

## LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

### FIRST SECTION

#### 1.1. THE ADMINISTRATIVE LIABILITY OF ENTITIES

Legislative Decree No. 231 of 8 June 2001, governing the *“Administrative liability of legal persons, companies and associations including those without legal status, (hereinafter “Decree 231/2001” or “Decree”)*, which came into effect on 4 July 2001 pursuant to art. 11 of the Delegated Law of 29 September 2000 No. 300, introduced, into the Italian legal system, in compliance with the provisions laid down by EU law, the administrative liability of entities, where "entities" means businesses, joint-stock companies, partnerships and associations, including those without legal status. The Decree also aimed to adapt the internal regulations on the liability of legal persons to certain international Conventions to which the Republic of Italy had already signed some time ago, i.e.:

- Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests;
- the Brussels Convention of 26 May 1997 on the fight against corruption involving Officials of the European Community or of Member States;
- OECD Convention of 17 December 1997 on combating bribery of foreign Public Officials in economic and international transactions.

This new form of liability, though defined as "administrative" by the law maker, has the same features of criminal liability, as the competent criminal court is responsible for conducting investigations into the relevant offences, and the entity has the same guarantees of criminal proceedings. The entity administrative liability arises from the perpetration of offences, expressly indicated in Legislative Decree 231/2001, committed in the interest or for the benefit of the entity itself, by individuals holding a representative, administrative or management role in the entity or in one of its organisational units vested with financial and functional autonomy or exercising, including de facto, management and control (so-called "senior management"), or subject to the direction or supervision of one of the afore-mentioned individuals ("subordinates"). On the contrary, the existence of an exclusive advantage on the part of the person who commits the offence excludes the liability of the Company, which therefore is totally unrelated to such offence. Aside from the existence of the aforesaid requirements, Legislative Decree 231/2001 also requires the entity to be found guilty to establish its liability. This requirement is imputable to "organisational negligence", i.e. the entity's failure to adopt the appropriate preventive measures to prevent the offences listed in the following paragraph, by the subjects expressly identified in the Decree. In the event the entity can demonstrate that it has adopted and effectively implemented a suitable organisation capable of preventing these offences, through the adoption of the organisation, management and control model set forth by Legislative Decree 231/2001, such entity cannot be liable from an administrative point of view. It must be noted that therefore, entity administrative liability adds to the criminal liability and it does not cancel the liability of the natural person who materially committed the offence; both are subjected to investigation in the same proceedings before a criminal court.

The company's liability may exist even if the alleged offence is configured as a crime of attempt (according to art. 26 of Legislative Decree 231/01), i.e. when the subject performs acts unequivocally directed to committing a crime and the action is not committed or the event does not occur.

## 1.2. THE OFFENCES LAID DOWN IN THE DECREE

The offences, resulting into the entity's administrative liability, are those expressly and strictly described in the Legislative Decree 231/2001, as amended and supplemented.

The following list contains "clusters of offences" in the scope of Legislative Decree 231/2001; see the Special Parts of the Model for details of individual criminal offence in each cluster:

1. Offences against the Public Administration (articles 24 and 25);
2. Computer crimes and unlawful data processing (article 24-bis);
3. Organised crime offences (article 24-ter);
4. Offences relating to forgery of money, in public credit cards, revenue stamps and instruments or identifying marks (article 25-bis);
5. Crimes against industry and commerce (article 25-bis 1);
6. Corporate crimes, (art. 25-ter);
7. Crimes of terrorism or subversion of the democratic order, introduced by Law 7/2003 (art. 25-quater);
8. Female genital mutilation practices (article 25-quater 1);
9. Crimes against the person (art. 25-quinquies);
10. Market abuse (article 25-sexies);
11. Transnational crimes;
12. Intentional crimes committed in breach of the regulations on accident prevention and the protection of occupational hygiene and health (article 25-septies);
13. Offences of receiving stolen goods, money laundering and the use of unlawfully obtained money and self-laundering (article 25-octies);
14. Crimes against copyrights (article 25-novies);
15. Offence of incitement to not make statements or to make false statements to judicial authorities (article 25-decies);
16. Environmental crimes (article 25-undecies);
17. Employing third-country nationals with irregular residence permits, (article 25-duodecies).

## 1.3. THE SANCTIONS IMPOSED BY THE DECREE

The penalty system defined by Legislative Decree 231/2001 depending on the actual offence, includes the following administrative sanctions:

- fines;
- bans;
- confiscation;
- publication of the judgement.

The bans, which can be applied only if expressly specified, including as a precautionary measure, are as follows:

- prohibition to run the business;
- suspension or revocation of permits, licences or concessions conducive to the perpetration of the offence;
- prohibition to enter into negotiations with the Public Administration;
- exclusion from benefits, loans, grants and subsidies, and/or revocation of those already granted, if any;
- prohibition to advertise goods or services.

Pursuant to Legislative Decree 231/2001, if a ban applies requiring the interruption of the company business, the judge, instead of applying such sanction, may order the business to be continued by a judicial

commissioner (art. 15) appointed for a period equal to the duration of the ban that would have been applied, if at least one of the following conditions is met:

- the company provides a public service or a service of public interest, which, if suspended, can seriously affect the community;
- the business interruption can cause a major impact on employment considering the size of the company and the economic conditions of the area where it is located.

#### **1.4. CONDITION ON EXEMPTION FROM ADMINISTRATIVE LIABILITY**

Pursuant to article 6 of Legislative Decree No. 231/2001, the entity shall not be held liable for an administrative liability if it can prove that:

- the management adopted and effectively implemented, before the event, suitable organisational, management and control models to prevent such offences;
- the task of supervising the implementation of models, compliance with models and the updating thereof was delegated to a specific body of the entity vested with autonomous powers of initiative and control (Supervisory Body);
- the persons committed the offence by fraudulently circumventing organisational, management and control models;
- supervision by the Supervisory Body was not insufficient nor omitted.

The adoption of the organisation, management and control model, therefore, allows the entity to be able to avoid the charge of administrative liability.

The mere adoption of such a document, by resolution of the entity's administrative body, is not, however, in itself sufficient to exclude such liability, as the model must be efficiently and effectively implemented. With reference to the effectiveness of the organisation, management and control model for the prevention of the commission of offences, Legislative Decree 231/2001 requires:

- to identify the business activities within the scope of which the offences may be committed;
- to provide for specific protocols to schedule the making and implementation of the decisions adopted by the entity with regard to the offences to be prevented;
- to identify the methods to manage suitable financial resources to prevent the perpetration of the offences;
- to provide for reporting obligations to the body responsible for supervising the implementation of the models and compliance therewith;
- to introduce suitable disciplinary measures to punish non-compliance with the measures required by the organisation, management and control model.

With reference to the effective implementation of the organisation, management and control model, Legislative Decree 231/2001 requires:

- a periodic review, and, if any significant breaches of the requirements imposed by the model are found or if any changes occur in the entity's organisation, activities or any legislative changes, the modification of the organisation, management and control model;
- the imposition of sanctions in the event of breach of the requirements imposed by the organisation, management and control model.

#### **1.5. OFFENCES COMMITTED ABROAD**

Pursuant to Art. 4 of the Decree, the entity may be held liable in Italy for the commission of certain offences abroad. In particular, art. 4 of the Decree provides that the entities having their head office in the territory of the State are also liable for offences committed abroad in the events and conditions laid

down in articles 7 to 10 of the Criminal Code, as long as no action is taken against them by the State where the offence was committed. Therefore, the entity is prosecutable when:

- it has its head office in Italy, i.e. the actual office where all the administration and management activities are carried out, that may also be different from where the company is located or it has its registered office (for entities with legal personality), or the place where its activity is performed on a continuous basis (for entities without legal personality);
- the State where the offence was committed has not taken legal action against the entity;
- the request by the Minister of Justice, to which the punish ability may be subordinated, also refers to the entity itself.

The above rules concern the offences entirely committed abroad by top corporate positions or their subordinates.

The criminal conduct that may have been even partly performed in Italy falls under the principle of territoriality laid down in art. 6 of the Criminal Code, pursuant to which *“an offence shall be deemed committed in the territory of the State when the act or omission which constitutes it occurred therein in whole or in part, or when an event which is a consequence of the act or omission took place therein”*.

## **1.6. THE "GUIDELINES" OF CONFINDUSTRIA**

Article 6 of Legislative Decree. 231/2001 expressly provides that the organisation, management and control models may be adopted on the basis of codes of conduct drawn up by the associations representing the entities. The Confindustria Guidelines were approved by the Ministry of Justice with Ministerial Decree of 4 December 2003. The subsequent update, published by Confindustria on 24 May 2004, was approved by the Ministry of Justice, which deemed such guidelines suitable for the fulfilment of the purposes set forth by the Decree. These Guidelines were updated by Confindustria in March 2014 and approved by the Ministry of Justice on 21 July 2014.

In the definition of the organisation, management and control model, the Confindustria Guidelines entail the following project phases:

- the identification of the risks, namely the analysis of the company environment in order to highlight in which business areas and in what ways the offences under Decree 231/2001 may occur;
- the preparation of a control system (protocols) suitable to prevent the risks of crime identified in the previous phase, through the evaluation of the existing control system within the entity and its level of adaptation to the requirements set forth by Legislative Decree 231/2001.

The most significant components of the control system outlined in the Confindustria Guidelines to ensure the effectiveness of the organisation, management and control model are as follows:

- the provision of ethical principles and rules of conduct in a Code of Ethics;
- a sufficiently updated, formalised and clear organisational system, especially with regard to the allocation of responsibilities, reporting lines and job descriptions with the specific provision of control principles;
- manual and/or computerised procedures disciplining the performance of activities, with the provision of appropriate controls;
- authorising and signatory powers in line with the organisational and management responsibilities assigned by the body, envisaging, where appropriate, the provision of spending limits;
- integrated control systems which, considering all operational risks, are capable of providing a timely indication of the existence and occurrence of general and/or specific critical situations;

- information and communication to staff, characterised by capillarity, effectiveness, authority, clarity and adequately detailed and periodically repeated, in addition to an adequate staff training programme, tailored according to the levels of the recipients.

The Confindustria Guidelines also specify that the components of the above control system must comply with a set of control principles, including:

- verifiability, traceability, consistency and appropriateness of each operation, transaction and action;
- application of the principle of separation of functions and segregation of duties (nobody can autonomously manage an entire process);
- establishment, performance and documentation of the control activity over processes and the activities where offences may be committed.

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## **SECOND SECTION - THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF FBM HUDSON ITALIANA S.P.A.**

### **2.1. THE COMPANY**

FBM HUDSON ITALIANA S.p.A. (hereinafter " or the "Company") was established in 1984 as a result of the merger between FBM Costruzioni Meccaniche and its subsidiary Hudson Italiana, established in 1941 and 1963 respectively.

Since 2006 it has been part of the Malaysian Group KNM Group Berhard

FBM conducts its business in the *Oil & gas* and *Energy* sectors for the manufacturing and supply of:

- Heat exchangers;
- Process recovery gas boilers;
- Air condensers;
- Reactors.

The administrative and production activities are carried out at the plant in Terno d'Isola (Bergamo, Italy)

The registered office is located in Milan, Galleria del Corso 1.

### **2.2. GOVERNANCE AND ORGANISATIONAL STRUCTURE OF FBM HUDSON ITALIANA S.p.A.**

The Company has a traditional management system. Its corporate bodies are: the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors, while auditing is entrusted to an external auditing company.

The Shareholders' Meeting is responsible for taking the most significant decisions for the company, including the appointment of corporate bodies, approval of the financial statements and amendments to the Articles of Association.

The company's management is exclusively under the responsibility of the Board of Directors that has powers of ordinary and extraordinary administration, save for the need for specific authorisation in the cases required by law.

The Company's legal representation is the responsibility of the Chairman of the Board of Directors as well as of the Managing Director within the limits of the powers granted.

Management control is entrusted to the Board of Statutory Auditors composed of 3 standing members and two alternates; auditing is entrusted

On the basis of the Organisational chart, the company's current organisational structure sees the Board of Directors and the Chairman of the Board at the top of the hierarchy with respect to the Managing Director to whom the following Departments directly report:

### **2.3. RECIPIENTS**

The provisions of this Model are binding upon the members of the corporate bodies, the management and the employees of FBM HUDSON ITALIANA S.p.A., as well as all those who contribute to achieving the Company's purpose and objectives (hereinafter the "Recipients").

### **2.4. PURPOSES OF THE MODEL**

In the light of the illustrated context, FBM is aware of the need to ensure conditions of fairness and transparency in the conduct of the business and any related business activities, with a view to protecting its image and reputation, the expectations of its stakeholders and the work of its employees and it is also aware of the importance of adopting an Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (hereinafter the "Model") capable of preventing the commission of unlawful conduct by its directors, employees and collaborators subject to management or supervision of the Company.

Although the adoption of the Model is not mandatory pursuant to the Decree, rather it is an option at the discretion of each individual entity, for the reasons mentioned above the Company has decided to comply with the provisions of the Decree, thereby launching a project intended to review its organisational, management and control tools, aimed at checking the compliance of the principles of conduct and the control measures already adopted with the purposes envisaged by the Decree and, if necessary, the integration of the current system.

FBM HUDSON ITALIANA S.p.A. therefore approved, with the resolution of the Board of Directors dated December 17<sup>th</sup>, 2020 the first version of its Organisation, Management and Control Model for the purposes of Legislative Decree 231/2001 (REV.00.17-12-2020).

By adopting the Model, the Company intends to pursue the following aims:

- to prohibit any conduct that would give rise to the offences under the Decree;
- to raise awareness that the violation of the Decree, of the provisions laid down in the Model and of the principles of the Code of Ethics may give rise to the application of sanctions (fines and bans) also against the Company;
- to disseminate a business culture grounded on legality and on the awareness of the express condemnation by the Company of any unlawful behaviour and non-compliance with regulations and internal rules and, in particular, with the provisions contained in this Model;
- to prove the existence of an effective organisational structure consistent with the operational model adopted, especially in relation with the clear attribution of powers, the decision-making process and the transparency and reasons thereof, the controls, both prior and subsequent, the acts and activities, as well as the correctness and truthfulness of information provided internally and externally;

- to enable the Company, through a structured system of protocols and procedures and a constant monitoring on the proper implementation of such a system, to prevent and/or promptly counter the commission of relevant offences under the Decree.

## 2.5. KEY ELEMENTS OF THE MODEL

The Model consists of this General Section, which describes the functions and principles of the Model as well as identifying and governing its essential components (the system of preventive controls, the disciplinary system and sanction mechanisms, the characteristics of the Supervisory Body and the updating process over time) and of the Special Sections setting out the identified crime risks and the related principles of conduct and control to prevent them.

The key model components are summarised as follows:

- the mapping of the so-called "sensitive" activities, with examples of possible ways of committing offences and instrumental processes within the scope of which, in principle, the conditions and/or means for the commission of the offences included in the Decree may arise;
- the provision of specific controls (as set out in the Special Sections of this Model below) to support the instrumental processes considered exposed to the potential risk of commission of offences;
- the establishment of a Supervisory Body and the attribution to the same of specific supervisory duties in relation to the effective implementation and application of the Model;
- the adoption of a system of sanctions (as set out in Section 4 of the General Section of this Model) to ensure the effective implementation of the Model and containing the disciplinary measures applicable in the event of breach of the provisions of the Model;
- the provision of information and training activities on the contents of this Model (as better described in Section 5 of this General Section).

## 2.6. MAPPING OF ACTIVITIES AT RISK OF CRIME

Pursuant to art. 6 paragraph 2, point a), of Legislative Decree 231/2001, the Organisation, Management and Control Model must identify the corporate activities which could potentially give rise to the commission of the offences described in the Decree. As a result, the Company carried out an in-depth analysis of its business activities with the support of an external consultant.

Firstly, the Company analysed its organisational structure, as outlined in the Organisational Chart, which identifies the corporate Departments/Areas as well as the relevant roles and reporting lines. Subsequently, it analysed its business activities on the basis of the information gathered by the heads of the Areas and/or by the top managers who, based on their role, possess the widest and deepest knowledge of the operations of the corporate sector within their remit.

The identification of the activities at risk within the scope of the corporate processes was based on the preliminary analysis of the following:

- the company's Organisational Chart which shows the hierarchical and functional reporting lines;
- resolutions and reports of the administrative and control Bodies;
- the body of corporate regulations (i.e. Quality Manual, Integrated Management System Manual, procedures, organisational provisions and group policies) and the control system in general;
- the powers and proxy system.
- the indications contained in the Confindustria Guidelines updated in March 2014.



The results of the above activity were gathered in two documents (Risk Assessment Matrix of Activities at Risk of Crime), which describe in detail the risk profiles of the commission of the offences referred to in Legislative Decree 231/2001, in the context of the corporate activities.

## 2.7. INTERNAL CONTROL SYSTEM

The Company's internal control and risk management system consists of the set of tools, organisational structures and company procedures aimed at contributing, through a process of identification, management and monitoring of the main risks within the Company, towards a sound and fair conduct of the business, consistent with the objectives set by the Board of Directors.

In particular, the internal control system of FBM is based not only on the rules of conduct set forth in this Model, but also on the following elements:

- the hierarchical-functional structure (company's organisational chart);
- the system of delegations and proxies;
- the system of company procedures also consisting of organisational provisions and operating instructions;
- information systems aimed at segregating the functions and protecting the information contained therein, with reference to both the management and accounting systems and the systems used to support the operating activities connected to the business.

The internal control system of FBM, i.e. the processes implemented by the Company to manage and monitor the main risks and allow a sound and fair business conduct, must be able to guarantee the achievement of the following objectives:

- "*every operation, transaction, action must be verifiable, documented, coherent and consistent*": each transaction must be supported by adequate documentation on which the competent corporate bodies can proceed at any time to conduct checks that confirm the characteristics and reasons behind the operation and identify who authorised, performed, recorded and verified the operation itself;
- "*no one can independently manage an entire process*": the control system operating within the company must guarantee the application of the principle of segregation of duties, therefore the authorisation to perform an operation must be under the responsibility of a person other than the one responsible for recording, performing or controlling the operation. Furthermore, the system requires that: (i) nobody is given unlimited powers; (ii) the powers and responsibilities are clearly defined and known within the organisation; (iii) the authorisation and signatory powers are consistent with the assigned organisational responsibilities;
- "*control documentation*": the performance of controls, including supervisory controls, carried out in accordance with the assigned responsibilities, must always be documented (possibly through the preparation of minutes or the compilation of specific forms).

The Company has identified a series of elements that make up the preventive control system, in order to guarantee the effectiveness of the Model in compliance with the "control principles" indicated above, these elements are summarised below.

### Code of Conduct and Model

In compliance with Group directives, the company implements:

- (i) *Standards of Staff Conduct*
- (ii) *Bribery Corruption & Ethical Supply Chain*



In addition to the above, the Company, in its endeavour to base its activities on compliance with the law and ethical principles, has adopted a Code of Conduct (hereinafter "Code" or "Code of Conduct"), which establishes a set of "corporate ethics" rules recognised by the Company as its own and which its corporate bodies, employees and third parties are required to adhere to.

Any acts performed by employees in breach of the Code of Conduct do not in any way bind the company which may undertake any action, from disciplinary actions to those set forth by the competent authority, to protect and guarantee its own interests.

The Model, whose provisions are in any way consistent and compliant with the principles of the Code of Conduct, responds more specifically to the needs specified in the Decree and therefore it is aimed at preventing the commission of the types of offences included under Legislative Decree 231/2001. The Code of Conduct of FBM, however, also sets forth principles that are suitable to prevent any unlawful conduct pursuant to Legislative Decree 231/2001, thus acquiring relevance also for the purposes of this Model and constituting a complementary element thereto.

The Code of Conduct, to be acknowledged as the 231 Ethical Code, is available in the corporate Intranet system to which all employees have access and on the Company's website, also in its English version, so that any party having business relations with the Company is properly informed.

#### Organisational system to assign responsibilities

The current corporate organisational system is available in:

- Chamber of commerce company registration;
- Company's Organisational Chart;
- Financial Limits of Authority;
- Job Descriptions;
- Integrated Health and Safety and Environmental Management System Manual;
- Procedures in force.

The "organisational charts" reflect the assignment of responsibilities and hierarchical reporting lines communicated for the respective functions. Within the scope of the respective processes and/or sub-processes, the procedures describe the tasks of each function and specify their functional relations with the others, which are always characterised by the juxtaposition of functions, the segregation of duties and formalisation.

#### Manual and IT control procedures (with particular regard to the financial area)

The company's IT systems are based on the integrated SAP system. The control steps inherent in SAP regulate the sequential execution of the activities and must guarantee the segregation of the duties and functions of those who feed it and ensure the consistency of the data and information with the company's organisational system.

Accesses and authorisations must be allocated to individual users in relation to the organisational duties assigned and in compliance with the segregation of duties and functions through a structured process that must involve a key user, an owner and a person in charge of the resource, guaranteeing the level of control and traceability.

All financial management operations (receipts, payments, etc.) carried out by the Administration and Finance function or by the functions expressly authorised to this end, transit on the bank current accounts held by the Company and must be recorded in an SAP accounting form.

Payment orders must be made with matching signatures of proxies belonging to different functions, in accordance with the provisions of the resolutions granting powers of representation. In any event, the principles of transparency, verifiability and relevance to the business must always be safeguarded.

All received invoices must match a supply/service proven in accordance with company rules (receipt of materials proving works, approval of the requesting function for services received) and are submitted for payment. Any anomalies and exceptions must be properly justified and the specific information/authorisation flows must be traced and be traceable.

Any expenses incurred with company credit cards and representation expenses must be authorised, in accordance with the related company procedures already in place.

#### Authorisation and signatory powers

The Company must maintain relations with external parties, in any capacity and with any (public or private, national or foreign) stakeholder exclusively through the employees expressly authorised to this end.

Coherence between the authorisation and signatory powers and the defined organisational and managerial responsibilities must be guaranteed. For the different types of expenses connected to the business activity, specific responsibilities, limits and methods of approval must always be identified.

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### **THIRD SECTION - SUPERVISORY BODY**

Article 6, paragraph 1, of Legislative Decree 231/2001 requires, as a condition to benefit from the exemption from administrative liability, the task of monitoring the compliance and operation of the Model, as well as its updating, to be entrusted to a Supervisory Body within the entity which, being vested with autonomous powers of initiative and control, exercises the duties entrusted to it on an ongoing basis.

Therefore, the Supervisory Body performs its duties outside of the Company's operational processes, reporting regularly to the Board of Directors, free from any hierarchical relations with the Board itself and with the individual heads of the Departments.

In compliance with the provisions laid down in Legislative Decree 231/2001, the Board of Directors of FBM has established the, jointly, Supervisory Body, functionally reporting to the Board itself.

In particular, the composition of the Supervisory Body was defined so as to comply with the following requirements:

- Autonomy and independence: this requirement is ensured by the positioning within the organisational structure as a staff unit and in as high a position as possible, reporting to the highest operating top management, i.e. the Board of Directors as a whole.
- Professionalism: this requirement is ensured by the background of professional, technical and practical skills of the members of the Supervisory Body. In particular, the selected composition

- ensures adequate knowledge of the law and of the control and monitoring principles and techniques, as well as of the Company's organisation and main processes.
- Continuity of action: with reference to this requirement, the Supervisory Body is required to constantly supervise, through powers of investigation, the compliance with the Model by the Recipients, to supervise its implementation and updating, thereby representing a constant point of reference for all FBM employees. This requirement is met by (i) the presence within the Body [presence within the SB of a company employee]; (ii) Term of office.

### 3.1. TERM OF OFFICE, DISQUALIFICATION AND REVOCATION

The members of the Supervisory Body shall remain in office [for at least three years], considering a year as coinciding with the fiscal year, and they may in any case be re-elected. They are selected among individuals with an ethical and professional profile of unquestionable value and they must not have any relation of marriage or kinship with the Directors.

Company employees and external professionals may be appointed as members of the Supervisory Body. The latter must not have any relations with the Company that may give rise to any potential conflicts of interest. Remuneration of the members of the Supervisory Body, both internal and external to the Company, does not constitute grounds for a conflict of interest.

Anyone who is in one of the following situations may not be appointed as member of the Supervisory Body and they shall disqualify, if appointed:

- relations of marriage, kinship or affinity up to the 4th degree, cohabitation in more uxorio, or relations with people in the affective sphere, with: (a) members of the Board of Directors, (b) persons who perform representative, administrative or management functions of the Company or its organisational structure with financial and functional autonomy, (c) persons who exercise, also de facto, the management and control of the Company, statutory auditors of the Company and the independent auditors as well as any other subjects specified by the law;
- conflicts of interest, including potential ones, with the Company or with Group companies, which compromise their independence;
- direct or indirect ownership of shareholdings of a size such as to enable to exercise significant influence over the Company or its subsidiaries;
- functions of executive director held, in the three years prior to the appointment as member of the Supervisory Body, in companies subject to bankruptcy, administrative compulsory liquidation or equivalent proceedings;
- public employment relations with central or local administrations in the three years preceding the appointment as member of the Supervisory Body;
- conviction measure, even if not final, or application of the penalty on request (so-called "plea bargaining"), in Italy or abroad, for breaches relevant to the administrative liability of entities pursuant to Legislative Decree 231/2001;
- conviction, also if not final, or "plea bargaining" judgement to a penalty that results in the disqualification, including temporary, from public offices, or the temporary disqualification from the management offices of legal persons and companies.

If one of the aforementioned events for replacement or integration or ineligibility and/or disqualification occurs against a member, such member must immediately inform the other members of the Supervisory Body and he/she will be automatically disqualified from office. The Supervisory Body will notify the Chairman and the Managing Director, for the formulation of the replacement proposal to the Board of Directors pursuant to this paragraph.

Members who have a subordinate employment relation with the Company are automatically disqualified from their office in the event of termination of said relation and regardless of the cause of termination thereof.

The Board of Directors may revoke, with a justified Board resolution, after hearing the opinion of the Board of Statutory Auditors, the members of the Body at any time, and proceed, with a justified deed, to suspend the functions and/or powers of the Body and appoint an interim member or revoke the powers. The following are examples of revocation of members for just cause:

- if the Supervisory Body is found guilty of substantial breach in the fulfilment of its duties;
- if the Supervisory Body fails to report a conflict of interest, including a potential one, to the Board of Directors, that would prevent a member from keeping his/her role;
- the sentencing of the Company, having become *res judicata*, or a plea bargain, whose records show the failure or insufficient supervision by the Supervisory Body;
- breach of confidentiality obligations regarding facts and information acquired in the exercise of the duties within the remit of the Supervisory Body;
- a conviction measure, also if not final, or application of the penalty on request (so-called "plea bargaining"), in Italy or abroad, for breaches relevant to the administrative liability of entities pursuant to Legislative Decree 231/2001;
- a conviction, also if not final, or "plea bargaining" judgement to a penalty that results in the disqualification, including temporary, from public offices, or the temporary disqualification from the management offices of legal persons and companies;
- for members that have an employment relation with the Company, the launch of disciplinary proceedings for acts which may result in the penalty of dismissal.

Each member may terminate their office at any time with a written notice of at least 30 days, to be notified to the Board of Directors by registered mail with return receipt. The Board of Directors shall appoint the new member in its the next meeting of the Board, and in any event no later than 60 days from the date of notice of the termination. If a member of the Supervisory Body is removed due to revocation or termination, the Board of Directors is responsible for making a decision regarding the re-appointment or confirmation of the remaining composition of the Body.

The Supervisory Body has defined the rules for its operation independently in the "**Regulations of the Supervisory Body's activities**", in particular by defining the operational procedures for the performance of its duties. The Regulations were then submitted to the Board of Directors for its acknowledgement.

### **3.2. POWERS AND DUTIES OF THE SUPERVISORY BODY**

The Supervisory Body is entrusted with the following duties:

- supervise the dissemination, within the Company, of the knowledge, understanding and observance of the Model;
- monitor the validity and adequacy of the Model, i.e. its actual ability to prevent the conduct sanctioned by the Decree;
- monitor the implementation of the Model within the scope of the business areas potentially at risk of crime;
- notify the Company's Board of Directors with the need to update the Model, whenever the need arises to update it in relation to a change in corporate and/or regulatory conditions.

In carrying out these activities, the Body will fulfil the following obligations:

- coordinate and collaborate with the corporate Departments (also through special meetings) for the best monitoring of the corporate activities identified in the Model as being at risk of crime;

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- verify the implementation and operation of specific "dedicated" information channels (e.g. e-mail address), aimed at supporting the flow of reports and information to the Supervisory Body;
- conduct targeted checks on certain operations or specific acts, put in place within the scope of the business areas identified as being potentially at risk of crime;
- verify and check the regular keeping and effectiveness of all the documentation concerning the activities/operations identified in the Model, with the option to access all the documentation and information deemed useful in the context of the monitoring;
- verify the actual implementation of the information and training initiatives on the Model undertaken by the Company;
- make use of the help and support of the Company's employees, to monitor the activities, as well as of the Employer and the structure coordinated by the latter on the subject of health and safety and hygiene at the workplace, or of any external consultants on issues of particular complexity or that require specific skills (e.g. in the environmental field);
- carry out or arrange for investigations to be carried out into the truthfulness and validity of the reports received, prepare a report on the activities carried out and propose a corporate function responsible for adopting disciplinary sanctions against Company personnel, or managing relations with the consultants and/or collaborators involved in the possible prescription of the measures referred to in Section Four;
- immediately report to the Board of Directors any breach of the Model by the Directors of the Company or by its top management;
- immediately report to the Board of Auditors any breach of the Model, that are deemed founded, by the entire Board of Directors or by one or more Directors, where founded.

In order to fulfil the duties listed above, the Body is vested with the powers set out below:

- issue provisions to govern its activities and prepare and update the list of information that must be provided by the corporate functions;
- access, without prior authorisation, any relevant corporate document for the performance of the duties attributed to it by Legislative Decree 231/2001 may occur;
- instruct the heads of the corporate Departments, and in any case all the Recipients, to promptly provide the information, data and/or news required from them to identify any aspects related to the various relevant corporate activities pursuant to the Model, and the verification of the effective implementation thereof by the Company;
- carry out investigations into the reports received to verify whether there have been actual breaches of the Code of Conduct and/or the Model and to verify their validity, reporting, at the outcome of the investigations conducted, to the competent Department or to the Board of Directors, depending on the corporate role of the perpetrator, the opportunity to start disciplinary proceedings or take appropriate sanctions against the same perpetrator;
- obtain information regarding the outcomes of the disciplinary proceedings or sanctioning initiatives undertaken by the Company for ascertained breaches of the Code of Conduct and/or the Model, and, in the case of dismissal, request the reasons thereof;
- appoint external consultants with proven expertise whenever needed for the performance of the audit and control activities, or to update the Model.

For a better performance of its activities, the Body may delegate one or more specific duties to its individual members who will carry them out in its name and behalf. With regard to the duties assigned, the responsibility arising therefrom falls to the Body as a whole.

The Company's Board of Directors shall allocate an annual expenditure budget to the Supervisory Body in the amount proposed by the Body itself and, in any case, appropriate for its duties. The Body autonomously decides the expenses to be incurred in compliance with the corporate signature powers and, in the event of expenditure exceeding the budget, this must be authorised by the Board of Directors.

### 3.3. SUPERVISORY BODY'S REPORTING FLOWS

As already mentioned above, to ensure full autonomy and independence in the performance of its duties, the Supervisory Body reports directly to the Company's Board of Directors.

More specifically, the Supervisory Body reports to the Board of Directors on the progress made in the implementation of the Model and the results of the monitoring activity by way of direct reports, meetings (including video conferences), performed as follows:

- at least annually, to the Board of Directors and the Board of Auditors, with a written report, describing the monitoring activities it has performed, any critical issues that have been identified and any corrective action or improvement that may be appropriate to implement the Model at practical level;
- from time to time to the Board of Auditors, in relation to any alleged breached by the senior management or by the members of the Board of Directors, without prejudice to the Board of Auditors' right to request any information or clarification on the above alleged breaches.

The Supervisory Body may be convened at any time by both the Board of Directors and the Board of Auditors and, conversely, it may require consultation with these bodies should it deem it appropriate to report on matters relating to the operation and effective implementation of the Model, or in relation to any specific event.

The above reporting activity must be supported by evidence in the form of minutes and must be kept in the records held by the Body, in compliance with the principle of confidentiality of data and information contained therein, as well as the regulatory provisions on the processing of personal data.

To ensure a smooth and efficient flow of information, as well as for the full and proper performance of its duties, the Body is also entitled to request any clarification or information directly from key officers with its main operational responsibilities.

### 3.4. REPORTING FLOWS TO THE SUPERVISORY BODY

Legislative Decree 231/2001 includes, among the requirements that the Model must meet, the establishment of specific disclosure obligations to the Supervisory Body by the Company's Functions intended to allow the same Body to fulfil its supervisory and audit activities.

In this regard, the following information must be disclosed to the Supervisory Body:

- on a regular basis, the information, data, news and documents that constitute derogations and/or exceptions to company procedures, previously identified by the Supervisory Body and formally requested from the latter to the individual Departments/Functions (so-called reporting flows), according to the procedures and timing defined by the Body itself;
- within the scope of the Supervisory Body's activities, any information, data, news and document deemed useful and/or necessary for the performance of the said checks, previously identified by the Body and formally requested from the individual Departments/Functions;
- on an occasional basis, any other information of whatever nature, concerning the implementation of the Model and/or of the Code of Conduct in the business areas at risk of crime, as well as compliance with the provisions of the Decree, which could be useful for the performance of the Supervisory Body's duties (so-called reports).

In this latter regard, the Recipients must report to the Supervisory Body any information relating to conducts that might constitute a violation of the provisions of the Decree and/or the Model and/or the



Code of Conduct, as well as specific cases of offences. To this end, dedicated reporting channels were set up for consultation with the Supervisory Body consisting of a postal address by the legal seat and namely: 231 Chairman of the Supervisory Body by FBM Hudson Italiana S.p.A., Galleria del Corso, 1 – 20122 Milano (MI) and an external **email** address **odvfbm@gmail.com**.

Any reports may be sent through both channels notified to the Recipients, whose access is reserved for the members of the Body. In order to carry out its audit activity, the Body may use internal or external resources for the purpose of verifying the reported facts. Such methods of transmission of the reports are designed to ensure the utmost confidentiality of the reporting entities also to avoid any retaliation or any other form of discrimination or penalisation against them.

The confidentiality of the sources and information acquired is ensured, without prejudice to any legal obligations. Furthermore, the Company will not carry out any retaliatory actions (disciplinary sanctions, demotion, suspension, dismissal) nor will it discriminate in any way in the workplace the company personnel who carried out actions aimed at reporting events or situations relating to compliance with the Code of Conduct, the Model, company procedures or any legal regulations.

The Supervisory Body will evaluate the reports it receives and it may convene, if deemed appropriate, both the reporting entity, to obtain further information, and the alleged perpetrator of the breach, also putting in place all the checks and investigations which are necessary to ascertain the validity of the report. Reports without any substantial element to support them, that are excessively vague or poorly detailed or with evident defamatory or libellous content shall not be taken into consideration.

Having ascertained the validity of the report, the Body:

- in the event of the any breach by employees, it shall immediately notify the Managing Director in writing to launch any relevant disciplinary actions;
- in the event of any breach of the Model and/or the Code of Conduct, deemed to be founded, by the Company's Directors, it shall immediately notify the Board of Directors and the Board of Auditors;
- in the event of violations of the Model and/or the Code of Conduct, deemed to be founded, by the Company's top management, it shall immediately notify the Board of Directors.

In addition to the above information, the following information must mandatorily be submitted to the Supervisory Body:

a) by the Management with regards to:

- provisions and/or information from the judicial police, or any other authority, including any administrative authorities, concerning the involvement of the Company or of senior executives, which indicate the conduct of investigations, including against unknown persons, for the offences under Legislative Decree 231/2001, notwithstanding the confidentiality and secrecy obligations required by the law;
- changes in the system of proxies and powers of attorney, statutory amendments or amendments to the company organisational chart;
- the outcome of any action taken as a result of a written report from the Supervisory Body concerning a confirmed breach of the Model, the successful application of disciplinary sanctions for the breach of the Model, as well as any dismissal decision and the related reasons;

b) with regard to:

- reporting of serious injuries (manslaughter or personal injury through serious or very serious negligence, in any event any injury with prognosis of more than 30 days) suffered by Company employees, collaborators and more generally by all those who have access to the Company's facilities;



- changes in the roles and responsibilities within the scope of the workplace health and safety management systems (such as appointment as Employer, function delegation pursuant to article 16 of Legislative Decree 81/2008, appointment as Manager of the Risk Prevention and Protection Service or RSPP) and environment systems (such as powers of attorney and proxies relating to environmental matters).

The Special Sections set out additional information requested periodically by the Supervisory Body. All information and documentation, including the reports provided for by the Model and the reports gathered by the Supervisory Body and received by the same in the performance of its institutional duties must be kept in the custody of the Body itself in a special archive set up at the Company's headquarters, in compliance with regulatory provisions on the subject of data processing.

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#### **FOURTH SECTION - DISCIPLINARY SYSTEM**

The definition of a disciplinary system, applicable in the event of any breach of the provisions of this Model, constitutes a necessary condition to ensure the effective implementation of the Model, as well as a prerequisite to enable the Company to benefit from the exemption from administrative liability.

The application of disciplinary sanctions is independent from the imposition of a criminal conviction against any employee, the manager or the key officer or of the establishment of criminal proceedings and even of the commission of a relevant offence pursuant to Legislative Decree 231/2001. For the purposes of the application of the disciplinary system, any relevant conduct - which determines the application of any sanctions - means any action or behaviour, including any omissions, carried out in breach of the rules contained in this Organisation, Management and Control Model.

The application of disciplinary sanctions must adhere to the principle of proportionality and graduality and in particular in identifying the related sanction account is taken of the objective and subjective aspects of the relevant conduct.

In particular, under the objective profile and in terms of graduality, the following criteria must be taken into account:

- (i) breaches of the Model that did not involve any exposure to risk or led to moderate exposure to risk;
- (ii) breaches of the Model that led to appreciable or significant exposure to risk;
- (iii) breaches of the Model which constituted a criminal offence.

Furthermore, the relevant conduct assumes greater or lesser seriousness in relation to the circumstances in which the act was committed and the following subjective aspects:

- (i) commission of multiple breaches through the same conduct;
- (ii) repeated offence by the perpetrator;
- (iii) level of hierarchical and/or technical responsibility of the individual to whom the disputed conduct refers;
- (iv) shared responsibilities with other perpetrators in the breach of the procedure.

The sanctioning procedure is in any case assigned to the competent function and/or corporate bodies.

#### **4.1. SANCTIONS FOR NON-MANAGERIAL EMPLOYEES**

In relation to employees, the Company must comply with the limits referred to in art. 7 of Law 300/1970 (the Workers' Statute) and the provisions contained in the applicable National Collective Bargaining Agreement in the Metal and Steel Sector, both as regards the sanctions and the manner in which the disciplinary power is exercised. Any breach of the rules of conduct and the procedures set out in the Model constitutes a disciplinary offence, pursuant to art. 2104, par. 2 of the Italian Civil Code.

For the purposes of the application of the sanctions envisaged in the applicable National Collective Bargaining Agreement, some examples of relevant conduct are listed below:

- breach of internal procedures or adoption, in the performance of activities at risk, of a conduct that does not comply with the provisions of the Model, such as to recognise in such conduct a failure to fulfil the instructions given by the Company both in written and verbal forms (for example the Employee does not comply with the prescribed procedures, fails to notify the Supervisory Body of the prescribed information, fails to carry out checks, etc.);
- adoption, in the performance of the activities at risk, of a conduct that does not comply with the provisions of the Model or breach of the principles thereof, such as to recognise in such conduct a non-compliance with the instructions given by the Company (for example, the Employee refuses to undergo the medical examinations pursuant to art. 5 of law No. 300 of 20 May 1970; forges and/or alters internal or external documents; deliberately fails to apply the instructions given by the Company to gain a benefit for himself or the Company; is a repeat offender in relation to any of the shortcomings that gave rise to the application of the conservative disciplinary measures).

The procedure for application of the sanction to non-managerial employees is in compliance with the provisions of articles 7 of Law No. 300 and 8 of 20.5.1970 and Fourth Section Title VII of the applicable National Collective Bargaining Agreement in the sector of metal and steel and plant installation.

The Supervisory Body shall submit to the Managing Director a report containing:

- the details of the person responsible for the breach;
- the description of the disputed conduct;
- the indication of the provisions of the Model that appear to have been breached;
- any documents and elements supporting the dispute.

In a timely fashion from the acquisition of the report, the Managing Director, through the competent function, submits to the Employee a dispute notification containing:

- the precise indication of the conduct ascertained;
- the provisions of the Model that was breached;
- the notice of the right to formulate any written conclusions and/or rebuttals within five days from the receipt of the notice, with the option - within the aforesaid term - to request the intervention of a representative from the trade union association to which the employee adheres or appoints.

The Director takes the decision and imposes the sanction.

#### **4.2. SANCTIONS APPLICABLE TO EMPLOYEES WITH THE TITLE OF EXECUTIVES**

The breaches, by executives, of the internal procedures provided for by this Model or the adoption, in the performance of activities in areas at risk, of a conduct that does not comply with the Provisions of the Model are detailed below, such as conducts including but not limited to:

- failure to comply with the principles and protocols indicated in the Model;

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- lack of or untruthful evidence of the activity carried out in relation to the documentation, storage and control procedures of the records relating to the company protocols such as to prevent its transparency and verifiability;
- breach and/or circumvention of the control system by the removal, destruction or alteration of the documentation required by the company Procedures or by way of preventing the persons in charge and the Supervisory Body from controlling or accessing the information requests and the documentation;
- non-compliance with the provisions relating to the signatory powers and proxy system, except in cases of extreme necessity and urgency to be promptly notified to the relevant manager;
- failure by the relevant managers to monitor, control and supervise their own subordinates as to the correct and actual application of the principles indicated in the Model;
- breach of the reporting obligation to the Supervisory Body and/or the direct hierarchical manager with regards to any breach of the Model to other Recipients of this Disciplinary System or of which in any case there is direct and certain evidence;
- if relevant, lack of training and/or failure to update and/or failure to communicate to personnel operating in the context of the processes regulated by company protocols relating to sensitive areas.

In the event of breach of the procedures of the Organisation, Management and Control Model, the sanctions provided for by the applicable National Collective Bargaining Agreement in the sector of metal and steel and plant installation are applied, based on the opinion of seriousness of the infringement and adequacy of the sanction. Specifically, the Chairman: (i) in the event of a non-serious breach of one or more procedural or behavioural rules provided for in the Model that did not entail or led to modest exposure to risk, the relevant executive will be served with a written warning or will be imposed a pecuniary sanction of 0.5 times the monthly salary;

(ii) in the event of a serious breach of one or more provisions of the Model such as to constitute a significant default, which led to an appreciable or significant exposure to risk, the relevant executive will be imposed the sanction of total or partial revocation of powers or proxies or dismissal with notice;

(iii) in the event of breach of the Model that amounted to a fact of criminal significance or breach that are of such seriousness as to irreparably damage the relation of trust, not even allowing a temporary continuation thereof or involving the actual application against the company of the measures envisaged by the Decree and/or the commission of one of the predicate offences, such executive will be dismissed without notice.

The procedure to prove the offence with regard to the Executives is governed by the legal provisions in force as well as the applicable collective bargaining agreements. The Supervisory Body shall submit to the Chairman of the Board of Auditors and to the Managing Director a report containing:

- the description of the relevant conduct;
- the indication of the provisions of the Model that appear to have been breached;
- the details of the person responsible for the breach;
- any documents proving the breach and/or other feedback elements.

In a timely fashion from the acquisition of the report from the Supervisory Body, the Managing Director must convene the relevant Executive by means of a notice of dispute containing:

- the indication of the conduct ascertained and the subject of the breach pursuant to the provisions of the Model;
- the notice of the hearing date and the right of the party concerned to formulate, also in that occasion, any rebuttals, both in written and verbal forms, on the facts.

Having evaluated the latter, should the breach be proven and/or in the event of failure to provide the necessary rebuttals, the Company may impose the sanction and, if the executive is the recipient of proxies or powers of attorney by the Board of Directors, these may be revoked, if connected to the alleged breach or if otherwise deemed appropriate.

The provision for the imposition of the sanction is notified in writing to the party concerned, within six days from the submission of the rebuttals. The Company's Board of Directors and the Supervisory Body must be informed of the results of the internal audits and the decisions taken.

#### **4.3. SANCTIONS APPLICABLE TO EMPLOYEES SUBJECT TO DIRECTION OR SUPERVISION**

Failure - by employees subject to direction or supervision by the Company's senior management - to comply with the provisions of the Model, including any breach of the reporting obligations to the Supervisory Body results, in accordance with what is regulated in the specific contractual relation, in the termination of the related contract, notwithstanding the Company's right to claim compensation for the damages suffered as a result of such conduct, including damages caused by the application of the sanctions provided for by Legislative Decree no. 231/2001.

#### **4.4. MEASURES AGAINST DIRECTORS**

In the event of a confirmed breach of the provisions of the Model, including those of the documentation that forms part thereof, by one or more Directors, the Supervisory Body shall promptly inform the entire Board of Directors and the Board of Auditors to ensure that they take or promote the most appropriate and adequate initiatives in relation to the severity of the breach found and in accordance with the powers provided for by the current regulations and the Articles of Association.

In the event of confirmed breach of the provisions of the Model by the entire Board of Directors, including the documentation that forms part thereof, the Supervisory Body shall immediately notify the Board of Auditors, so that such Board may promote any relevant initiatives. In particular, in case of breach of the provisions of the Model, including those of the documentation that forms part thereof, by one or more directors, the Board of Directors may proceed directly, depending on the extent and severity of the breach, with the application of the sanction of formal written reprimand or even partial revocation of the delegated powers and the powers of attorney conferred in the most serious cases, such as to undermine the Company's trust in the perpetrator.

In the event of any breach of the provisions of the Model, including those of the documentation that forms part thereof, by one or more Directors, unequivocally aimed at facilitating or inciting the commission of a relevant offence pursuant to Legislative Decree 231/2001 or committing the same, the sanctions (such as, but not limited to, temporary suspension from office and, in severe cases, the revocation thereof) shall be adopted by the Shareholders' Meeting, upon the proposal of the Board of Directors or the Board of Auditors.

#### **4.5. MEASURES AGAINST SENIOR MANAGEMENT**

In any event, the breach of the specific obligation to monitor subordinates imposed on senior management will also result in the Company's application of the sanctions deemed most appropriate in relation, on the one hand, to the nature and severity of the violation committed and, on the other, on the title of the senior staff member that were to commit the violation.

By way of a non-exhaustive example, the following types of conduct may constitute grounds for the application of the sanctions:

- failure to comply with the principles and protocols contained in the Model;
- breach and/or circumvention of the control system by the removal, distribution or alteration of the documentation required by the company protocols or by way of preventing the persons in charge and the Supervisory Body from controlling or accessing the information requests and the documentation;
- non-compliance with the provisions relating to the signatory powers and, in general, the proxy system, except in cases of extreme necessity and urgency to be promptly notified to the Board of Directors;
- breach of the reporting obligation to the Supervisory Body and/or to any hierarchically superior Person concerning conduct aimed at committing an offence or an administrative offence included among those provided for by the Decree.

The sanctions that may be imposed on the senior manager are:

- (i) formal written reprimand - for the breach of the Model that did not involve or led to moderate exposure to risk;
- (ii) pecuniary sanction and/or total or partial revocation of proxies or powers of attorney - for any breach of the Model that led to an appreciable or significant exposure to risk, the pecuniary sanction and/or total or partial revocation of any proxies or powers of attorney will be imposed;
- (iii) revocation of the mandate - for any breach of the Model which constituted a criminal offence.

If a senior manager is found to have committed a violation of the Model, the Supervisory Body submits to the Board of Directors and the Board of Auditors a report containing:

- the description of the conduct ascertained;
- the indication of the provisions of the Model that appear to have been breached; • the details of the person responsible for the breach;
- any documents proving the breach and/or other feedback elements;
- its own proposal regarding the appropriate sanction with respect to the specific case.

In a timely fashion from the acquisition of the report from the Supervisory Body, the Board of Directors convenes the member indicated by the Supervisory Body for a Board meeting, to be held in accordance with the terms and conditions set forth in the articles of association. The notice must: (i) be made in writing; (ii) contain the indication of the disputed conduct and the provisions of the Model subject to infringement; (iii) notify the party concerned of the meeting date, with the notice of the right to formulate any remarks and/or conclusions, both in written and oral form.

The notice must be signed by the Chairman or by at least two members of the Board of Directors. During this meeting, which is attended by the members of the Supervisory Body, the party concerned is heard and any written conclusions are acquired, and any further investigations are decided or carried out. The Board of Directors, having assessed the elements acquired, decides the sanction to be imposed, thereby providing the reasons for any dissent on the Supervisory Body's proposal.

In the event of serious breaches such as to adversely affect the company's trust in the director or a statutory auditor (article 2392 of the Italian Civil Code), it convenes the Shareholders' Meeting, proposing the most appropriate measures pursuant to art. 2383, par. 3, of the Italian Civil Code. The resolution passed by the Board of Directors and/or by the Shareholders' Meeting is notified in writing to the Supervisory Body and to the party concerned.

#### **4.6. MEASURES AGAINST AUDITORS**

If the breach of the Model is ascribable to one or more auditors, the Supervisory Body informs the Board of Auditors and the Board of Directors without delay, in the persons of the respective Chairmen. The Board of Auditors, having carried out the appropriate further investigations and, if necessary, having heard the member to whom the violation is attributed, shall undertake, following consultation with the Board of Directors, the appropriate measures pursuant to art. 2407 of the Italian Civil Code.

#### **4.7. MEASURES AGAINST THIRD PARTIES AND PARTNERS**

Compliance with the Model is also guaranteed through the provision of contractual clauses which require External Collaborators, Consultants and Business Partners to adhere to the principles enshrined in the Code of Conduct as well as, where applicable, protocols specifically related to the activity carried out, under penalty - failing that - of the right for the Company to withdraw from the contract or to terminate it.

If the breach, in the scope of application of Legislative Decree 231/2001, is carried out by a self-employed worker, supplier or other subject in the context of contractual relations with Fincantieri, the termination of the contract is envisaged by way of a sanction in application of the contractual clauses and legal regulations and, if applicable, the relevant report being filed to the competent authority.

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### **FIFTH SECTION - DISSEMINATION OF THE MODEL**

The Company, aware of the importance that training and information in terms of prevention, defines a communication and training plan designed to ensure the dissemination to the Recipients of the main contents of the Decree and of the obligations arising therefrom, as well as of the provisions of the Model. Training and communication are key tools in the dissemination of the Model and the Code of Conduct adopted by the Company, representing an essential vehicle of the regulatory system that all employees are required to know, observe and implement in the fulfilment of their respective duties.

The information and training activities for the staff are organised by providing different levels of insights according to the varying degree of staff involvement in the activities at risk of crime.

In any event, the training activities aimed at raising awareness of Legislative Decree 231/2001 and the provisions of the Model are differentiated in terms of the content and methods of disclosure according to the Recipients' title, the risk level of the area in which they operate and whether or not they have Company representation powers and management duties.

The training activity involves the entire workforce, as well as all the resources that will join the business organisation in the future. In this regard, the related training activities will be planned and actually provided both at the time of recruitment, and in the event of any changes in duties, as well as a result of updates and/or amendments to the Model.

With regard to the dissemination of the Model within the corporate context, the Company undertakes to perform the following communication activities:

- during the recruitment phase, delivers the disclosure relating to the Organisation, Management and Control Model prepared pursuant to Legislative Decree 231/2001 and the Code of Conduct to newly hired employees, delivering a copy of both documents on their first day of work;
- option to access a large section of the company Intranet specifically dedicated to Legislative Decree 231/2001 and the Code of Conduct which includes, in addition to the aforementioned documentation, also press releases on the subject and a disclosure presentation dealing with the Administrative Liability of Legal Persons pursuant to Legislative Decree 231/01.

Communication is also implemented through organisational tools consisting of the corporate Intranet and the Internet, Procedures, Internal Communications and also other tools such as authorisation powers, hierarchical reporting lines, procedures, information flows and whatever else contributes to giving transparency in day-to-day operations.

These tools ensure widespread, effective and authoritative communication (i.e. issued at an adequate level) that is clear and detailed, regularly updated and repeated.

The Company also has a plan of training activities in place as follows:

- training and refresher courses on Legislative Decree 231/01 for employees;
- specific modules dedicated to Legislative Decree 231/01 and included in the institutional courses targeted at new employees and managers;

The courses are compulsory and the Human Resources department or the department that shall be possibly assigned, tracks and records personnel attendance of the training courses. The documentation relating to the information and training activities will be kept by the Human Resources department or the department that shall be possibly assigned, and made available for consultation of the Supervisory Body and anyone authorised to examine it.

The Company also promotes knowledge and compliance with the Code of Conduct and the Model also among commercial and financial partners, consultants, collaborators in various capacities, customers and suppliers to whom both documents are made available through online consultation on the Company's website.

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## **SIXTH SECTION - ADOPTION AND UPDATING OF THE MODEL**

The adoption and effective implementation of the Model are, by express legislative provision, under the responsibility of the Board of Directors. It follows that the power to adopt any updates to the Model falls, therefore, within the remit of the Board of Directors, which will exercise it by resolution in the manner required for its adoption. The updating activity, both as supplementation and amendment, is aimed at ensuring the adequacy and suitability of the Model, evaluated against its function of preventing the offences under Legislative Decree 231/2001.

Conversely, the Supervisory Body is responsible for the actual verification of the need or opportunity to update the Model, by notifying this need to the Board of Directors. The Supervisory Body, within the scope of the powers conferred upon it in accordance with art. 6, paragraph 1 letter b) and art. 7, paragraph 4 letter a) of the Decree, is responsible for submitting proposals for the updating and adaptation of this Model to the Board of Directors.



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In any event, the Model must be promptly amended and supplemented by the Board of Directors, including upon its proposal and subject to consultation with the Supervisory Board, upon the occurrence of the following:

- any amendment and circumvention of the provisions contained therein that have demonstrated the ineffectiveness or inconsistency thereof for the purposes of preventing the offences;
- significant changes in the internal structure of the Company and/or the procedures for the performance of the business activities;
- regulatory changes.

The Supervisory Body is called up to perform the following duties:

- conduct regular surveys aimed at identifying any updates to the business activities for the purpose of updating the mapping of sensitive activities;
- coordinate with the head of the Department for staff training programmes;
- interpret the relevant legislation on the subject of the relevant offences, as well as any Guidelines prepared to this end, including the updating of existing ones, and verify the adequacy of the internal control system in relation to the regulatory provisions or in relation to the Guidelines;
- verify the needs to update the Model.

Any amendments, updates and additions to the Model must always be reported to the Supervisory Body.