity:

- the management body has to have adopted and effectively implemented, prior to the commission of the offence, organisation, management and control models capable of preventing the crimes indicated in Italian Legislative Decree 231/2001;
- the Company has to have entrusted an independent body, vested with powers of initiative and control, with the task of supervising the functioning of and effective compliance with the model in question, as well as ensuring that it is updated;
- the Company must also prove that the monitoring by the Supervisory Body was not omitted or insufficient;
- in any case, there is no liability if the Entity proves that the persons who committed the offence acted fraudulently by circumventing the control measures.

However, for the Model to have the effect of holding the Entity harmless from liability, the Model must, at the minimum:

- identify the activities within the scope of which there is a possibility that Crimes may be committed;
- set out specific protocols (i.e. procedures) aimed at preventing the Crimes;
- identify methods of managing financial resources and of communicating information capable of preventing the commission of the Crimes;
- establish reporting obligations to the body responsible for supervising the operation of and compliance with the Model;
- implement a disciplinary system capable of penalising any lack of compliance with the requirements imposed by the Model.

## 2.5 Methodology followed in drafting the Model

For the drafting of the Organisation Model, reference was made to the “Guidelines for the construction of organisation, management and control models, pursuant to Italian Legislative Decree 231/2001” issued by Confindustria on 7 March 2002 (as amended).

In this regard, Confindustria provides that, in order to draw up a Model capable of preventing the offences under the law in question, the principles indicated in the Guidelines should be emphasised and followed:

- identify the activities within the scope of which offences may be committed for which the application of Italian Legislative Decree 231 /2001 is envisaged;
- create a company map depicting the Company's organisational system to detect areas at risk of “specific” offences. In relation to specific business segments, establish procedures and control systems to prevent the commission of offences;
- analyse the potential risks, taking account of the possible ways in which Crimes may be committed in the various corporate areas, considering the company map, the characteristics of the Company and its history, with specific reference to any offences committed which are included among those to which Italian Legislative Decree 231/2001 applies;
- evaluate the system of preventive controls that may exist and adapt them where necessary. The system of preventive controls must be able to ensure that the risks of commission of the Crimes, according to the implementation methods identified above, are reduced to an “acceptable” level, based on an approach of balancing costs and benefits;
- highlight all activities that involve direct contact with the Public Administration with specific reference to supervisory and control activities carried out by the Public Administration vis-a-vis the Company;
- implement a disciplinary system capable of penalising any lack of compliance with the provisions set out in the Model. To this end, the Organisation Model shall be adopted by the Board of Directors and disseminated to all those working in the structure, also by posting it on the notice board. The Organisation Model must be communicated to workers' representatives;
- the disciplinary system must be implemented both to persons subject to the management of others and of those in senior management positions. The breach of any rule of conduct provided for in the Model by Employees is considered a disciplinary offence which could result in termination of employment;
- a budget must be provided for the Supervisory Body to enable it to perform the activities provided for in Decree 231 of 2001;
- it must be ensured that Supervisory Body can receive a constant flow of information. There must also be confidential channels of internal communication between Employees and the Supervisory Body.

## 2.6 The adoption of the Model and subsequent changes.

Although the adoption of the Model is provided for by law as a mere option, Marzocchi Pompe S.p.A. has:

- adopted this Organisation Model;
- set up its own Supervisory Body (SB).

The Code of Ethics was previously adopted.

This Model may be subject to change if:

- a) particular needs arise, resulting from the control and verification activities of the Supervisory Body, which make changes necessary, to more effectively guarantee the prevention of the Predicate Offences set out in Italian Legislative Decree 231 of 2001 and thus contain the risk of these criminal offences being committed;
- b) there are legislative or regulatory changes that require revision or supplementation of the Model.

It is understood that, since the Model is an “act issued by the management body” (in accordance with the provisions of Article 6, paragraph 1(a) of Italian Legislative Decree 231 of 2001), all changes and additions are the sole responsibility of the Company's Board of Directors, which shall do so either on its own initiative (subject, however, to informing the Supervisory Body, which may make any observations) or at the request/proposal of the Supervisory Body.

## 2.7 The function of the Model

The adoption and effective implementation of the Model not only could allow the Company, in the unfortunate event of the commission of criminal offences by Senior Executives or Subordinates, to benefit from the exemption provided for in Article 6 of Italian Legislative Decree 231 of 2001, but also aim to improve corporate governance, limiting the risk of the commission of Crimes.

The principles contained in this Model must result in the full awareness in the potential offender of the negative effects connected to the commission of a criminal offence, not only from a judicial point of view, but also from a work-related point of view, pertaining to relations with Marzocchi Pompe S.p.A.

Any criminal conduct is, in fact, strongly condemned by the Company and considered, *per se*, as contrary to the Company's interests, even in cases where the perpetrator aims to pursue their interests and even when the Company may concretely obtain a financial benefit therefrom, even if only hypothetical.

The constant monitoring of the Company's activities provided for in the Model aims to enable the Company to promptly react to reprehensible conduct, by putting in place activities to prevent and hinder



the commission of Crimes, as well as to enable the Company to adopt any measure deemed appropriate to prevent the repetition of such Crimes.

In conclusion, Marzocchi Pompe S.p.A. believes that strict compliance with the law (and even more so with regard to the specific wrongdoing constituting predicate offences for the application of Italian Legislative Decree 231 of 2001), is a primary, crucial good, which must prevail over any other consideration or conduct, even if carried out for the purpose of guaranteeing the Company a financial, equity or competitive benefit or prestige on the market.

## **2.8 Relationship between the Model and the Code of Ethics**

The principles and rules of conduct contained in the Organisation Model complement the Code of Ethics, even though, due to its purposes, the Model has a different scope from the Code.

Marzocchi Pompe S.p.A. has adopted a Code of Ethics that represents the set of rules and principles of general conduct to which directors, Employees and workers must scrupulously adhere.

These principles can be summarised as follows:

- compliance with applicable laws, regulations and internal Company regulations;
- transparency and fairness, avoiding any possible conflict of interest in relations with third parties vis-a-vis the Company (including the Public Administration).

The Code of Ethics is an instrument generally applied to every aspect of corporate management, also for activities that may be of little relevance and/or “sensitivity” in the light of Decree 231 of 2001 or may be totally unrelated to the purposes of the Decree.

The Code of Ethics groups together the principles of business ethics that the Company recognises as its own, which it requires its directors, Employees and all those who cooperate in the pursuit of the Company's aims to comply with. These principles of conduct are also rules of behaviour capable of preventing the offences referred to in Decree 231 of 2001 and, for this reason, the Code of Ethics can be considered a fundamental component of the Organisation Model.

## **2.9 Dissemination of the Model and training**

The adoption of the Organisation Model and of the Code of Ethics must be communicated to all Employees (also by involving the Trade Union Representative, if any), workers and Corporate Bodies using the methods deemed most useful and effective for greater and better dissemination of information.

A copy of the Organisation Model and the Code of Ethics in electronic format must always be available on the Company's computer network, in an area easily accessible for Employees. The Company, and

specifically the Human Resources Department, shall also promptly communicate any updates/changes to the two Documents.

The Supervisory Body may propose, also with the cooperation of the Company Departments and the Prevention and Protection Service Manager, specific training plans for persons working in particularly sensitive areas with a view to the offences covered by Decree 231 of 2001.

A copy of the Organisation Model (or even an extract thereof) and the Code of Ethics will also be made available on the Company's website.

### 3. SUPERVISORY BODY

#### 3.1 Designating the Supervisory Body

As mentioned, as a further requirement for excluding liability of entities, Article 6, paragraph 1(b) of Italian Legislative Decree 231/2001 requires that a Supervisory Body be appointed, with independent powers of initiative and control.

This Body is entrusted with the task of supervising the proper functioning of and compliance with the Organisation Model and ensuring that it is updated.

The Supervisory Body may be a single individual or a board.

The Confindustria Guidelines set out a series of useful criteria for the best preventive effectiveness of the Model, also with reference to concretely designating the members of the Supervisory Body.

The minimum requirements for members of the Supervisory Body are:

- a. **independence and autonomy:** the persons appointed to the Supervisory Body must not perform management activities or tasks of an operational nature within the entity. Members of the Supervisory Body must not carry out management activity, so that they can carry out the control and verification of the provisions contained in the Organisation Model without any conflict of interest. The members of the Supervisory Body may not have ongoing collaborative relationships with the Company.

The Body should therefore be configured as a staff unit placed in a top position, reporting directly to the Company's senior operational management;

- b. **professionalism:** the members of the Supervisory Body must have specific sector-based skills, adequate knowledge of the regulations provided for in Italian Legislative Decree 231/2001, of the Organisation Models and of the actions required to ensure the performance of the auditing described in the aforementioned decree;
- c. **continuity of action:** in order to guarantee the effective and constant implementation of a Model as structured and complex as the one outlined, there must be a structure dedicated exclusively and full-time to monitoring the Model, without, as mentioned, operational tasks that could lead it to take decisions with economic and financial effects.

The management body of the Company provides the Supervisory Body with adequate financial (budget) and logistical means to guarantee the performance of its activities and the exercise of its functions, also taking into account the requests made by the Supervisory Body in this regard.

The following grounds for ineligibility and/or disqualification from office are also provided for:

- commission of one of the Crimes for which application of Italian Legislative Decree 231 of 2001 (or “*Predicate Offences*”) is envisaged;
- conviction, even if not a final judgment, with a penalty entailing disqualification, even if only temporary, from public office;
- conviction, even if not a final judgment, with a penalty entailing temporary disqualification from the executive offices of legal persons and companies;
- conviction, even if not a final judgment, for any property crime;
- conviction, by way of a final judgment, for any crime punishable by a sentence of more than five years' imprisonment;
- being (or becoming) a member of the management body of Marzocchi Pompe S.p.A.;
- having relationships of marriage, kinship or affinity up to the third degree with the members of the management body, with the Senior Executives of Marzocchi Pompe S.p.A. or of the auditing company or with the auditors appointed by the auditing company.

The functioning of the Supervisory Body is governed by a specific set of Rules, approved by the Supervisory Body by virtue of the self-sufficiency vested in the Supervisory Body.

The Supervisory Body may avail of the cooperation of the corporate functions of Marzocchi Pompe S.p.A., including, by way of example only:

- Human Resources and Personnel Management;
- Administration, Finance and Control;
- Information Technology Management;
- Safety and Environment (both internal and external resources);
- Quality.

The Supervisory Body may also avail of the cooperation of external persons to whom it entrusts specific and circumstantial tasks.

### **3.2 Appointment, replacement and revocation of the Supervisory Body**

Appointment, replacement and revocation of the Supervisory Body are resolved upon by the Board of Directors, which shall ascertain any causes of ineligibility or disqualification and may, in any case, revoke from office, also with immediate effect, the member(s) of the Supervisory Body, change or limit their powers or expenditure limits. This, however, only after formal resolution of the Board of Directors and after hearing the opinion of the Board of Statutory Auditors.

In any case of revocation, resignation, removal from office or inability to function due to any other cause, the Board of Directors shall, without delay, re-establish the Body, ensuring the characteristics of independence and autonomy laid down by law.

### **3.3 Tasks, requirements and powers of the Supervisory Body**

In detail, the activities that the Body is called upon to perform, also on the basis of the indications contained in Articles 6 and 7 of the Decree and Article 30 of Decree no. 81/2008, can be summarised as follows:

- supervising the effectiveness of the Model, which takes the form of verifying the consistency between the actual conduct and the established Model;
- periodically carrying out targeted audits on operations or specific acts implemented by the Company. The results of such audits shall be summarised in a specific report to be submitted periodically (on average once a year) to the competent corporate bodies;
- examining the adequacy of the Model, i.e. of its real (and not merely formal) capacity to prevent, in principle, unwanted conduct;
- taking care of the necessary dynamic updating of the Model, in the event that the analyses carried out make it necessary to make corrections and adjustments;
- submitting proposals to adapt the Model to the Company bodies/functions capable of concretely implementing them in the Company fabric. Depending on the type and scope of the measures, proposals will be directed towards the functions of General Management, Human Resources, Administration/Finance/Control, Information Technology, the Employer, etc. or, in certain particularly relevant cases, towards the Board of Directors;
- coordinating with corporate functions (primarily Human Resources, Administration/Finance and Control, Information Technology and General Management) to define training programmes for personnel, aimed at increasing the awareness of Addressees about compliance with the Organisation Model and the Code of Ethics;
- follow-up, i.e. verification of the implementation and actual functioning of the proposed solutions.

In the performance of its assigned tasks, the Supervisory Body has unrestricted access to corporate information to allow for verification, analysis and control activities. The Supervisory Body is bound to absolute confidentiality on such information, without prejudice to the use of information and data to perform its institutional duties.

Upon legitimate and justified requests by the Supervisory Body, or upon the occurrence of events or circumstances that are relevant to performing the activities falling under the responsibility of the Supervisory Body, any Employee and/or member of the Corporate Bodies is obliged to provide the requested data.

### 3.4 Reporting to the Supervisory Body by the Addressees

Article 6, paragraph 2(d) of the Decree stipulates that the Model must establish “reporting obligations to the Supervisory Body”, so that it can properly perform its function.

The Supervisory Body, therefore, must be promptly informed by all Addressees, i.e., directors, Employees, Consultants and/or workers, of any news concerning the existence of possible breaches of the principles contained in the Model.

In particular, the Addressees must report to the Supervisory Body any news concerning the commission or potential commission of offences or conduct that does not comply with the principles and instructions contained in the Model.

The following information must mandatorily and promptly be forwarded to the Supervisory Body:

- any breach of the Model and its constituent elements and any other factor potentially relevant to the application of Italian Legislative Decree 231 of 2001;
- measures and/or information from criminal investigation squads or any other authority, which indicate that investigations have been carried out for the Crimes referred to in the Decree, even against unknown persons;
- requests for legal assistance made by executives and/or Employees whom the Judiciary is prosecuting for Crimes under the Decree;
- any event, act/omission that may undermine the guarantee of protection of the integrity of workers and any other factor concerning accident prevention measures potentially relevant to the application of Article 25 *septies* of Italian Legislative Decree 231 of 2001;
- reports by the Board of Statutory Auditors/auditing firm on any anomalies/problems encountered in carrying out the assessment and control of the adequacy of the Company's organisational structure;
- at the end of each year, a list of all gifts and donations made by the Company.

With regard to safety aspects, and pursuant to Article 25 *septies* of the Decree, at least the following documentation must be sent to the Supervisory Body:

- risk assessment document drawn up pursuant to Italian Legislative Decree no. 81 of 2008 or, where appropriate, an extract of the document and any subsequent updates and amendments;

- copy of any reports from control bodies (Local Health Authorities, Occupational Health and Safety Service, Italian National Institute for Insurance Against Accidents at Work/Italian Social Security Institute, etc.) even in the absence of findings;
- annual report of the Delegate for Internal and Product Safety;
- minutes of the periodic meeting regarding Article 35 of Italian Legislative Decree no. 81 of 2008.

Moreover, any information concerning serious deficiencies, anomalies and non-compliance found in the implementation of the workers' health and safety obligations detected by qualified persons such as employers, safety delegates, executives, supervisors, Workers' Health and Safety Representative, Prevention and Protection Service Manager and the Company Doctor must be promptly transmitted to the Supervisory Body.

With regard to environmental aspects, and pursuant to Article 25 *undecies* of the Decree, at least the following documentation must be sent to the Supervisory Body:

- copy of any reports from control bodies (Local Health Authorities, Regional Environmental Protection Agency) even in the absence of findings;
- periodic review report containing information on discharges, atmospheric emissions and waste management;
- any substantial updates related to the 14001:2015 Certification.

Information on serious deficiencies, anomalies and failures in implementing environmental obligations must also be transmitted to the Supervisory Body.

On its express request, the following shall also be sent to the Supervisory Body:

- copies of the annual and half-yearly separate and consolidated financial statements, including the management report, the reports of the Board of Statutory Auditors and the auditing firm;
- reports of inspections by external authorities regardless of the outcome or any findings;
- regular updates on the status of investments for which public grants have been applied for, with particular reference to research and development activities.

### **3.5 Reporting by the Supervisory Body to the corporate bodies**

The Supervisory Body reports on the implementation of the Model, the emergence of any critical aspects and communicates the outcome of the activities carried out in exercising its assigned duties.

The following types of communications are envisaged:

- a) on an ongoing basis, directly to the Managing Director;
- b) on at least an annual basis, to the Board of Statutory Auditors and the Board of Directors.

With reference to the above-mentioned communication flows, the Supervisory Body prepares:

- an annual report highlighting the activities carried out and the results achieved;
- periodic reporting on any changes introduced with regard to the administrative liability of entities;
- the reporting of serious breaches identified in performing its duties.

The following communications are provided for in cases of breach of the Model:

- a) upon learning of a breach (or alleged breach) of the Model committed by one or more members of the Board of Directors, the Supervisory Body informs the Board of Directors and the Board of Statutory Auditors;
- b) upon learning of a breach (or alleged breach) of the Model committed by one or more Auditors, the Supervisory Body informs the Board of Statutory Auditors and the Board of Directors;
- c) upon learning of a breach (or alleged breach) of the Model committed by the other Addressees, the Supervisory Body informs the Board of Directors and the Personnel Department.

### **3.6 Reporting channels and methods**

All reports relating to breaches of the Model and the Predicate Offences under Italian Legislative Decree 231 of 2001 must be made using the platform <https://marzocchipompe.integrityline.com> as provided for by the legislation on Whistleblowing (Italian Legislative Decree 24/2023).

On the other hand, communications to the Supervisory Body that do not qualify as a complaint/breach of the Model shall be made by means of:

- email by sending the communication to the following address: [mail@riccardobigi.it](mailto:mail@riccardobigi.it);
- signed note/letter.

Any reports will only be taken into account if they are manifestly well-founded and provide useful elements to correctly and completely reconstruct the facts.

Reports made as provided for above and adequately substantiated shall be mandatorily assessed by the Supervisory Body. Such reports shall be chronologically numbered and filed by the Supervisory Body.

The Supervisory Body shall take action to protect whistleblowers against any form of retaliation, discrimination and/or penalisation, also ensuring the confidentiality of the whistleblower's identity, without prejudice to legal obligations and the protection of the rights of the Company and/or of the persons involved, as well as the reputation of the person(s) reported.



From the point of view of managing the information received, the Supervisory Body, after assessing the reports, where deemed useful and/or necessary, decides whether to perform any inspections, using internal resources for this purpose or, where appropriate, calling in external professionals, if the inspection requires specific and particular skills or in cases of particular complexity.

Obligations of disclosure of any conduct contrary to the provisions contained in the Model or on unlawful conduct which is relevant pursuant to Italian Legislative Decree 231 of 2001 fall within the broader duty of diligence and obligation of loyalty of employees referred to in Articles 2104 and 2105 of the Italian Civil Code.

In the event of reports or complaints submitted in the forms and within the limits set out in Article 6 of Italian Legislative Decree 231 of 2001, the pursuit of the interest of the entity's integrity, as well as the prevention and suppression of embezzlement are just cause for disclosing information covered by the obligation of secrecy set out in Articles 326 (Disclosure and use of official secrets), 622 (Disclosure of professional secrecy) and 623 (Disclosure of scientific or industrial secrets) of the Italian Criminal Code and Article 2105 (Obligation of loyalty) of the Italian Civil Code.

## **4. DISCIPLINARY AND PENALTY SYSTEM**

### **4.1 Introduction**

The provision of an adequate system of penalties for the breach of the provisions contained in the Model, including the Code of Ethics, is a distinguishing characteristic and an essential condition to ensure the effective implementation of the Organisation Model as a whole.

As mentioned, Article 6, paragraph 2 of the Decree requires that a disciplinary system capable of penalising conduct that does not comply with the Organisation Model be introduced.

Disciplinary penalties shall be applied irrespective of the outcome of any criminal proceedings that may have been initiated, since the rules of conduct imposed by the Model are assumed by the Company in full autonomy and independently of the type of offence that breaches of it may determine.

The disciplinary penalty is in fact characterised by the principles of timeliness and immediacy. Where the imposition of a penalty were made dependent on the outcome of a criminal trial, which may be initiated following the commission of one of the offences provided for in the Decree, it would become extremely difficult to ensure the effective implementation of the Organisation Model.

The directors, various types of workers of the Company and all Employees are subject to the penalty and disciplinary system of this Model.

This system must be differentiated according to the category of person: for Employees, i.e. those who are subject to management and supervision, for executives, in relation to the different type of contract that binds them to the Company, and, finally, for directors.

Furthermore, penalties are graduated taking into account the seriousness of the offence committed. As additional criteria for ensuring that the penalty is proportionate to the offence committed, the following circumstances are identified, by way of example only:

- **Objective criteria:**
  - the level of responsibility associated with the duties performed by the Employee;
  - the possible commission of the wrongdoing with the wilful cooperation or deliberate complicity of other Employees;
  - any specific precedents within the two-year period;
  - the relevance, for the purposes of compliance with the Decree, of the obligations breached;
  - the extent and nature of the damage or danger of damage, even merely of image, which may be caused to the Company by the commission of the offence being claimed;

- the extent and nature of the damage or danger of damage to public or private third parties;
  - the position that the addressee of the penalties has within the Company and the consequent duties that he or she is called upon to perform;
  - the seriousness of the breach;
  - the repetition of the breach or of another breach;
  - the pecuniary and non-pecuniary damage caused or likely to be caused to the normal course of the Company's business;
  - the impact of the breach on the relationship of trust established with the Company, also taking into account the existence or otherwise of previous disciplinary measures.
- **Subjective criteria:**
    - the subjective element - slight or gross negligence, general, intentional or impetuous misconduct - that motivated the conduct of the Employee;
    - whether the conduct giving rise to the breach was intentional;
    - the degree of negligence, recklessness or incompetence demonstrated in committing the breach with specific reference to whether it was possible to foresee the event;
    - the overall conduct engaged in, also with regard to the cooperation provided to avoid or limit the harmful consequences of the wrongdoing committed.

For Employees, the disciplinary system conforms to the already existing disciplinary code in compliance with the provisions of the Workers' Bill of Rights and the collective agreement, as well as with this document and any other regulations in force.

In the event of breach of the internal procedures set forth in the Model, or in the event that, in performing activities in areas at risk, behaviour that does not comply with the provisions of the Model or the Code of Ethics is engaged in, Employees will be subject to disciplinary measures in accordance with the indications set forth in the Company Disciplinary Code drawn up pursuant to the Company Collective Labour Agreement (Small and Medium-Sized Metalworking Enterprises, Goldsmiths and Installation of Plants CONFAPI National Labour Collective Agreement), as well as any other applicable collective agreement, in compliance with Article 7 of Law no. 300 of 20 May 1970 (known as the "Workers' Bill of Rights").

The penalty measures applicable to persons who are linked to the Company by contracts of a nature other than an employment relationship must ensure compliance with the law.

## **4.2 Penalties against non-management Employees**

Following a breach of the Model, the Supervisory Body shall inform the Personnel Department, which initiates the procedure for detecting the disciplinary offence established by the National Collective Labour Agreement in force.

The disciplinary measures provided for are:

- a) a verbal warning;
- b) a written warning;
- c) a fine not exceeding three hours' hourly pay calculated on the minimum wage;
- d) suspension from work and pay for up to three days;
- e) dismissal pursuant to Article 74 of the applicable National Collective Labour Agreement.

After the disciplinary measure has been applied, the Personnel Department shall notify the Supervisory Body.

The Supervisory Body and the Personnel Department shall monitor the application of disciplinary penalties.

With regard to those who have committed offences relating to whistleblowing (Article 21, paragraph 2 of Italian Legislative Decree no. 24 of 2023), please refer to the provisions of that Decree.

## **4.3 Penalties against members of the Board of Directors and/or the Board of Statutory Auditors.**

In the event of breach of the Model by persons serving as members of the Company's Board of Directors, the Supervisory Body shall promptly inform the Board of Directors and the Board of Statutory Auditors. The Board of Directors shall carry out the necessary investigations and, after consulting the Board of Statutory Auditors, take the appropriate measures, if necessary:

- convening the Shareholders' Meeting to provide the appropriate information;
- proposing a liability action, which must, however, be decided by the Shareholders' Meeting.

## **4.4 Penalties against Executives**

In the event of breach of the Model by executives, the Company shall apply against those responsible the measures deemed most appropriate in accordance with the provisions of the National Collective Labour Agreement for Executives and the Workers' Bill of Rights.

## 4.5 Procedure to impose penalties

The procedure shall commence upon receipt, by the corporate bodies responsible in the specific case, indicated below, of the communication with which the Supervisory Body reports the breach of the Model and/or the Code of Ethics by a Company Employee.

More specifically, in all cases in which it receives a report or, in the course of its supervisory and control activities, acquires elements that may infer the danger of a breach of the Model, the Supervisory Body is obliged to act promptly in order to carry out the checks and controls falling within the scope of its activity.

If an Employee reports to the Supervisory Body situations constituting breaches or the risk of breach of the Model, the Supervisory Body shall carry out its activities by ensuring that the person making said report is not known to the internal bodies of the Company, including those responsible for imposing penalties.

Once the verification and control activity has been completed, the Supervisory Body assesses, on the basis of the elements in its possession, whether a breach of the Model may have actually occurred. If yes, it reports the breach to the competent corporate functions. If no, it forwards the report to the competent corporate function for disciplinary measures when the conduct may nevertheless have disciplinary significance.

In particular, the Supervisory Body shall transmit to the competent corporate function:

- the description of the conduct observed;
- an indication of the provisions of the Model and/or Code of Conduct that have been breached;
- the details of the person responsible for the breach;
- any documents proving the breach and/or other evidence;
- its own proposal as to the appropriate penalty in the specific case.

Once the breach has been ascertained, the disciplinary proceedings against workers shall be governed in accordance with Article 7 of Law no. 300 of 20/5/1970 (“Workers’ Bill of Rights”) and the collective provisions contemplated by the contract governing the employment relationship with the person against whom the disciplinary procedure will be activated.

In particular, once a situation or conduct constituting a disciplinary offence has been ascertained, the charge shall be promptly notified to the worker in accordance with the procedures provided for by law and by the collective agreement on the exercise of disciplinary power.

The Supervisory Body is sent the measure imposing the penalty, for information purposes, and verifies its application.

If the employer does not deem it necessary to impose any penalty, it shall send a reasoned report on the matter to the Supervisory Body.

## **5. UPDATING AND SUPPLEMENTING THE MODEL**

The Board of Directors of the Company has the exclusive responsibility for any changes and/or additions that may be necessary to this Model.

In particular, additions and changes may become necessary due to changes in the regulatory framework of reference, significant changes in the corporate structure, the reporting of weaknesses in the Model or the introduction of new and relevant business processes.

The Board of Directors shall update and/or supplement the Model after hearing the opinion of the Supervisory Body and on the basis of what it has reported.