ORGANISATION, MANAGEMENT AND CONTROL MODEL

pursuant to Legislative Decree No.231 of 8 June 2001

Adopted by the Board of Directors of

FNA S.p.A. on 11 July 2023

GENERAL PART

Contents

Definitions

FNA or the Company: FNA S.p.A.;

CODE OF ETHICS: the FNA Code of Ethics is a code of conduct that applies to all FNA Group companies;

COLLABORATORS: persons who have non-subordinate collaborative relationships with FNA, such as, for example, consultancy relationships and other relationships resulting in a professional, non-subordinate service, whether continuous or occasional;

DECREE: Legislative Decree No. 231 of 8 June 2001, as subsequently supplemented and amended;

RECIPIENTS: the directors, auditors and members of the corporate bodies of FNA, the managers and employees of all ranks of the Company, as well as collaborators and business partners, by virtue of specific contractual clauses and limited to the performance of the sensitive activities in which they may participate;

DEPARTMENTS AND FUNCTIONS: the corporate functions identified in FNA's organisational chart;

EMPLOYEES: persons subject to the direction or supervision of one of the senior persons; and all persons who have an employment relationship of any kind with FNA as well as workers on secondment or under para-subordinate employment contracts;

DIGITAL DOCUMENT: any computer medium containing data or information having evidentiary effect or programs specifically intended to process them;

MODEL 231: this Organisation, Management and Control Model pursuant to the Decree;

SB: the Supervisory Board of FNA set up pursuant to Article 6 of the Decree by resolution of the Company's Board of Directors;

BUSINESS PARTNERS: companies, associations, enterprises in general (including in the form of temporary associations or joint ventures), entities, organisations, self-employed workers, etc. that have commercial or any other type of contractual relationship, even occasional, with FNA;

PROCEDURES: the set of policies, procedures, rules and internal regulations governing the stages, methods of performance, responsibilities and controls of specific corporate activities or types of operations or activities;

SENSITIVE PROCESS/ACTIVITY: the set of corporate activities and operations organised for the purpose of pursuing a specific purpose or managing a specific area of FNA's business, in areas potentially at risk of commission of one or more of the offences provided for by the Decree, as listed in the Special Part of the Model, also referred to generically and collectively as risk area(s);

OFFENCES: the offences for which the law provides for the administrative liability of the entity;

SENIOR PERSONS: persons who hold, even de facto, representative, administrative or management and control functions at FNA.

1. Foreword

Sensitive to the need to ensure conditions of correctness and transparency in the conduct of business and corporate activities, and to protect its position and image, the expectations of its shareholders and stakeholders, and the work of its employees, FNA has deemed it consistent with its corporate policies to proceed with the adoption and implementation of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 (hereinafter also 'Model 231').

In drafting this Model 231, the Company was inspired by the Guidelines issued by Confindustria and approved by the Ministry of Justice, as well as by the prevailing case law. In particular, the following fundamental principles were followed:

- identification of risk areas, aimed at verifying in which area/company sector the offences provided for in the Decree may be committed;

- establishment of a control system capable of preventing the risks of these offences being committed through the adoption of specific protocols.

Any discrepancies that may be found with respect to the content of the Guidelines do not in themselves undermine the validity of the Model 231, since the latter describes the specific context of the Company and therefore may well deviate from the Guidelines - which by their nature are general in nature - for specific protection and prevention requirements.

2. Description of the legal framework

2.1. Introduction

Legislative Decree No. 231/2001, implementing the delegation conferred on the Government by Article 11 of Law No. 300 of 29 September 2000, lays down the rules on the *"liability of entities for administrative offences resulting from crimes"*, which applies to entities with legal personality and to companies and associations, including those without legal personality[1].

The Decree finds its primary genesis in a number of international and EU conventions ratified by Italy, which require forms of liability of collective entities for certain types of offences: such entities, in fact, can be held 'liable' for certain offences committed or attempted, even in the interest or to the advantage of the same, by members of the company's senior management (so-called 'persons in senior positions' or simply 'senior persons') and by those who are subject to their direction or supervision (Article 5(1) of Legislative Decree No. 231/2001)[2].

[1] Economic public entities and private entities that are concessionaires of a public service fall within this scope, while non-economic public entities and entities that perform functions of constitutional importance are excluded from this application, in addition to the State and territorial public entities.

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

Legislative Decree No. 231/2001 therefore updates the Italian legal system in that sanctions of both a pecuniary and disqualifying nature are now directly and autonomously applicable to entities in relation to offences ascribed to persons functionally linked to the entities pursuant to Article 5 of the Decree.

The administrative liability of entities is independent of the criminal liability of the natural person who committed the offence; it does not replace, but is in addition to the personal liability of the individual who committed the offence.
Administrative liability is, in any case, excluded if senior persons and/or their subordinates have acted exclusively in their own interest or in the interest of third parties[3].

2.2. Nature of the liability of entities

With reference to the nature of administrative liability pursuant to Legislative Decree 231/2001, the illustrative report on the decree emphasises the *"birth of a tertium genus that combines the essential features of the criminal and administrative systems in an attempt to reconcile the reasons of preventive effectiveness with those, even more inescapable, of maximum guarantee."*

Legislative Decree 231/2001 has, in fact, introduced into our legal system a form of "administrative" liability of entities - in compliance with the dictates of Article 27, paragraph 1 of our Constitution *"Criminal liability is personal"* - but with numerous points of contact with "criminal" liability[4].

In this sense, see - among the most significant - Articles 2, 8 and 34 of Legislative Decree 231/2001, where the first reaffirms the principle of legality typical of criminal law; the second affirms the autonomy of the entity's liability with respect to the liability of the natural person responsible for the criminal conduct; the third provides for the circumstance that such liability, dependent on the commission of a crime, is ascertained in criminal proceedings and is therefore assisted by the guarantees of criminal proceedings. Consider, moreover, the afflictive nature of the sanctions applicable to the company.

2.3. Criteria for imputation of liability

The commission of one of the offences constitutes the first prerequisite for the applicability of the rules laid down in the Decree.

There are, in fact, further conditions pertaining to the manner in which the offence is imputed to the entity and which, depending on their nature, can be divided into imputation criteria of an objective nature and of a subjective nature.

Criteria of an objective nature require that:

[3] Article 5(2) of Legislative Decree No. 231/2001: "Liability of the entity - The organisation is not liable if the persons indicated in paragraph 1 have acted exclusively in their own interest or in the interest of third parties".

[4] In this respect, see - among the most significant - Articles 2, 8 and 34 of Legislative Decree No. 231/2001, where the first reaffirms the principle of legality typical of criminal law; the second affirms the autonomy of the liability of the entity with respect to the liability of the natural person responsible for the criminal conduct; the third provides for the circumstance that such liability, depending on the commission of a crime, is ascertained in criminal proceedings and is therefore assisted by the guarantees of criminal proceedings. Consider, moreover, the afflictive nature of the sanctions applicable to the entity.

- the offence was committed by a person functionally linked to the entity;

- the offence was committed in the interest or to the advantage of the entity.

The perpetrators of the offence from which the entity may incur administrative liability may therefore be:

- persons in a "senior position", such as, for example, legal representatives, directors, general managers but also heads of branch offices, division or plant managers;
- "subordinate" persons, typically employees, but also persons outside the entity who have been entrusted with a task to be carried out under the direction and supervision of senior persons.

For the liability of the entity to arise, it is then necessary that the offence has been committed in the *interest* or to the *advantage* of the entity.

In any case, the entity is not liable if the offence was committed *solely in the interest of the offender or of third parties*.

The imputation criteria of a *subjective* nature relate to the profile of the entity's culpability. The liability of the entity exists if *proper standards* of sound management and control relating to its organisation and the performance of its activities have not been adopted or have not been complied with. The guilt of the entity, and thus the possibility of imposing blame on it, depends on the establishment of an improper business policy or structural deficits in the corporate organisation that did not prevent the commission of one of the predicate offences.

In fact, the Decree excludes the liability of the entity if, *prior to the commission of the offence*, the entity has equipped itself with and effectively implemented an "organisation, management and control model" (the Model) capable of preventing the commission of offences of the kind committed.

The Model operates as an exemption whether the underlying offence was committed by a senior person or by a subordinate. However, for offences committed by senior persons, the Decree introduces a kind of *presumption of liability of the entity*, since it provides for the exclusion of its liability only if the entity proves that (Article 6(1) of the Decree):

- the Board of Directors adopted and effectively implemented, prior to the commission of the offence, a Model capable of preventing offences of the kind committed;
- the task of supervising the operation of and compliance with the Model and ensuring that it is updated was entrusted to a body within the entity endowed with autonomous powers of initiative and control (Supervisory Board);
- the persons committed the offence by fraudulently circumventing the Model;
- there was no omission or insufficient supervision by the Supervisory Board.

For offences committed by subordinates, the entity is liable only if it is proved that *"the commission of the offence was made possible by a failure to comply with the management or supervisory obligations"* typically incumbent on senior management.

Also in this case, however, the adoption and effective implementation of the Model, prior to the commission of the offence, excludes non-compliance with management or supervisory obligations and exempts the entity from liability.

The adoption and effective implementation of the Model, while not constituting a legal *obligation*, is therefore the only tool available to the entity to prove its extraneousness to the offences and, ultimately, to be exempt from the liability established by the Decree.

2.4. Exemptive value of Organisational, Management and Control Models

The Model therefore operates as an exemption from the entity's liability only if it is adequate with respect to the prevention of the underlying offences and only if it is effectively implemented.

The Decree, however, does not analytically indicate the characteristics and contents of the Model, but merely dictates some general principles and some essential elements of content.

In general - according to the Decree - the Model must, in relation to the nature and size of the organisation, as well as the type of activity carried out, provide for appropriate measures to ensure that the activity is carried out in compliance with the law and to detect and promptly eliminate risk situations.

In particular, the Model must (Article 6(2) of the Decree):

- identify the activities within the scope of which offences may be committed (so-called sensitive activities);
- provide for specific protocols aimed at planning the formation and implementation of the entity's decisions, in relation to the offences to be prevented;
- identify methods of managing financial resources capable of preventing the commission of offences; the express provision of the area of financial resources attests to the fact that the Decree attaches pre-eminent importance to the internal regulation of the management of financial resources, which are crucial to the entity's activities;
- provide for information obligations vis-à-vis the body responsible for supervising the functioning of and compliance with the models (i.e. Supervisory Board);
- introduce an appropriate disciplinary system to sanction non-compliance with the measures indicated in the Model.

With reference to *effective implementation of the Model*, the Decree also provides for the need for periodic verification and amendment of the same, if significant violations of the provisions are discovered or if changes occur in the organisation or activity of the entity.

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With reference to health and safety offences from which the entity may incur administrative liability, Legislative Decree No. 81 of 9 April 2008 laying down the Consolidation Act on Occupational Health and Safety establishes, in Article 30 (Organisation and Management Models) that the organisation and management model capable of exempting administrative liability, adopted and effectively implemented, must ensure a corporate system for the fulfilment of all legal obligations relating to:

a) compliance with legal technical and structural standards relating to equipment, facilities, workplaces, chemical, physical and biological agents;

b) risk assessment activities and the preparation of the resulting prevention and protection measures;

c) activities of an organisational nature, such as emergencies, first aid, contract management, regular safety meetings, consultation of workers' safety representatives;

d) health monitoring activities;

e) information and training activities for workers;

f) supervisory activities with regard to workers' compliance with safe working procedures and instructions;

g) the acquisition of documents and certifications required by law;

h) periodic checks on the application and effectiveness of the procedures adopted.

This organisational and management model, pursuant to the aforementioned Legislative Decree No. 81/2008, must:

- also provide for appropriate systems of recording the performance of the above-mentioned activities;

- in any case provide, insofar as required by the nature and size of the organisation and the type of activity carried out, for a structure of functions ensuring the technical competences and powers necessary for the verification, assessment, management and control of the risk, as well as a disciplinary system capable of sanctioning non-compliance with the measures indicated in the model;

- also provide for an appropriate system of control over the implementation of the same model and the maintenance over time of the conditions of suitability of the measures adopted. The review and possible amendment of the organisational model must be adopted when significant violations of the rules on accident prevention and hygiene at work are discovered, or when there are changes in the organisation and activity in relation to scientific and technological progress.

Upon first application, company organisation models are presumed to comply with the requirements of the preceding paragraphs for the corresponding parts if they are defined in accordance with the UNI-INAIL Guidelines for an occupational health and safety management system (SGSL) of 28 September 2001 or the British Standard OHSAS 18001:2007. For the same purposes, further company organisation and management models may be indicated by the Permanent Advisory Commission on Occupational Health and Safety.

2.5. Types of offences giving rise to the administrative liability of entities

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

Below are the types of offences covered by the Decree:

- Offences against the Public Administration (Articles 24 and 25 of the Decree)[5];
- Computer crimes and unlawful processing of data (Article 24-bis of the Decree)[6];
- Organised crime offences (Article 24-ter of the Decree)[7];

[5] First group of offences originally identified by Legislative Decree 231/2001, subsequently supplemented and amended pursuant to Law No. 68 of 22 May 2015, Law No. 3/2019 and Legislative Decree No. 75 of 14 July 2020. The following offences are involved: misappropriation of public funds (Article 316-bis of the Criminal Code), undue receipt of public funds (Article 316-ter of the Criminal Code), fraud (Article 640(2)(1) of the Criminal Code), aggravated fraud for obtaining public funds (Article 640-bis of the Criminal Code), computer fraud (Article 640-ter of the Criminal Code), fraud in public supply (Article 356 of the criminal code), embezzlement (Article 314 of the criminal code), embezzlement by profiting from the error of others (Article 316 of the criminal code), extortion (Article 317 of the Criminal Code), bribery for the exercise of a function and bribery for an act contrary to official duties (Articles 318, 319 and 319-bis of the Criminal Code), bribery in judicial proceedings (Article 319-ter of the Criminal Code), undue induction to give or promise benefits (Article 319-quater of the Criminal Code), bribery of a person in charge of a public service (Article 320 of the criminal code), punishment of the briber (Article 321 of the criminal code), incitement to bribery (Article 322 of the criminal code), embezzlement, extortion, undue inducement to give or promise benefits, bribery and incitement to bribery of members of the International Criminal Court or organs of the European Communities and of officials of the European Communities and of foreign States (Article 322-bis of the criminal code), abuse of office (Article 323 of the criminal code), trafficking in unlawful influence (Article 346-bis).

[6] Article 24-bis of the Decree, introduced by Law No. 48 of 18 March 2008 (ratifying and executing the Council of Europe Convention on Cybercrime, executed in Budapest on 23 November 2001) provides for the administrative liability of the company in relation to the commission of criminal offences connected to computer systems; these are: computer documents (491-bis c. p.), unauthorised access to a computer or telematic system (615-ter c.p.), unauthorised possession and dissemination of access codes to computer or telematic systems (615-quarter c.p.), dissemination of computer equipment, devices or programmes aimed at damaging or interrupting a computer or telematic system (615-quinquies of the criminal code), unlawful interception, obstruction or interruption of computer or telematic communications (617-quarter of the criminal code), installation of equipment for intercepting, impeding or interrupting computer or telematic communications (617-quinquies of the criminal code), damaging computer information, data and programmes (635-bis of the criminal code), damaging computer information, data and programmes used by the State or other public body or in any case of public utility (635-ter of the criminal code), damaging computer or telematic systems (635-quater of the criminal code), damaging computer or telematic systems of public utility (635-quinquies of the criminal code), computer fraud of the person providing electronic signature certification services (640-quinquies of the criminal code). With reference to the offence referred to in Article 491-bis, the same was amended by Legislative Decree No. 7/2016, which decriminalised computer forgery relating to acts between private individuals. Finally, L. 18.11.2019, no. 133 (Conversion into law, with amendments, of Decree-Law no. 105 of 21 September 2019, containing urgent provisions on the perimeter of national cybersecurity) -Article 1, paragraph 11-bis, of Decree-Law no. 21. 09.2019, No. 105 inserted by Conversion Law No. 133/2019, inserted the offences referred to in Article 1, paragraph 11, of the same decree law into Article 24-bis of Legislative Decree No. 231 of 8 June 2001 (Law No. 133/2019 came into force on 21.11.2019). With the law converting Decree-Law No. 105 of 21 September 2019, in order to ensure a high level of security of networks, information systems and IT services of collective interest, the legislature provided for the establishment of the so-called national cybersecurity perimeter (PSNC). The new rules apply to public administrations, national bodies and operators on which the exercise of an essential function of the State depends, i.e. the provision of a service essential for the maintenance of civil, social or economic activities that are fundamental to the interests of the State, and from whose malfunctioning, interruption - even partial - or improper use, national security may be jeopardised.

[7] Article 24-ter of the Decree, introduced by Article 2, para. 29, of Law no. 94 of 15.7.2009, and subsequently amended by Law no. 69/2015, provides for liability in relation to offences of criminal association (Article 416 of the Criminal Code), mafia-type associations, including foreign ones (Article 416-bis of the Criminal Code), political-mafia electoral exchange (Article 416-ter of the Criminal Code), kidnapping for the purpose of robbery or extortion (Article 630 of the Criminal Code), association for the purpose of illegal trafficking in narcotic or psychotropic substances (Article 74 of Presidential Decree no. 309 of 9 October 1990), illegal manufacturing, introduction into the State, sale, offering for sale, sale or

- Counterfeiting coins, public credit cards, revenue stamps and identification instruments or signs (Article 25-*bis* of the Decree)[8];
- Crimes against industry and trade (Article 25-*bis*.1 of the Decree)[9];
- Corporate offences (Article 25-*ter* of the Decree)[10];
- Crimes for the purpose of terrorism or subversion of the democratic order (Article 25-quater of the Decree)[11];

transfer to the public (Article 74 of the Criminal Code), and illegal trafficking in drugs or psychotropic substances (Article 74 of Presidential Decree no. 309 of 9 October 1990).), association for the purpose of illicit trafficking in narcotic drugs or psychotropic substances (Article 74 of Presidential Decree No. 309 of 9 October 1990), offences of illegal manufacture, introduction into the State, sale, transfer, possession and carrying in a public place or a place open to the public of weapons of war or warlike weapons or parts of them, explosives, clandestine weapons and several common firearms (Article 407, para. 2, lett. a) no. 5 of the Code of Criminal Procedure).

8 Article 25-bis was introduced into Legislative Decree 231/2001 by Article 6 of Decree-Law 350/2001, converted into law, with amendments, by Article 1 of Law 409/2001. These are the offences of counterfeiting money, spending and introducing counterfeit money into the State, with complicity (Article 453 of the criminal code), altering money (Article 454 of the criminal code), spending and introducing counterfeit money into the State, without complicity (Article 455 of the criminal code), spending counterfeit money received in good faith (Article 457 of the criminal code), counterfeiting revenue stamps, introducing into the State, purchasing, holding or putting into circulation counterfeit revenue stamps (Article 459 of the criminal code), and purchasing, holding or putting into circulation counterfeit revenue stamps (Article 459 of the criminal code). 459 of the Criminal Code), counterfeiting watermarked paper in use for the manufacture of public credit cards or revenue stamps (Article 460 of the Criminal Code), manufacture or possession of watermarks or instruments intended for the counterfeiting of money, revenue stamps or watermarked paper (Article 461 of the Criminal Code), use of counterfeited or altered revenue stamps (Article 464 of the Criminal Code). Law No. 99 of 23 July 2009 laying down 'Provisions for the development and internationalisation of enterprises, as well as on energy' in Article 15, paragraph 7, amended Article 25-bis, which now also punishes the counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models and designs (Article 473 of the Criminal Code), as well as the introduction into the State and trade of products with false signs (Article 474 of the Criminal Code). Finally, Legislative Decree No. 125 of 21 June 2016 made amendments to Articles 453 and 461 of the Criminal Code.

9 Introduced by Article 15 of Law No. 99 of 23 July 2009. More specifically, these are the offences of disturbing the freedom of industry or trade (Article 513 of the Criminal Code), unlawful competition with threats or violence (Article 513-bis of the criminal code), fraud against national industries (Article 514 of the criminal code), fraud in the exercise of trade (Article 515 of the criminal code), sale of foodstuffs that are not genuine as genuine (Article 516 of the criminal code), sale of industrial products with misleading signs (Article 517 of the criminal code), manufacture and trade of goods made by usurping industrial property rights (Article 517-ter of the criminal code), counterfeiting of geographical indications or designations of origin of agri-food products (Article 517-quater of the criminal code).

10 The article was introduced by Legislative Decree no. 61/2002, amended by Law no. 262/2005, Law no. 190/2012, Law no. 69/2015, Legislative Decree no. 38/2017 and Law no. 3/2019. More specifically, these are the offences of false corporate communications (Article 2621 of the Italian Civil Code), minor offences (Article 2621-bis of the Italian Civil Code), false corporate communications by listed companies (Article 2622 of the Italian Civil Code), obstruction of control (Article 2625 of the Italian Civil Code), undue return of contributions (Article 2625 of the Italian Civil Code), and unlawful restitution of contributions (Article 2626 of the Italian Civil Code).), undue return of contributions (Article 2626 of the Italian Civil Code), unlawful distribution of profits and reserves (Article 2627 of the Italian Civil Code), unlawful transactions on the shares or quotas of the company or its parent company (Article 2628 of the Italian Civil Code), transactions to the detriment of creditors (Article c.), incitement to bribery among private individuals (Article 2635-bis c.c.), unlawful influence on the shareholders' meeting (Article 2636 c.c.), market rigging (Article 2637 c.c.), obstructing the exercise of the functions of public supervisory authorities (Article 2638 c.c.).

11 Article 25-quater was introduced into Legislative Decree No. 231/2001 by Article 3 of Law No. 7 of 14 January 2003. It deals with "offences for the purpose of terrorism or subversion of the democratic order, provided for in the Criminal Code and in special laws", as well as offences, other than those indicated above, "which have in any case been committed in violation of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism, executed in New York on 9 December 1999". This Convention punishes anyone who unlawfully and maliciously provides or collects funds knowing that they will be used, even in part, to commit: (i) acts intended to cause the death - or serious injury - of civilians, when the action is aimed at intimidating a population, or coercing a government or an international organisation; (ii) acts constituting offences under conventions on: flight and navigation safety, protection of nuclear material, protection of diplomatic agents, repression of attacks with the use of explosives. The category of "offences for the purposes of terrorism or subversion of the democratic order, provided for by the Criminal Code and special laws" is mentioned by the legislator in a generic manner, without indicating the specific rules whose violation would entail the application of this Article. The predicate offences include Article 270-bis of the Criminal Code (Associations for the purposes of terrorism, including international terrorism or subversion of the democratic order), which punishes anyone who promotes, sets up, organises, manages or finances associations that propose the perpetration of violent acts for terrorist or subversive purposes, and Article 270-ter of the

- Crimes against life and limb (Article 25-quater.1 of the Decree)[12];
- Crimes against the individual (Article 25-quinquies of the Decree)[13];
- Market abuse (Article 25-sexies of the Decree)[14];
- Transnational offences (Article 10, Law No. 146 of 16 March 2006)[15];

Criminal Code (Assistance to associates), which punishes anyone who harbours or provides food, hospitality, means of transport or communication tools to any of the persons participating in associations for terrorist or subversive purposes.

12 Introduced by Article 8 Law No. 7 of 9 January 2006. These are the offences referred to in Article 583-bis of the Criminal Code concerning the practice of female genital mutilation.

13 Article 25-quinquies was introduced into Legislative Decree No. 231/2001 by Article 5 of Law No. 228 of 11 August 2003, and was last supplemented by Article 6(1) of Law No. 199 of 29 October 2016. These are offences of reduction to or maintenance in slavery or servitude (Article 600 of the Criminal Code), offences related to child prostitution and its exploitation (Article 600-bis of the Criminal Code), child pornography and its exploitation (Article 600-ter of the Criminal Code), possession of pornographic material produced through the sexual exploitation of minors (Article 600-quater of the Criminal Code), virtual pornography (Article 600-quater.1 criminal code), tourist initiatives aimed at the exploitation of child prostitution (art. 600-quinquies criminal code), trafficking in persons (art. 601 criminal code), purchase and sale of slaves (art. 602 criminal code), sexual violence (art. 609-bis of the Criminal Code), sexual acts with minors (Article 609-quater of the Criminal Code), corruption of minors (Article 609-quinquies of the Criminal Code), group sexual violence (Article 609-octies of the Criminal Code), solicitation of minors (Article 609-undecies of the Criminal Code). In addition, L.199/2016, laying down "Provisions on combating the phenomena of undeclared work, exploitation of labour in agriculture and wage realignment in the agricultural sector", included, among the underlying offences provided for in Article 25-quinquies, the offence of unlawful intermediation and exploitation of labour (Article 603-bis of the Criminal Code). This offence punishes the conduct of recruiting labour for the purpose of assigning it to work for third parties in exploitative conditions, taking advantage of the workers' state of need, and the conduct of using, hiring or employing labour, subjecting workers to exploitative conditions and taking advantage of their state of need.

14 The legislation provides that the company may be held liable for the offences of insider trading (Article 184 TUF) and market manipulation (Article 185 TUF). Introduced by Law No. 62/2005, Law No. 262/2005 and Legislative Decree No. 107/2018. Pursuant to Article 187-quinquies of the TUF, the entity may also be held liable for the payment of a sum equal to the amount of the administrative fine imposed for the administrative offences of insider trading (Article 187-bis TUF) and market manipulation (Article 187-ter TUF), if committed, in its interest or to its advantage, by persons falling within the categories of "senior persons" and "persons subject to the direction or supervision of others". On 29 September 2018, the decree adapting to the European Market Abuse Regulation came into force, and with it important changes also on the front of Legislative Decree no. 231/2001, although Article 25-sexies of the same decree, which mentions, among the predicate offences, those relating to market abuse, remained absolutely unchanged. In addition to partially amending the offences referred to in Articles 184 and 185 of the Consolidated Law on Financial Intermediation ("TUF"), Article 187-quinquies introduces a new form of liability of the body totally independent of that of the natural person who committed the offence (in the event of an offence committed in its interest and/or to its advantage, the body is punished with an administrative fine of between €20, 000 and €15,000,000, or up to 15% of turnover, when this amount exceeds €15,000,000): this applies both to conduct constituting insider trading and to market manipulation;

15 Introduced by Law No. 146/2006, which ratified the United Nations Convention and Protocols against Transnational Organised Crime adopted by the General Assembly on 15 January 2000 and 31 May 2001. The offences indicated by Article 10 of Law no. 146 of 16 March 2006 no. 146 (criminal conspiracy, mafia-type conspiracy, conspiracy for the purpose of smuggling foreign processed tobacco, conspiracy for the purpose of illicit trafficking in narcotic drugs or psychotropic substances, illegal immigration, inducement not to make statements or to make false statements to the judicial authorities aiding and abetting) are considered transnational when the offence has been committed in more than one State, or, if committed in one State, a substantial part of the preparation and planning of the offence has taken place in another State, or if, committed in one State, an organised criminal group engaged in criminal activities in several States is involved.

In this case, no further provisions have been included in the body of Legislative Decree No. 231/2001. The liability arises from an autonomous provision contained in the aforementioned Article 10 of Law No. 146/2006, which establishes the specific administrative sanctions applicable to the offences listed above, providing - by way of a reminder - in the last paragraph that "the provisions of Legislative Decree No. 231 of 8 June 2001 shall apply to the administrative offences provided for in this Article". Legislative Decree No. 231/2007 repealed the provisions contained in Law No. 146/2006 with reference to Articles 648-bis and 648-ter of the Criminal Code (money laundering and use of money, goods or benefits of unlawful origin), which became punishable, for the purposes of Legislative Decree No. 231/2001, regardless of the characteristic of transnationality.

- Offences of culpable homicide or serious or very serious injury committed in violation of the rules on the protection of health and safety at work (Article 25-septies of the Decree)[16];
- Offences of receiving, laundering and using money, goods or benefits of unlawful origin, and self-laundering (Article 25-octies of the Decree)[17];
- Offences relating to non-cash payment instruments (Article 25-octies.1 of the Decree)[18];
- Copyright infringement offences (Article 25-novies of the Decree)[19];
- Inducement not to make statements or to make false statements to the judicial authorities (Article 25-decies of the Decree)[20];
- Environmental offences (Article 25-undecies of the Decree)[21];

16 Article added by Article 9, Law No. 123 of 3 August 2007. These are the offences of manslaughter (Article 589 of the Criminal Code) and culpable personal injury (Article 590 of the Criminal Code) and related aggravating circumstances (Article 583 of the Criminal Code).

17 Article 63, section 3, of Legislative Decree no. 231 of 21 November 2007, published in the Official Gazette no. 290, S.O. no. 268 of 14 December 2007, implementing Directive 2005/60/EC of 26 October 2005 and concerning the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, and Directive No. 2006/70/EC, which lays down the measures for its implementation, introduced Article 25-octies into Legislative Decree No. 231 of 8 June 2001, which provides, precisely, for the administrative liability of the entity also in the case of offences of receiving stolen goods (Article 648 of the Criminal Code), money laundering (648-bis of the Criminal Code) and use of money, goods or benefits of unlawful origin (648-ter of the Criminal Code). On 17 December 2014, Law 186/2014 was published in the Official Gazette, containing "Provisions on the emersion and re-entry of capital held abroad and self-money laundering", which introduces, inter alia, within the Italian Criminal Code Article 648-ter.1 concerning the case of "Self-Laundering"; this offence has been included within the list of offences subject to the administrative liability of entities (Article 25-octies of Legislative Decree 231/2001).

18 On 29.11.2021, Legislative Decree No. 184 of 8 November 2021 was published in the Official Gazette on "Implementation of Directive (EU) 2019/713 of the European Parliament and of the Council of 17 April 2019 on combating fraud and counterfeiting of non-cash means of payment and replacing Council Framework Decision 2001/413/JHA". This amendment introduces Article 25-octies.1 (Crimes relating to non-cash means of payment) in Legislative Decree 231/2001 extending the administrative liability of entities to the following offences: Article 493-ter of the Criminal Code "Undue use and counterfeiting of non-cash means of payment" (monetary sanction of between 300 and 800 quotas); Article 493-quater "Possession and dissemination of computer equipment, devices or programmes aimed at committing offences relating to non-cash means of payment" (monetary sanction of up to 500 quotas); Article 640-ter "Computer fraud" in the hypothesis aggravated by the carrying out of a transfer of money, monetary value or virtual currency (monetary sanction of up to 500 quotas); unless the offence constitutes another administrative offence sanctioned more severely, any other offence against public faith, against property or which in any case offends property provided for by the Criminal Code, when it concerns payment instruments other than cash, the following monetary sanctions shall apply to the entity if the offence is punished with imprisonment of less than ten years, a fine of up to 500 quotas; if the offence is punished with imprisonment of not less than ten years, a fine of between 300 and 800 quotas. In the event of conviction for one of the aforementioned offences, the disqualification sanctions set out in Article 9(2) of Legislative Decree No. 231/2001 shall also be applied to the entity. The Decree entered into force on 14.12.2021.

19 Introduced by Article 15 of Law No 99 of 23 July 2009. These are the offences referred to in Articles 171, first paragraph, letter a-bis), and third paragraph, 171-bis, 171-ter and 171-septies, 171-octies of Law No 633 of 22 April 1941 in relation to the protection of copyright and other rights related to its exercise.

20 Introduced by Law No. 116/2009. This is Article 377-bis of the Criminal Code.

21 Legislative Decree 121/11, adopted to implement Directive 2008/99/EC on the protection of the environment through criminal law, as well as Directive 2009/123/EC on pollution caused by ships, came into force on 16 August 2011. This legislative provision therefore introduced sanctions pursuant to Legislative Decree 231/01 for the commission of the offences provided for in Articles 727-bis of the Criminal Code (killing, destruction, capture, taking or possession of protected wild animal or plant species) and 733-bis of the Criminal Code (destruction or damage to a protected habitat), in the so-called "Environment Code" (Legislative Decree 152 /06), with reference to the discharge of industrial waters containing hazardous substances, waste management, contamination of soil, subsoil and water and emissions into the atmosphere, by Law 150/92, in relation to international trade in specimens of flora and fauna in danger of extinction and possession of dangerous animals; by Law 549/93 regulating the use of substances harmful to the stratospheric ozone layer; by Legislative Decree 202/07, relating to the intentional and negligent pollution of the marine environment caused by ships. Subsequently, Law No. 68 of 22 May 2015, on the subject of crimes against the environment,

- Employment of third-country nationals residing illegally (Article 25-duodecies of the Decree)[22];
- Crimes of racism and xenophobia (Article 25-terdecies of the Decree)[23];
- Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices (Article 25-quaterdecies of the Decree)[24];
- Tax offences (Article 25-quinquiesdecies of the Decree)[25];

inserted a special Title in the Criminal Code (Title VI-bis), headed "of crimes against the environment". In particular, it introduced the following predicate offences: environmental pollution; environmental disaster; trafficking and abandonment of highly radioactive material. This law also amended both Articles 257 and 260 of Legislative Decree 152/2006 (hereinafter, the "Environmental Code"), and the rules on so-called underlying offences contained in Legislative Decree 231/2001, and made some amendments to Law 150/1992, aimed at tightening the penalties that can be imposed for some of the offences provided for in the Convention on International Trade in Endangered Species of Wild Fauna and Flora, which also affects Legislative Decree 231/2001.

22 Introduced by Legislative Decree No. 109/2012 and by Law No. 161/2017. Article 25-duodecies of the Decree provides for the administrative liability of the company in relation to the commission of the offence referred to in Article 22, paragraph 12-bis of Legislative Decree No. 286 of 25 July 1998, in the event the employer employs foreign workers without a residence permit, or whose permit has expired and whose renewal, revocation or cancellation has not been requested within the legal deadlines. Pursuant to paragraph 12-bis, the penalties for the offence provided for in paragraph 12 of Article 22 of Legislative Decree No. 286 of 25 July 1998 are increased by between one third and one half: a) if the number of workers employed exceeds three; b) if the workers employed are minors of non-working age; c) if the workers employed are subjected to other particularly exploitative working conditions referred to in the third paragraph of Article 603-bis of the Penal Code.

According to the third paragraph of Article 603-bis of the criminal code, on the subject of illegal brokering and exploitation of labour, the existence of one or more of the following circumstances constitutes an indication of exploitation:

1. the systematic remuneration of workers in a manner manifestly at variance with national collective agreements or in any case disproportionate to the quantity and quality of the work performed;
2. the systematic violation of regulations on working hours, weekly rest, compulsory leave, holidays;
3. the existence of violations of regulations on safety and hygiene in the workplace, such as to expose the worker to danger to health, security or personal safety;
4. the subjection of the worker to particularly degrading working conditions, surveillance methods, or housing situations.

Subsequently, Article 30, para. 4 of Law 161/2017 provided for the introduction of new offences provided for in Article 12 of Legislative Decree 286/1998 concerning the procuring of unlawful entry and aiding and abetting illegal immigration, within Article 25duodecies of the Decree with the application of the relevant pecuniary and prohibitory sanctions.

23 Law No. 167 of 20 November 2017 (European Law 2017, in force since 12 December 2017) introduced Article 25-terdecies (Racism and Xenophobia) into Legislative Decree No. 231/2001; the offence referred to (in multiple instances, referring to propaganda, incitement or incitement) is that provided for in paragraph 3-bis of Law No. 654/1975 (ratifying the International Convention on the Elimination of All Forms of Racial Discrimination, New York, 7 March 1966) contextually amended.

24 Law No. 39 of 03.05.2019 (Ratification and execution of the Council of Europe Convention on the Manipulation of Sports Competitions, executed in Magglingen on 18 September 2014), with Article 5, paragraph 1, inserted Article 25-quaterdecies into Legislative Decree No. 231 of 8 June 2001. This provision added the criminal offences of fraud in sporting competitions (Article 1, Law no. 401 of 13.12.1989) and abusive gaming or betting activities (Article 4, Law no. 401 of 13.12.1989) to the list of offences.

25 In the Official Gazette No. 252 of 26.10.2019, Decree-Law No. 124 of 26.10.2019 "Urgent provisions on tax matters and for unavoidable needs" was published. After Article 25-quaterdecies of Legislative Decree No. 231 of 8 June 2001, the following is added: "Article 25-quinquiesdecies (Tax offences). -1. In relation to the commission of the offence of fraudulent declaration through the use of invoices or other documents for inexistent transactions envisaged by Article 2 of Legislative Decree No. 74 of 10 March 2000, the financial penalty of up to five hundred quotas shall apply to the entity".

- Smuggling (Article 25-sexiesdecies of the Decree)[26];
- Crimes against cultural heritage (Article 25-septiesdecies of the Decree)[27];
- Laundering of cultural goods and devastation and looting of cultural and landscape assets (Article 25duodevicies of the Decree)[28].

The enumeration of the underlying offences was expanded after the one originally contained in the Decree and the list is up-to-date at the date of adoption of the Model 231 by the FNA Board of Directors.

Please refer to Chapter 4.7 of this General Part for the identification of the cases considered relevant for FNA.

2.6. Sanction system

Articles 9 -23 of Legislative Decree 231/2001 provide for the following sanctions against the entity as a consequence of the commission or attempted commission of the offences mentioned above:

- pecuniary sanction (and conservatory seizure as a precautionary measure);
- prohibitory sanctions (also applicable as a precautionary measure) of a duration of no less than three months and no more than two years, with the clarification that, pursuant to Article 14(1) of Legislative

  Decree No. 231/2001, "The prohibitory sanctions have as their object the specific activity to which the offence of the entity refers" which, in turn, may consist of:
  - temporary or permanent disqualification from the pursuit of the activity;
  - suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
  - prohibition from contracting with the public administration, except to obtain the provision of a public service;
  - exclusion from concessions, financing, contributions or subsidies and possible revocation of those granted;
  - temporary or permanent ban on advertising goods or services;
- confiscation (and preventive seizure as a precautionary measure);

[26] Offences introduced in 231 by Legislative Decree No. 75 of 14.7.2020, implementing EU Directive 2017/1371 on the fight against fraud affecting the Union's financial interests through criminal law.

[27] Law No. 22 of 9 March 2022 containing provisions on crimes against cultural heritage was published in the Official Gazette No. 68 of 22 March 2022. The purpose of the law is to strengthen the instruments for the protection of cultural heritage, with particular reference to movable property, through the introduction of new types of offences, the extension of the scope of confiscation and the inclusion of certain offences against cultural heritage among the underlying offences of the administrative liability of entities pursuant to Legislative Decree no. 231/2001.

[28] Article added by Law No. 22/2022.

- publication of the judgment (in case of application of a prohibitory sanction).

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

- the number of shares, taking into account the seriousness of the offence, the degree of the entity's liability and the activity carried out to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences;

- the amount of the individual quota, based on the economic conditions and assets of the entity.

The body is liable for the obligation to pay the pecuniary penalty with its assets (Article 27(1) of the Decree)[29].

Prohibitory sanctions apply only in relation to offences for which they are expressly provided for and provided that at least one of the following conditions is met:

- the company derived a significant profit from the commission of the offence and the offence was committed by persons in a senior position or by persons subject to the direction of others when, in the latter case, the commission of the offence was determined or facilitated by serious organisational deficiencies;
- in the event of repeated offences[30].

The judge determines the type and duration of the prohibitory sanction, taking into account the suitability of the individual sanctions to prevent offences of the type committed and, if necessary, may apply them jointly (Article 14(1) and (3) of Legislative Decree No. 231/2001).

The sanctions of disqualification from exercising the activity, prohibition from contracting with the public administration and prohibition from advertising goods or services may be applied - in the most serious cases on a permanent basis[31].

[29] The notion of assets must refer to companies and entities with a legal status.

[30] Art. 13(1)(a) and (b) Legislative Decree 231/2001. In this connection, see also Art. 20 of Legislative Decree 231/2001, pursuant to which "A repeated offence occurs when the entity, already definitively convicted at least once for an offence dependent on an offence, commits another offence within five years following the final conviction."

[31] See, in this regard, Article 16 of Legislative Decree 231/2001, according to which: "1. A definitive disqualification from exercising the activity may be ordered if the entity has derived a significant profit from the offence and has already been sentenced, at least three times in the last seven years, to temporary disqualification from exercising the activity. 2. The judge may impose the sanction of a definitive ban on contracting with the public administration or a ban on advertising goods or services on the entity if it has already been sentenced to the same sanction at least three times in the last seven years. 3. If the entity or one of its organisational units is permanently used for the sole or prevalent purpose of enabling or facilitating the commission of offences for which it is held liable, a definitive prohibition from exercising its activity is always ordered and the provisions of Article 17 do not apply.

The judge may allow the entity's activity to continue (instead of imposing the prohibitory sanction), pursuant to and under the conditions set out in Article 15 of the Decree, appointing, for this purpose, a commissioner for a period equal to the duration of the prohibitory sanction[32].

2.7. Attempt

In the event of the commission, in the form of attempt, of the offences sanctioned on the basis of Legislative Decree No. 231/2001, the pecuniary sanctions (in terms of amount) and the prohibitory sanctions (in terms of duration) are reduced by between one third and one half.

The imposition of sanctions is excluded in cases where the entity voluntarily prevents the performance of the action or the realisation of the event (Article 26 of Legislative Decree No. 231/2001). The exclusion of sanctions is justified, in such a case, by virtue of the interruption of any relationship of identification between the entity and the persons who presume to act in its name and on its behalf.

2.8. Modifying events in the entity

Legislative Decree 231/2001 regulates the regime of the entity's capital liability also in relation to events modifying it, such as the transformation, merger, demerger and transfer of a business. According to Article 27(1) of Legislative Decree 231/2001, the entity is liable for the obligation to pay the pecuniary penalty with its assets or with the common fund, where the notion of assets is to be referred to companies and entities with legal personality, while the notion of "common fund" concerns unrecognised associations.

Articles 28-33 of Legislative Decree No. 231/2001 regulate the impact on the entity's capital liability of modifying events connected to transformations, mergers, demergers and company transfers[33].

The Legislator has taken into account two opposing requirements:

- on the one hand, to prevent such transactions from constituting a means of easily evading the entity's administrative liability;

[32] Art. 15 Leg. 231/2001: "Judicial Commissioner - If the prerequisites for the application of a prohibitory sanction exist, which results in the interruption of the entity's activity, the judge, instead of applying the sanction, orders the continuation of the entity's activity by a commissioner for a period equal to the duration of the prohibitory sanction that would have been applied, when at least one of the following conditions occurs (a) the entity performs a public service or a service of public necessity the interruption of which may cause serious harm to the community; (b) the interruption of the entity's activity may cause, having regard to its size and the economic conditions of the territory in which it is situated, significant repercussions on employment. In the judgement ordering the continuation of the activity, the judge indicates the duties and powers of the commissioner, taking into account the specific activity in which the offence was committed by the entity. Within the scope of the tasks and powers indicated by the judge, the commissioner takes care of the adoption and effective implementation of organisation and control models suitable to prevent offences of the kind that have occurred. He may not perform acts of extraordinary administration without authorisation from the judge. The profit resulting from the continuation of the activity is confiscated. The continuation of the activity by the commissioner cannot be ordered when the interruption of the activity follows the definitive application of a prohibitory sanction."

[33] The Legislator has taken into account two opposing requirements: on the one hand, to prevent such operations from constituting a means of easily circumventing the administrative liability of the entity and, on the other hand, not to penalise reorganisational measures that have no evasive intent. The Explanatory Report to the Decree states "The general criterion followed in this respect was to regulate the outcome of pecuniary sanctions in accordance with the principles dictated by the Civil Code with regard to the generality of the other debts of the original entity, while maintaining, conversely, the link between prohibitory sanctions and the branch of activity in the context of which the offence was committed."

- on the other hand, not to penalise reorganisational measures that have no evasive intent.

The Explanatory Report to Legislative Decree No. 231/2001 states: *"The general criterion followed in this respect was to regulate the outcome of pecuniary sanctions in accordance with the principles dictated by the Civil Code with regard to the generality of the other debts of the original entity, while maintaining, conversely, the link between prohibitory sanctions and the branch of activity in the context of which the offence was committed"*.

In particular, in the case of a merger, the entity resulting from the merger (including by incorporation) is liable for the offences for which the entities participating in the merger were liable (Article 29 of Legislative Decree 231/2001).

Article 31 of the Decree lays down provisions common to mergers and demergers, concerning the determination of sanctions in the event that such extraordinary transactions have taken place before the conclusion of the case. In particular, it clarifies the principle whereby the judge must commensurate the pecuniary penalty, in accordance with the criteria laid down in Article 11(2) of the Decree, referring in any case to the economic and asset conditions of the entity originally liable, and not to those of the entity to which the sanction should be imputed following the merger or demerger.

In the event of a prohibitory sanction, the entity found liable following the merger or demerger may ask the court to convert the prohibitory sanction into a pecuniary sanction, provided that (i) the organisational fault that made it possible for the offence to be committed has been eliminated, and (ii) the entity has compensated the damage and made available (for confiscation) the part of the profit that may have been made.

Article 32 of Legislative Decree No. 231/2001 allows the judge to take into account convictions already imposed on the merging entities or the demerged entity in order to establish recurrence, pursuant to Article 20 of Legislative Decree No. 231/2001, in relation to offences committed subsequently by the merged entity or the beneficiary of the demerger[34].

In cases of the sale and transfer of a business, there is a single set of rules (Art. 33 of Legislative Decree 231/2001)[35]; the transferee, in the event of the transfer of the business in whose activity the offence was committed, is jointly and severally liable to pay the fine imposed on the transferor, subject to the following limitations:

[34] Art. 32 of Legislative Decree 231/2001: "Relevance of the merger or division for the purposes of repetition - 1. In cases of the liability of the entity resulting from the merger or benefiting from the division for offences committed after the date on which the merger or division took effect, the judge may consider that there has been a recurrence, in accordance with Article 20, also in relation to convictions handed down against the merging entities or the divided entity for offences committed before that date. To this end, the judge shall take into account the nature of the offences and the activity in which they were committed as well as the characteristics of the merger or division. 3. With regard to the entities benefiting from the demerger, recurrence may be deemed, pursuant to paragraphs 1 and 2, only if the branch of activity within the scope of which the offence for which the demerged entity was convicted was transferred to them, even partially". The Explanatory Report to Legislative Decree No. 231/2001 makes it clear that "Repetition, in such a case, does not operate automatically, but is subject to discretionary assessment by the judge, in relation to the concrete circumstances. With regard to the entities benefiting from the demerger, it may also be recognised only when the entity to which the branch of activity in the context of which the previous offence was committed has been transferred, even in part".

[35] Art. 33 of Legislative Decree 231/2001: "Transfer of business. - 1. In the event of the transfer of the business in whose activity the offence was committed, the transferee shall be jointly and severally liable, subject to the benefit of prior exoneration of the transferring body and within the limits of the value of the business, to pay the pecuniary sanction. 2. The transferee's obligation is limited to the pecuniary sanctions resulting from the mandatory books of account, or due for administrative offences of which he was in any case aware. 3. The provisions of this Article shall also apply in the case of the transfer of a business". On this point, the Explanatory Report to Legislative Decree No. 231/2001 clarifies: "It is understood that such transactions are also susceptible to evasive manoeuvres of liability: and, nevertheless, the opposing requirements of the protection of trust and of the safety of legal traffic are more significant with respect to them, since they are in the presence of hypotheses of succession in a particular capacity that leave the identity (and liability) of the transferor or the transferee unaltered".

- the benefit of the assignor's prior enforcement is not affected;

- the transferee's liability is limited to the value of the business transferred and the fines resulting from the statutory books of account or due for administrative offences of which it had knowledge.

Conversely, disqualification sanctions imposed on the transferor do not extend to the transferee.

2.9. Offences committed abroad

The entity may be held liable in Italy for offences covered by Legislative Decree 231/2001 committed abroad (Article 4 of Legislative Decree 231/2001).

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

- the offence must be committed by a person functionally linked to the entity, pursuant to Article 5(1) of Legislative Decree 231/01;

- the entity must have its head office in the territory of the Italian State;

- the entity may be liable only in the cases and under the conditions laid down in Articles 7, 8, 9, 10 of the criminal code.[36] (in cases where the law provides that the offender - a natural person - is punished at the request of the Minister of Justice, proceedings are brought against the body only if the request is also made against the body itself) and, also in accordance with the principle of legality set out in Article 2 of Legislative Decree No. 231/2001, only in respect of offences for which its liability is provided for by an ad hoc legislative provision);

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

- if the cases and conditions provided for in the aforementioned articles of the criminal code exist, the State of the place where the act was committed shall not prosecute the entity.

2.10. Procedure for establishing the offence

Liability for administrative offences resulting from a criminal offence is ascertained in criminal proceedings. In this regard, Article 36 of Legislative Decree No. 231/2001 provides: *"Jurisdiction to hear administrative offences committed by the entity belongs to the criminal court having jurisdiction over the offences on which the offences depend. The provisions on*

the composition of the court and the related procedural provisions relating to the offences on which the administrative offence depends shall be observed for the proceedings to determine the administrative offence of the entity."

Another rule, inspired by reasons of effectiveness, homogeneity and procedural economy, is that of the mandatory joinder of proceedings: the proceedings against the entity must remain joined, as far as possible, to the criminal proceedings instituted against the natural person who committed the offence for which the entity is liable (Article 38 of Legislative Decree No. 231/2001). This rule is counterbalanced by Article 38(2) of Legislative Decree No. 231/2001, which, on the other hand, regulates cases in which separate proceedings are brought for

the administrative offence[37]. The entity participates in the criminal proceedings with its legal representative, unless the latter is charged with the offence on which the administrative offence depends; when the legal representative does not appear, the incorporated entity is represented by its defence counsel (Article 39(1) and (4) of Legislative Decree No. 231/2001).

2.11. Audit of suitability

Ascertaining the liability of the company, which is attributed to the criminal court, takes place by means of:

- verification of the existence of the underlying offence for which the company is liable;

- the audit of suitability of the organisational models adopted.

The judge's review of the abstract suitability of the organisational model to prevent the offences referred to in Legislative Decree No. 231/2001 is conducted according to the criterion of the so-called "posthumous prognosis".

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

The judgement of suitability must be formulated according to an essentially ex ante criterion whereby the judge places himself, ideally, in the company's situation at the time when the offence occurred in order to test the congruity of the model adopted. In other words, the organisational model that, prior to the commission of the offence, could and should be deemed "suitable to prevent offences" should be judged to eliminate or, at least, minimise, with reasonable certainty, the risk of the offence subsequently being committed.

3. Corporate activity, governance and organisational structure of FNA

3.1. Corporate activity

FNA is the company heading the FNA Group, headquartered in Robassomero (TO).

With more than 70 years of experience in the compressed air sector, the FNA Group is positioned on the world market as one of the leading manufacturers of air compressors for industrial, professional and do-it-yourself use, thanks to its internationally known and trusted brands.

The FNA Group, headquartered in Turin, employs a total of approximately 1,300 employees in production facilities in Italy, France, China and the United States. The majority of the FNA Group's turnover is generated outside Italy; the Group has subsidiaries in France, Poland, Portugal, England, China and the United States.

The FNA Group has consolidated its leadership through the continuous development of a broad family of high-quality products, designed and manufactured in its own factories and distributed worldwide.

The FNA Group is present on the market with a wide and complete range of solutions, including piston compressors with power ratings from 0.5 to 25 HP and rotary screw compressors for industrial use, entirely Made in Italy, from 2.2 to 315 kW.

The parent company FNA operates in the production sites of Robassomero (TO) and Zola Pedrosa (BO) and in the Logistics Centre (TO).

Products - Technology
For the purpose of describing the Company's core business, the following is a non-exhaustive list of the types of products and technologies that characterise FNA's output.

Output can be divided into the following types of goods, divided by technology:

- Lubricated piston compressors from 0.5 to 25 HP and OIL-FREE piston compressors from 0.5 to 3 HP;
- Oil-injected rotary screw compressors from 2.2 to 315 kW;
- Professional and industrial 'OIL-FREE' compressors;
- Compressed air treatment.

As far as quality issues are concerned, products are manufactured to the highest quality standards, using the most technologically advanced products on the market, both in terms of choice of materials and production processes. Strict tests and checks are carried out scrupulously during all production phases. The compressors produced by FNA meet the following international certifications:

Additional product certifications are achieved with respect to certain countries.

Finally, FNA's corporate management system complies with ISO 9001:2008 as certified by TÜV Italia s.r.l. (TÜV SUD Group) for the field of application "Design, manufacture and service of air compressors, compressed air treatment systems, pneumatic tools and accessories for applications in the industrial, professional and hobby sectors (IAF 18)".

Brands

The FNA Group's brands are listed below:

3.2. Governance structure

The Company is incorporated as a joint-stock company in accordance with the provisions of current Italian law and is not subject to management and coordination by other companies.

The Company's administration and control model is characterised by the presence of the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors and the Auditing Company.

Shareholders' Meeting

The Shareholders' Meeting, duly constituted, represents all shareholders and its resolutions, taken in accordance with the law and the Articles of Association, are binding on them even if not attended or dissenting.

Resolutions entrusted by law or by the Articles of Association to its competence are reserved to the Assembly.

Board of Directors

The administration of the Company is entrusted to a Board of Directors.

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company and has the authority to perform all acts it deems appropriate for the implementation and achievement of the corporate purposes, with the sole exception of those that the law strictly reserves to the Shareholders' Meeting.

The Board of Directors may delegate its own attributions and powers, including the use of the corporate signature, to one or more managing directors or to an Executive Committee, determining their powers.

The Board of Directors may also appoint, in accordance with the law, "ad negotia" attorneys for certain acts and categories of acts, determining their powers and responsibilities, as well as their remuneration.

The corporate signature, including the powers of collection and receipt, and the representation of the Company vis-à-vis third parties, in and out of court, are vested in the President and those persons to whom the board has individually or jointly conferred such powers within the limits of its powers.

The President and the persons delegated as above, shall have the power to bring judicial and administrative actions and petitions, for any degree of jurisdiction and also for revocation or cassation judgments and to appoint lawyers, attorneys at law and experts for this purpose.

FNA's Board of Directors is currently composed of four directors, including a Chairman and Chief Executive Officer ('CEO') and three directors to whom powers and proxies are delegated for matters falling within their remit.

Board of Statutory Auditors

The Board of Statutory Auditors, appointed by the Shareholders' Meeting, consists of three statutory auditors and two alternate auditors.

The Board of Statutory Auditors is called upon to supervise compliance with the law and the deed of incorporation, compliance with the principles of proper administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the Company and its proper functioning.

Auditing Company

The auditing of the Company's accounts is entrusted to an auditing company registered in the special register set up at the Ministry of Economy and Finance, the appointment of which is the responsibility of the Shareholders' Meeting, based on a reasoned proposal by the Board of Statutory Auditors.

The Auditing Company:

- verifies, in the course of the financial year, that the company's accounts are properly kept and that the management events are correctly recorded in the accounting records;

- verifies whether the financial statements correspond to the entries in the accounting records and the assessments made and whether the financial statements comply with the regulations in force;

- expresses an opinion on the financial statements of the Company in a special report.

3.3. Organisational Structure

FNA's organisational structure, formalised through organisation charts and a system of proxies and powers of attorney, is characterised by the presence of the following specific elements:

- organisational charts highlighting functions and reporting lines and role separations;

- system of powers and proxies based on the assignment of powers of attorney subject to the public disclosure regime provided for by current legislation;

- procedures, operating instructions, forms/schedules and checklists defining activities, roles and the way controls are carried out.

Please refer to the organisational chart adopted by the Company for a detailed description of the organisational structure and reporting lines of the corporate organisation.

4. FNA Organisation, Management and Control Model

4.1 Function of Model 231

The adoption of the Model 231, in addition to representing grounds for exemption from the Company's administrative liability with regard to the commission of certain types of offence, is an act of social responsibility.

FNA has therefore initiated a process (hereinafter, the "Project"), with the methodological and technical support of external consultants, aimed at preparing and adopting a Model in compliance with the requirements of Legislative Decree no. 231/2001 and subsequent additions, as well as consistent with the principles already rooted in its governance culture and with the indications contained in the Guidelines issued by Confindustria and approved by the Ministry of Justice.

The main objective of the Model 231 adopted by FNA is to set up a structured and organic system of organisational, management and control procedures, aimed at preventing the commission of the offences provided for in the Decree, as well as to make the control and corporate governance system adopted by the Company more effective and inspired by the reference Guidelines.

More specifically, the Model 231 has as its main objectives those of:

- raising awareness among the persons who collaborate, in various capacities, with the Company (employees, external collaborators, suppliers, etc.), requiring them, within the limits of the activities performed in the interest of FNA, to adopt correct and transparent behaviour, in line with the ethical values that inspire it in the pursuit of its corporate purpose and such as to prevent the risk of commission of the offences contemplated in the Decree;

- determining in the aforementioned persons the awareness that they may incur, in the event of violation of the provisions issued by the Company, disciplinary and/or contractual consequences, as well as criminal and administrative sanctions that may be imposed on them;

- establishing and/or reinforcing controls that enable FNA to prevent or react promptly to prevent the commission of offences by senior persons and persons subject to the Management or Supervision of the former that entail the administrative liability of the Company;

- enabling the Company, by means of monitoring the areas of activity at risk, to intervene promptly, in order to prevent or counteract the commission of offences and to sanction any conduct contrary to its 231 Model;

- ensuring its integrity, by adopting the fulfilments expressly provided for in Article 6 of the Decree;

- improving effectiveness and transparency in the management of business activities;

- determining a full awareness in the potential perpetrator that the commission of an offence is strongly condemned and contrary - in addition to the provisions of the law - both to the ethical principles to which the Company intends to adhere and to the Company's own interests, even when it might seemingly gain an advantage.

4.2. Recipients and scope of application

The Board of Directors has adopted the Model 231, the scope of which includes all activities potentially at risk of offences pursuant to Legislative Decree 231/01 carried out by the Company and whose recipients are identified in the following:

- members of the corporate bodies, in those who perform, also de facto, functions of management, administration, direction or control of the Company, or of one of its organisational units with financial and functional autonomy;

- in the managers and employees of the Company and in general in those who work under the direction and/or supervision of the persons referred to in the preceding point;

- third parties who have contractually regulated cooperation relations with the Company (e.g. collaborators and business partners, by virtue of specific contractual clauses and limited to the performance of sensitive activities in which they may be involved).

The Model and the Code of Ethics also apply, within the limits of the relationship in place, to those who, although not belonging to the Company, operate by mandate or on behalf of the same or are in any case linked to the Company by legal relationships relevant to the prevention of offences.

4.3. Method for defining Model 231

The methodology chosen to execute the Project, in terms of organisation, definition of operational methods, structuring in phases, allocation of responsibilities among the various Departments/Functions, was designed to ensure the quality and authoritativeness of the results.

In this context, FNA made use of external consultants who provided methodological, technical and operational support in the various project phases aimed at preparing this Model 231.

The methods followed and criteria adopted in the various stages of the Project are outlined below:

- Launch of the Project: in this phase the processes and activities within the scope of which the offences referred to in Legislative Decree no. 231/2001 may be committed (i.e. those processes and activities commonly defined as 'sensitive') were identified. Preliminary to this identification was the analysis, mainly documentary, of the corporate and organisational structure of FNA, which allowed an initial identification of the sensitive processes/activities and a preliminary identification of the Departments/Functions responsible for these processes/activities.

- Conducting interviews with Heads of Departments/Functions for the analysis of sensitive processes/activities: the purpose of this phase was to carry out the analysis of sensitive processes/activities and the detection of control mechanisms currently in place, also completing the preliminary inventory of sensitive processes/activities relating to both business and 'staff' areas. The analysis was carried out by means of structured interviews with the Managers of the Departments/Functions, which also had the purpose of identifying for each sensitive activity the management processes and control tools in place, with particular attention to the elements of compliance and preventive controls

- in place to protect them. At this stage, therefore, a map was created of the activities which, in view of their specific contents, could be exposed to the potential commission of the offences referred to in Legislative Decree No. 231/2001.

- Detection of areas for development of the internal control system ("gap analysis"): in this phase, priority areas of intervention were identified in order to ensure the alignment of the internal control system with the 'standards' defined by Confindustria and best practices, identifying the optimal control structures to cover the risks of commission, after assessing organisational feasibility.

- Preparation of Model 231: in this last phase, the objective was to proceed with the preparation of the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001 of FNA, structured in all its components. For the purposes of preparing this Model 231, the reference Guidelines were taken into consideration, as well as the peculiarities of the Company in order to define a Model to be submitted to the examination and approval of the Board of Directors. The execution of this phase was supported both by the results of the previous phases and by the policy choices of the Company's decision-making bodies.

4.4. Structure of the Model

The Model document is structured as follows:

i) the ***General Part***, which describes the reference regulatory framework and the governance of the Company, as well as the elements characterising FNA's Model 231 and necessary for its effective implementation. More in detail, the General Part contains the description of the following areas:
   - regulatory framework of reference;

- activities, governance structure and organisational structure of the Company;

- methodology adopted for the identification and mapping of sensitive processes/activities, gap analysis and drafting of the Model;

- characteristics of the Company's Supervisory Body, specifying, inter alia, the following
- composition, appointment, duration, functions and powers, information flows;

- system of sanctions to be applied in the event of non-compliance with the measures set out in the Model 231;

- training and communication activities to be implemented in order to ensure awareness of the measures and provisions of the Model.

ii) the Special Parts, aimed at supplementing the contents of the General Part with a related description relating to:

- the offences referred to in the Decree that the Company deemed necessary to take into consideration due to the characteristics of its activity;

- the sensitive processes/activities, with respect to the offences identified in point 4.6 below, present in FNA and the related control protocols.

4.5. Relationship between Model 231 and Code of Ethics

The Company has adopted a Code of Ethics, an expression of a context where the primary objectives are to maintain ethically correct behaviour in day-to-day activities and to comply with all applicable laws.

The purpose of the Code of Ethics is, inter alia, to foster and promote a high standard of professionalism and to avoid behavioural practices that differ from the interests of the company or deviate from the law, as well as conflict with the values that the Company intends to maintain and promote.

The Code of Ethics is addressed to the members of the corporate bodies, to all employees at all levels of the Company and to all those who, permanently or temporarily, interact with it.

The Code of Ethics must therefore be considered as an essential foundation of Model 231, since together they constitute a systematic body of internal rules aimed at disseminating a culture of ethics and corporate transparency and is an essential element of the control system.

4.6. Crimes and Offences relevant to the Company

The adoption of the Model 231 as a tool capable of guiding the behaviour of the persons operating within FNA and of promoting behaviour marked by legality and correctness at all levels of the company, has a positive impact on the prevention of any crime or offence provided for by the legal system.

Nonetheless, in consideration of the analysis of the corporate context, of the activities performed by the Company and of the areas potentially subject to the risk of offence, only offences that are the subject of the individual Special Sections, to which reference is made for their exact identification, have been considered relevant, and therefore specifically examined in the Model 231.

Due to the type of activities carried out by the Company, when defining the Model 231 it was decided to focus on the identification of areas sensitive to the commission of the following types of offences:

- Offences against the Public Administration (Articles 24 and 25 of the Decree);
- Computer crimes and unlawful data processing (Article 24-bis of the Decree);
- Organised crime offences (Article 24-ter of the Decree);
- Forgery of identification instruments or signs (Article 25-bis of the Decree);
- Crimes against industry and trade (Article 25-bis.1 of the Decree);
- Corporate offences (Article 25-ter of the Decree);
- Crimes for the purpose of terrorism or subversion of the democratic order (Article 25-quater of the Decree);
- Crimes against the individual (Article 25-quinquies of the Decree), with regard to the crime of illegal brokering and exploitation of labour;
- Transnational offences (Article 10, Law No. 146 of 16 March 2006);
- Crimes of culpable homicide or serious or very serious injury committed in violation of the rules on the protection of health and safety at work (Article 25-septies of the Decree)
- Offences of receiving, laundering and using money, goods or benefits of unlawful origin, as well as selflaundering (Article 25-octies of the Decree);
- Copyright infringement offences (Article 25-novies of the Decree);
- Inducement not to make statements or to make false statements to the Judicial Authorities (Article 25-decies of the Decree);
- Environmental offences (Article 25-undecies of the Decree);
- Employment of third-country nationals whose stay is irregular (Article 25-duodecies of the Decree);
- Tax offences (Article 25-quinquiesdecies of the Decree);
- Smuggling (Article 25-sexiesdecies of the Decree).

With regard to the following offences, it was considered that the specific activity carried out by the Company does not present risk profiles such as to reasonably justify the possibility of their being committed in the interest or to the advantage of the Company:

- Forgery of money, public credit cards, revenue stamps (Article 25-bis of the Decree);
- Crimes against life and limb (Article 25-quater.1 of the Decree);
- Crimes against the individual (Article 25-quinquies of the Decree), as regards offences other than unlawful intermediation and exploitation of labour;
- Market abuse (Article 25-sexies of the Decree);
- Offences relating to non-cash payment instruments (Article 25-octies.1 of the Decree);
- Crimes of racism and xenophobia (Article 25-terdecies of the Decree);
- Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices (Article 25-quaterdecies of the Decree);
- Crimes against cultural heritage (Article 25-septiesdecies of the Decree);
- Laundering of cultural assets and devastation and looting of cultural and landscape assets (Article 25duodevices of the Decree).

The principles contained in the Code of Ethics, which bind company representatives, employees, collaborators and partners to comply with the ethical and legal framework within which the Company operates, are therefore considered exhaustive.

4.7. Adoption, updating and adaptation of Model 231

The Board of Directors has exclusive competence for the adoption, amendment and effective implementation of the Model.

The effectiveness and concrete implementation of the Model is also ensured by:

i) the Supervisory Body, in the exercise of the powers of initiative and control conferred on it over the activities carried out by the individual Departments/Functions of FNA

ii) the Heads of the various Functions/Departments of FNA.

The Supervisory Board, within the scope of the powers conferred upon it in accordance with Article 6(1)(b) and Article 7(4)(a) of the Decree, retains, in any case, precise duties and powers with regard to the care, development and promotion of the constant updating of the Model.

To this end, it formulates observations and proposals, concerning the organisation and the control system, to the relevant corporate structures or, in cases of particular importance, to the Board of Directors.

The Supervisory Board has the duty to report in writing to the Board of Directors promptly, or at least in its periodic report, any facts, circumstances or organisational deficiencies found in its supervisory activity that highlight the need or opportunity to amend or supplement the 231 Model.

The Model 231 must, in any case, be adapted if the need arises for it to be updated, by way of example:

- violations or circumventions of the provisions of the 231 Model that have demonstrated its ineffectiveness or inconsistency for the purposes of preventing the offences sanctioned pursuant to Legislative Decree No. 231/2001;

- significant changes in the organisational structure of the Company and/or the way in which the business activities are carried out (e.g. following the acquisition of a business unit);

- changes in the regulatory framework of reference relevant to the Company (e.g. introduction of new types of offences relevant under the Decree);

- significant deficiencies found in the control system in the course of supervisory activities.

Once approved, the changes and the instructions for their immediate application are communicated to the Supervisory Board. It will be the responsibility of the competent corporate Functions/Departments to make the same changes operative and to ensure that their contents are correctly communicated.

The operating procedures adopted in the implementation of this Model 231 are amended by the competent Departments/Functions, if they prove to be ineffective for the purposes of proper implementation of the provisions of the

Model. The competent Departments/Functions shall also take care of any amendments or additions to the operating procedures necessary to implement any revisions of this Model 231.

The Supervisory Board is constantly informed of the updating and implementation of new operating procedures.

5. Supervisory Board

5.1. Function of the Supervisory Board

According to the provisions of Legislative Decree no. 231/2001 - Article 6, paragraph 1, letters a) and b) - the entity may be exonerated from liability resulting from the commission of offences by the persons qualified under Article 5 of Legislative Decree no. 231/2001, if the management body has, inter alia, entrusted the task of supervising the operation of and compliance with the Model and ensuring that it is kept up-to-date to a body of the entity endowed with autonomous powers of initiative and control ('Supervisory Board' or 'SB'). The task of continuously supervising the widespread and effective implementation of the Model, its observance by the addressees, as well as proposing its updating in order to improve its efficiency in preventing offences and crimes, is entrusted to this body established by the Company internally.
Entrusting the aforementioned tasks to a body endowed with autonomous powers of initiative and control, together with the correct and effective performance thereof, is therefore an indispensable prerequisite for exemption from liability under Legislative Decree No. 231/2001.

5.2. Requirements

Appointment as a member of the Supervisory Board is conditional on the presence of the subjective eligibility requirements.

In the selection of the members, the only relevant criteria are those pertaining to the specific professionalism and competence required to perform the functions of the Supervisory Board, honourableness and absolute autonomy and independence thereof; the Board of Directors, at the time of appointment, must acknowledge the existence of the requirements of independence, autonomy, honourableness and professionalism of its members.

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

- relationships of kinship, marriage or affinity up to the fourth degree with members of the Board of Directors, auditors of the Company and auditors appointed by the auditing firm;

- conflicts of interest, even potential, with the Company such as to jeopardise the independence required by the role and duties of the Supervisory Board;

- ownership, direct or indirect, of shareholdings such as to allow the exercise of a significant influence on the Company;

- administrative functions - in the three financial years preceding the appointment as member of the Supervisory Board or the establishment of the consultancy/collaboration relationship with the same Board - for companies subject to bankruptcy, compulsory administrative liquidation or other insolvency procedures;

- conviction, even if not final, or a sentence imposing the penalty on request (so-called plea bargaining), in Italy or abroad, for the offences referred to in Legislative Decree no. 231/2001 or other offences in any case affecting professional morality and integrity

- conviction, with a sentence, even if not final, to a punishment entailing disqualification, even temporary, from public offices, or temporary disqualification from the management offices of legal persons and companies

- pending proceedings for the application of a preventive measure pursuant to Law No. 1423 of 27 December 1956 and Law No. 575 of 31 May 1965 or pronouncement of a seizure decree pursuant to Article 2 bis of Law No. 575/1965 or a decree of application of a preventive measure, whether personal or real

- lack of the subjective requisites of honourability provided for by Ministerial Decree No. 162 of 30 March 2000 for members of the Board of Statutory Auditors of listed companies, adopted pursuant to Article 148, paragraph 4 of the Consolidated Law on Finance.

Professionalism

The SB must be composed of persons with specific competences in activities of inspection, in the analysis of control systems and in the legal sphere, in order to guarantee the presence of adequate professionalism for the performance of the relevant functions. Where necessary, the Supervisory Board may also avail itself of the help and support of external expertise, in order to acquire specialised knowledge.

Autonomy and independence

In exercising its functions, the SB is endowed with autonomy and independence from corporate bodies and other internal control bodies.

The SB has autonomous spending powers on the basis of an annual expenditure budget, approved by the Board of Directors, upon proposal of the Board itself. In any case, the SB may request an addition to the funds allocated, if they are not sufficient for the effective performance of its duties, and may extend its spending autonomy on its own initiative in the presence of exceptional or urgent situations, which shall be the subject of a subsequent report to the Board of Directors.

The activities carried out by the Supervisory Board cannot be reviewed by any other corporate body or structure.

Preferably, any internal members should not perform any operational role within the Company and should not report hierarchically to any operational area manager. In any case, internal mechanisms must be adopted to guarantee the autonomy and independence of the Body (e.g. exercise of voting rights, etc.).

In the performance of their duties, the members of the SB must not find themselves in situations, even potential ones, of conflict of interest arising from any personal, family or professional reason. In such cases, they must immediately inform the other members of the Board and must refrain from taking part in the relevant deliberations. Such hypotheses are mentioned in the information report to the corporate bodies.

Continuity of action

The SB must be able to guarantee the necessary continuity in the performance of its functions, also through the scheduling of activities and controls, the minuting of meetings and the regulation of information flows from the corporate structures.

5.3. Composition, appointment and duration

The SB is composed in collegial form of the following three members:

- Sandro Piazza, external consultant, expert in 231, organisational, corporate and auditing matters, as member and chairman of the SB;
- Matteo Sergio Calori, criminal lawyer, expert in criminal law and 231 regulations, as a member of the SB;
- Luca Marzani, external consultant expert in the fields of Health and Safety at Work and Environment and 231, as a member of the SB.

The SB is constituted with a multi-member structure and is composed entirely of external professionals with different specialised skills, which are complementary to each other, in order to ensure full and complete compliance with the requirements of professionalism, independence, autonomy and continuity of action.

The SB is appointed by the Company's Board of Directors, with a reasoned measure acknowledging the existence of the requirements of honourableness, professionalism, autonomy and independence.

Upon accepting office, the members of the SB undertake to perform the functions assigned to them, guaranteeing the necessary continuity of action, and to immediately notify the Board of Directors of any event that may affect the maintenance of the above requirements.

Following the appointment of the SB, the Company's Board of Directors periodically checks that the subjective requisites of the members of the SB and the Board as a whole continue to be met.

If the subjective requirements of a member of the SB are no longer met, he/she shall be immediately removed from office. In the event of forfeiture, death, resignation or revocation, the Board of Directors shall promptly replace the outgoing member.

In order to guarantee its full autonomy and independence, the SB remains in office for three years and in any case until the appointment of the new SB, regardless of the expiry or possible early dissolution of the Board of Directors that appointed it.

5.4. Functions and powers

The Supervisory Board has autonomous powers of initiative, intervention and control, which extend to all the sectors and functions of the Company, powers that must be exercised in order to effectively and promptly perform the functions provided for in the Model 231 and its implementing rules to ensure effective and efficient supervision of the operation of and compliance with the Model 231 in accordance with Article 6 of Legislative Decree No. 231/2001.

The activities carried out by the Supervisory Board cannot be reviewed by any other body or function of the Company. The verification and control activity performed by the Supervisory Board is, in fact, strictly functional to the objectives of effective implementation of the Model 231 and cannot replace or substitute the institutional control functions of the Company.

In particular, the Supervisory Board is entrusted with the following tasks and powers for the performance and exercise of its functions:

- regulating its own functioning also through the introduction of a regulation of its own activities that provides for: the scheduling of activities, the determination of the time intervals of controls, the identification of criteria and procedures for analysis, the regulation of information flows from corporate structures (SB Regulation)

- supervising the operation of the Model 231 with respect to both preventing the commission of the offences referred to in Legislative Decree no. 231/2001 and highlighting their possible occurrence;

- verifying compliance with the Model 231, with the rules of conduct, with the prevention protocols and with the procedures laid down in the Model 231 and detecting any behavioural deviations that may emerge from the analysis of the information flows and from the reports to which the heads of the various functions are subject, and proceeding in accordance with the provisions of the Model 231;

- carrying out periodic inspection and control activities, of a continuous and unannounced nature, in consideration of the various sectors of intervention or types of activity and their critical points, in order to verify the efficiency and effectiveness of the Model 231. In carrying out this activity, the Board may:

    - freely access any Department/Function of the Company - without the need for any prior consent - to request and acquire information, documents and data, deemed necessary for the performance of the duties provided for by Legislative Decree No. 231/2001, from all employees and managers. In the event of a reasoned refusal of access to the documents, the Board shall draw up a report to be forwarded to the Board of Directors, if it does not agree with the reason given;

    - request relevant information or the production of documents, including digital ones, relevant to risk activities, from directors, auditors, auditing firms, collaborators, consultants and, in general, from all persons required to comply with the Model 231;

- developing and promoting the constant updating of the Model 231, including the identification, mapping and classification of sensitive activities, formulating, where necessary, proposals to the Board of Directors for any updates and adjustments to be made through amendments and/or additions that may be necessary

- maintaining relations and ensuring the relevant information flows with the corporate Departments/Functions and towards the corporate bodies;

- promoting initiatives for the dissemination of knowledge and understanding of the Model 231, of the contents of Legislative Decree no. 231/2001, of the impact of the regulations on the company's activities and on the rules of conduct, as well as initiatives for training personnel and raising their awareness of compliance with the Model 231, also establishing frequency checks;

- verifying the setting up of an effective internal communication system to allow the transmission of news relevant for the purposes of Legislative Decree no. 231/2001, guaranteeing the protection and confidentiality of the reporter;

- ensuring knowledge of the conduct to be reported and how to report it;

- providing all employees and members of corporate bodies with clarifications on the meaning and application of the provisions contained in the Model 231 and on the correct interpretation/application of this Model 231, of the control standards, of the relevant implementation procedures;

- formulating and submitting to the approval of the Board of Directors the expenditure forecast necessary for the proper performance of the tasks assigned, with absolute independence. This expenditure forecast, which must guarantee the full and proper performance of its activities, must be approved by the Board of Directors;

- promptly notifying the Board of Directors, for the appropriate measures, of any ascertained violations of Model 231 that may entail the emergence of a liability for the Company, and proposing any sanctions referred to in Chapter 7 of this Model;

- verifying and assessing the suitability of the disciplinary system pursuant to and for the purposes of Legislative Decree No. 231/2001.

In carrying out its activities, the SB may avail itself of the functions present in the Company by virtue of the relevant competences.

The SB does not have management powers or decision-making powers in relation to the performance of the Company's activities, organisational powers or powers to modify the corporate structure, or sanctioning powers.

5.5. Revocation

The revocation of the SB may only occur for just cause, by reasoned resolution of the Board of Directors.

In this regard, "just cause" for revocation means, by way of example, serious negligence in the performance of the duties connected with the office, such as: failure to draw up the annual summary report on the activity carried out, to which the Body is bound; failure to draw up the supervisory programme.

5.6. Causes of Suspension

The following constitute grounds for suspension from membership of the Supervisory Board:

- a finding, after the appointment, that the member of the Supervisory Board has held the position of member of the Supervisory Board within companies against which the sanctions provided for in Article 9 of the same Decree, for offences committed while in office, have been applied by a non-definitive measure (including the sentence issued pursuant to Article 63 of the Decree);

- the circumstance that the member is the subject of a committal for trial in relation to one of the underlying offences provided for by the Decree or, in any case, for an offence the commission of which is sanctioned with the prohibition, even temporary, from the executive offices of legal persons or companies or in relation to one of the administrative offences relating to market abuse, as referred to in the Consolidated Law on Finance.

The members of the Supervisory Board must inform the Board of Directors, under their full responsibility, of the occurrence of one of the aforementioned causes of suspension.

The Board of Directors, also in all further cases in which it becomes directly aware of the occurrence of one of the aforementioned causes of suspension, assesses the position of the individual member of the Supervisory Board and, if it deems it appropriate, declares his/her suspension.

In such cases, the Board of Directors assesses the appropriateness of temporarily supplementing the Supervisory Board, by appointing one or more members, whose appointment shall have a duration equal to the period of suspension.

If the Board of Directors does not deem it necessary to temporarily supplement the Supervisory Board, the SB continues to operate with its reduced composition. In such situations, for the resolutions of the SB, the Chairman of the Body has the casting vote.

The decision on the possible revocation of suspended members must be the subject of a resolution of the Board of Directors. Any member who has not been revoked shall be reinstated in full.

5.7. Temporary impediment

In the event that causes arise which temporarily prevent a member of the Supervisory Board from performing his/her duties or carrying them out with the necessary autonomy and independence of judgement, he/she shall declare the existence of the legitimate impediment and, if it is due to a potential conflict of interest, the cause thereof, abstaining from taking part in the meetings of the body itself or in the specific resolution to which the conflict relates, until such impediment persists or is removed.

By way of example, illness or injury that lasts for more than three months and prevents attendance at meetings of the Supervisory Board constitutes a temporary impediment.

In the event of temporary impediment, the Board of Directors shall assess the advisability of temporarily supplementing the Supervisory Board, appointing one or more members, whose appointment shall be for a period equal to the period of impediment.

If the Board of Directors does not deem it necessary to temporarily supplement the Supervisory Board, the SB continues to operate in its reduced composition. In such situations, for the resolutions of the Supervisory Board, the Chairman of the Board has the right to cast the deciding vote. In the event that this right is exercised, the Chairman of the SB shall inform the Board of Directors without delay for the appropriate measures to be taken.

This is without prejudice to the right of the Board of Directors, when the impediment lasts for a period exceeding six months, extendable by a further six months on no more than two occasions, to remove the member or members for whom the above-mentioned causes of impediment have occurred.

5.8. Information flows to and from the Supervisory Board

5.8.1. Reporting by the Supervisory Board to the corporate bodies

The SB reports to the Board of Directors, unless otherwise provided for in this Model 231.

The SB, whenever it deems it appropriate, informs the Chairman of the Board of Directors of significant circumstances and facts of its office or of any urgent critical aspects of the Model 231 that have emerged during its supervisory activity.

The SB periodically, and in any case at least on an annual basis, draws up a written report on the activity performed and sends it to the Board of Directors and the Board of Statutory Auditors in the person of their respective Chairmen.

The periodic reports prepared by the SB are also drawn up in order to allow the Board of Directors the necessary evaluations to make any updates or amendments to the Model 231 and must, at the very least, contain, carry out or report:

a) any issues that have arisen concerning the operational procedures for implementing the provisions of the Model 231;

b) the summary of reports received from internal and external parties, including those directly encountered, concerning alleged violations of the provisions of this Model 231, the prevention protocols and the relevant implementation procedures;

c) any disciplinary measures and sanctions applied by the Company, with reference to violations of the provisions of this Model 231, the prevention protocols and the relevant implementation procedures;

d) an overall assessment of the functioning and effectiveness of the Model 231 with any proposals for additions, corrections or amendments;

e) the reporting of any changes in the regulatory framework and/or significant changes in the internal structure of the Company and/or in the way business activities are carried out that require an update of the Model 231.

The Board of Directors and the Board of Statutory Auditors have the right to summon the SB at any time to inform them of the activities of the office.

5.8.2. Reporting to the Supervisory Board

The Supervisory Board must be promptly informed of those acts, behaviours or events that may lead to a breach of the Model 231 or that, more generally, are relevant for the better effectiveness and efficacy of the Model 231.

All recipients of the Model 231 communicate to the Supervisory Board any information that may be useful to facilitate the performance of checks on the proper implementation of the Model 231.

In particular:

- the Heads of Departments/Functions operating within sensitive activities must pass on to the Supervisory Board:

  - at previously agreed deadlines, the so-called "information flows", i.e. the list of operations/transactions falling within the "sensitive" activities provided for by the Company's Model;

- any anomalies or irregularities encountered within the scope of their activities. Furthermore, if they find areas for improvement in the definition and/or application of the control standards defined in this Model 231, they shall promptly report such circumstances to the Supervisory Board.

- with the necessary timeliness, the Departments/Functions identified in accordance with their respective organisational powers must communicate, by means of a written note to the Supervisory Board, any information concerning:

  - the issuing and/or updating of organisational documents;

  - changes in the responsibility of the Departments/Functions concerned by the activities at risk and any updating of the system of company powers and proxies;

  - reports prepared by the Departments/Functions/Control Bodies (including the Auditing Company) as part of their verification activities, from which facts, acts, events or omissions may emerge with critical profiles with respect to compliance with the provisions of the Decree or the provisions of the Model 231 and the Code of Ethics;

  - disciplinary proceedings initiated for violations of the Model 231, the dismissal of such proceedings and the reasons therefor, the application of sanctions for violations of the Code of Ethics, the Model 231 or the procedures established for its implementation;

  - measures and/or news coming from judicial police bodies, or from any other authority, from which it can be inferred that investigations are being carried out, even against unknown persons, for offences covered by Legislative Decree no. 231/2001 and which may involve the Company;

  - measures and/or news coming from judicial police bodies, or from any other authority, from which it can be inferred that investigations are being carried out, even against unknown persons, for offences covered by Legislative Decree no. 231/2001 and which may involve the Company;

  - reports prepared by the heads of other Departments/Functions as part of their control activities and from which facts, acts, events or omissions with critical profiles may emerge with respect to compliance with the rules and provisions of the Model 231;

  - reports of disciplinary proceedings carried out and any sanctions imposed (including measures taken against employees) or of the dismissal of such proceedings with the reasons therefor.

In order to enable the activation of the aforementioned information flows, the SB has a dedicated e-mail box at odv@fnacompressors.com.

Concerning reports to the SB:

- all employees and members of the corporate bodies of the Company must promptly report the commission or alleged commission of offences or the reasonable risk of commission of offences under the Decree of which they become aware, as well as any violation or alleged violation of the Code of Ethics, the Model 231 or the procedures established to implement the same of which they become aware;

- business partners, consultants, external collaborators and other recipients of the Model 231 external to the Company are required to immediately inform the SB if they receive from an employee/representative of the Company, directly or indirectly, a request for conduct that could lead to a violation of the Model 231.

For the management of reports, the Company adopts appropriate and effective measures so that confidentiality is always guaranteed as to the identity of the person who transmits information to the Board that is useful for identifying conduct that does not comply with the provisions of the Code of Ethics, the Model 231 and/or the company's organisational documents (e.g. policies and procedures), without prejudice to legal obligations and the protection of the rights of the Company or of persons wrongly accused and/or in bad faith.

Any form of retaliation, discrimination or penalisation against those who make reports to the SB in good faith is prohibited. It is forbidden to retaliate or discriminate, directly or indirectly, against the person making the report for reasons connected, directly or indirectly, to the report.

In compliance with current legislation, the Company reserves the right to take any action against anyone who makes untruthful reports in bad faith.

In order to enable timely compliance with the provisions set out in this paragraph, the Company implements internal reporting channels complying with the regulatory provisions set out in Legislative Decree no. 24 of 10.3.2023 on the implementation of the 2019/1937 EU Whistleblower Protection Directive, concerning the protection of persons who report breaches of Union law and laying down provisions concerning the protection of persons who report breaches of national laws.

These internal reporting channels are identified below in section 6 of this Model 231, "Internal reporting channels (Whistleblowing)".

These internal reporting channels allow the Recipients of the Code of Ethics and the Model 231 to submit, for the protection of FNA's integrity, circumstantiated reports of unlawful conduct, relevant under the Decree, or of violations of the Code of Ethics and of the Company's Organisation and Management Model, of which they have become aware by virtue of their functions; these channels guarantee the confidentiality of the reporter's identity in the management of the report.

In order to guarantee the effectiveness of the Model 231 through the adequate management of any reports of unlawful conduct relevant pursuant to Legislative Decree no. 231 of 8 June 2001, or violations of the Model 231 and of FNA's Code of Ethics, the members of the SB participate in the Reporting Committee identified by the Company as the manager of the internal reporting channels pursuant to Article 5 of Legislative Decree no. 24 of 10.3.2023.

The members of the SB participate in the Reporting Committee with reference to the management of any reports concerning illegal conduct relevant under the terms of Legislative Decree no. 231 of 8 June 2001, or violations of the Model 231 and FNA's Code of Ethics.

The SB is therefore guaranteed the means and resources, both internal (corporate functions competent for the subject matter) and external (e.g. lawyers, experts and appraisers) necessary to carry out the appropriate investigation of any reports received.

6. Internal reporting channels (Whistleblowing)

In March 2023, the Council of Ministers definitively approved the legislative decree on the implementation of the 2019/1937 EU Whistleblower Protection Directive, concerning the protection of persons who report breaches of Union law and laying down provisions concerning the protection of persons who report breaches of national law. The text of Legislative Decree 10.3.2023 No. 24 was published in the Official Gazette 15.3.2023 No. 63.

Legislative Decree 10.3.2023 No. 24 regulates the protection of persons who report violations of national or European Union law that harm the public interest or the integrity of the public administration or private entity, of which they have become aware in a public or private employment context.

Legislative Decree No. 24 of 10.3.2023 regulates internal reports, external reports and public disclosures.

The activation of a channel for internal reports is the responsibility of FNA.

The National Anti-Corruption Authority (ANAC) is responsible for activating an external reporting channel and adopting guidelines on the procedures for submitting and handling external reports.

The Company has adopted the "Policy for the management of FNA's internal reports" with the aim of regulating, in compliance with the regulations in force, the process of receiving, analysing and processing internal reports.

FNA has established the following internal reporting channels:

- use of the My Whistleblowing IT platform made available by the specialised supplier Zucchetti, which can be accessed on the Company's website by means of a link published in the "Responsibilities" section at https://www.fnacompressors.com/it/responsabilita/; the platform contains operating instructions for the use of this tool; the aforementioned portal allows reports to be made by filling in specific information fields;

- face-to-face meeting with the Manager of FNA's internal reporting channels, i.e. the FNA Reporting Committee; this type of report is collected in a face-to-face meeting with the manager of the internal reporting channels, after having submitted the data processing notice.

Pursuant to Article 4(1) of Legislative Decree No. 24 of 10.3.2023, the aforementioned internal reporting channels implemented by the Company are made available to the recipients of this Model 231.

The Company has decided to entrust the management of the internal reporting channels to a special Reporting Committee in which the members of the Supervisory Board also participate.

In compliance with the main general principles, and in particular the obligation of confidentiality, in order to follow up and provide feedback to the reports received, the Reporting Committee may involve the competent corporate Bodies,

Departments and Functions of FNA, as well as any external experts or experts, identified by FNA, to carry out all the internal checks and investigations deemed necessary for the assessment of the grounds of the reports received and, in such circumstances, for the identification of the appropriate corrective actions and for the formalisation of adequate and timely feedback to be given to the reporting persons by the Reporting Committee.

Without prejudice to the possibility of transmitting reports by any useful means, it should be noted that the use of channels and means of reporting other than those listed above, implemented by the Company in compliance with the legislation in force, may not allow the Company to guarantee the confidentiality of the identity of the reporting person, of the person involved and of the person mentioned in the report, as well as the content of the report and of the relevant documentation.

In this respect, should the reporter intend to use a channel such as sending a paper letter (which is allowed, but not adopted by FNA as an internal reporting channel), in order to guarantee in any case the confidentiality required by the legislation, as explained in the ANAC Guidelines, it is advisable that the report is placed in two sealed envelopes: the first with the identification data of the reporter together with a photocopy of the identification document; the second with the report, so as to separate the identification data of the reporter from the report. Both envelopes should then be placed in a third sealed envelope marked "confidential" on the outside for the FNA Reporting Committee.

If the internal report is submitted to a person other than the person identified and authorised by the Company, the person who received the report must forward it, in original and with any attachments within seven days of its receipt, to the Manager of FNA's internal reporting channels, protecting the confidentiality of the reporter's identity and simultaneously notifying the reporting person of the transmission. For example, if a report is received in a sealed envelope on which it is indicated that it is a whistleblowing report and/or addressed to the Whistleblowing Committee, the person who receives it, without opening it, promptly forwards it to the FNA Whistleblowing Committee.

Failure to communicate a report received constitutes a violation of FNA's Internal Reporting Policy and may result in appropriate action being taken, including disciplinary action.

7. The disciplinary and sanctions system

7.1. General principles

As a condition for the effective implementation of the Organisation, Management and Control Model, Article 6(2)(e) and Article 7(4)(b) of Legislative Decree no. 231/2001 provide for the introduction of a disciplinary system capable of sanctioning non-compliance with the measures set out in the Model.

Therefore, the definition of an adequate disciplinary system constitutes an essential prerequisite for the exempting value of the Organisation, management and control Model pursuant to Legislative Decree no. 231/2001 with respect to the administrative liability of entities.

The application of sanctions as a consequence of violations of the provisions contained in Model 231 must remain entirely independent of the course and outcome of any criminal or administrative proceedings initiated by the Judicial or Administrative Authorities, in the event that the conduct to be censured also constitutes a relevant offence under the Decree. In fact, the rules imposed by the Model 231 are assumed by the Company in full autonomy, regardless of the fact

that any conduct may constitute a criminal or administrative offence and that the Judicial or Administrative Authorities intend to pursue such an offence.

The sanctions provided for violations of the provisions contained in the Model 231 are also applicable to violations of the provisions contained in the Code of Ethics.

In general, the following constitute violations of the Model 231:

- behaviours that constitute the types of offences contemplated in the Decree;
- behaviours that, although they do not constitute one of the offences contemplated in the Decree, are unequivocally directed towards their commission;
- behaviours that do not comply with the procedures and provisions referred to in the Model 231;
- behaviour in breach of the preventive control tools set out in the Model 231.

The seriousness of violations of the Model 231 will be assessed on the basis of the following circumstances:

- the presence and intensity of intent;
- the presence and intensity of negligent, imprudent, reckless conduct;
- the presence and intensity of recidivist conduct;
- the extent of the danger and/or consequences of the breach for the persons covered by the regulations on health and safety in the workplace, as well as for the Company;
- the predictability of the consequences;
- the timing and manner of the breach;
- the circumstances in which the breach took place.

For the contestation, ascertainment of infringements and application of disciplinary sanctions, the powers already conferred to the Company, within the limits of the respective delegated powers and competences, remain valid.

After receiving the report and carrying out the appropriate investigations, the Supervisory Board shall provide the necessary information so that the Personnel Department can propose the disciplinary measure to be adopted, in line with the applicable CCNL.

In any case, the stages of challenging the breach, as well as those of determining and actually applying the sanctions, are carried out in compliance with the laws and regulations in force, as well as with the provisions of collective bargaining and the Company Disciplinary Codes, where applicable.

7.2. Protection of employees or collaborators who report wrongdoing

Legislative Decree No. 24 of 10.3.2023 governs the protection of persons who report violations of national or European Union law that harm the public interest or the integrity of the Company, of which they become aware in the context of their work.

The provisions of Legislative Decree No. 24 of 10.3.2023 do not apply to:

- challenges, claims or demands linked to a personal interest of the reporting person or of the person lodging a complaint with the judicial or accounting authorities that relate exclusively to his or her individual work or public employment relationship, or inherent to his or her work or public employment relationship with hierarchically superior figures;

- reports of violations where already mandatorily regulated by European Union or national acts indicated in Part II of the Annex to the Decree or by national acts constituting implementation of European Union acts indicated in Part II of the Annex to Directive (EU) 2019/1937, even if not indicated in Part II of the Annex to the Decree;

- national security breaches, as well as procurement relating to defence or national security aspects, unless these aspects are covered by relevant secondary EU law.

Persons making reports through the channels referred to in Chapter 6 of this Model 231 may not suffer any retaliation; the protection of the person making the report operates even if the legal relationship has not commenced (selection and pre-contractual stages), during the probationary period, after termination of the relationship (if the information was acquired during the course of the relationship).

The protections provided for the reporting person also apply to:

- so-called facilitators (those who assist the worker in the reporting process);

- people in the same work environment as the reporting person or the person who has filed a complaint with the judicial or accounting authorities or made a public disclosure and who are related to them by a stable emotional or kinship link up to the fourth degree;

- colleagues of the reporting person or of the person who has made a complaint to the judicial or accounting authority or made a public disclosure who work in the same work environment as the reporting person and who have a habitual and current relationship with that person;

- entities owned by the reporting person or the person who made a complaint to the judicial or accounting authority or made a public disclosure or for which the same persons work, as well as the entities working in the same work environment as the said persons.

Legislative Decree No. 24 of 10.3.2023 defines "retaliation" as any conduct, act or omission, even if only attempted or threatened, carried out on account of a report, a judicial or accounting authority report or public disclosure and which causes or may cause the reporting person or the person making the report, directly or indirectly, unjust damage. Legislative Decree 10.3.2023 No. 24 indicates the following cases which, if they fall within this definition, constitute retaliation:

- dismissal, suspension or equivalent measures;
- relegation in grade or non-promotion;
- change of duties, change of place of work,
- reduction of salary, change of working hours;
- suspension of training or any restriction on access to it;
- negative merit notes or negative references;
- adoption of disciplinary measures or any other sanction, including a fine;
- coercion, intimidation, harassment or ostracism;
- discrimination or otherwise unfavourable treatment;
- failure to convert a fixed-term employment contract into an employment contract of indefinite duration, where the employee had a legitimate expectation of such conversion;
- non-renewal or early termination of a fixed-term employment contract;
- damage, including to a person's reputation, particularly on social media, or economic or financial loss, including loss of economic opportunities and loss of income;
- inclusion on improper lists on the basis of a formal or informal sectoral or industry agreement, which may result in the person being unable to find employment in the sector or industry in the future;
- early termination or cancellation of a contract for the supply of goods or services;
- cancellation of a licence or permit;
- the request to undergo psychiatric or medical examinations.

The entities and persons referred to in Article 3 may inform ANAC of the retaliation they believe they have suffered. ANAC immediately informs the National Labour Inspectorate, for the measures within its competence.

Article 21 of Legislative Decree no. 24 of 10 March 2023 provides that, without prejudice to the other liability profiles, ANAC shall apply the following administrative pecuniary sanctions to the person responsible:

a) from 10,000 to 50,000 euro when it ascertains that retaliation has been committed or when it ascertains that the reporting has been obstructed or that an attempt has been made to obstruct it or that the obligation of confidentiality set out in Article 12 of Legislative Decree no. 24 of 10 March 2023 has been breached

(b) from 10,000 to 50,000 euro when it establishes that no reporting channels have been established, that no procedures for the making and handling of reports have been adopted or that the adoption of such procedures does not comply with those set out in Articles 4 and 5 of Legislative Decree no. 24 of 10 March 2023, as well as when it establishes that no verification and analysis of the reports received has been carried out;

c) from 500 to 2,500 euro, in the case referred to in Article 16(3) of Legislative Decree no. 24 of 10 March 2023, unless the person making the report has been convicted, even at first instance, of the offences of defamation or slander or in any case of the same offences committed with the report to the judicial or accounting authorities.

Please note that the disciplinary system adopted by the Company provides for sanctions against those found to be responsible for the offences referred to in Article 21(1) of Legislative Decree No. 24 of 10 March 2023.

7.3. Measures against employees

Compliance with the provisions and rules of conduct set out in the Model 231 and in the Code of Ethics constitutes fulfilment by FNA employees of the obligations set out in Article 2104, paragraph 2, of the Civil Code.

Violation of the individual provisions and behavioural rules set out in the Model 231 and in the Code of Ethics by FNA employees always constitutes a disciplinary offence.

For the investigation of infringements concerning the Model 231, the disciplinary proceedings and the imposition of the relative sanctions, the powers already conferred, within the limits of the respective delegated powers and competences, on the top management of FNA remain valid.

With regard to the type of sanctions that can be imposed, in the case of a subordinate employment relationship, any sanctioning measure must comply with the procedures set out in Article 7 of the Workers' Statute, which is characterised not only by the principle of typicality of the violations, but also by the principle of typicality of the sanctions.

In any case, of the sanctions imposed and/or of the violations ascertained, the
FNA Personnel Management shall always keep the Supervisory Board informed.

7.3.1. Measures against employees (non-executives)

With regard to the measures applicable to non-executive employees, the Company's sanctions system finds its primary source in the relevant National Collective Labour Agreement (CCNL). It should be noted that the sanction imposed must be proportionate to the seriousness of the violation committed and, in particular, must take into account:

- the subjective element, i.e. the intentionality of the conduct or the degree of fault (negligence, imprudence or malpractice);
- the overall conduct of the employee with particular regard to the existence or non-existence of disciplinary precedents;
- the level of responsibility and autonomy of the employee committing the disciplinary offence;
- the involvement of other persons;
- the seriousness of the effects of the disciplinary offence, i.e. the level of risk to which the company may reasonably be exposed as a result of the alleged violation;
- other specific circumstances accompanying the offence.

The disciplinary measures that employees may incur if they violate the Model are as follows:

a) verbal warning

b) written warning

c) fine of not more than 3 (three) hours' hourly pay calculated based on the minimum wage;

d) suspension from work and pay up to a maximum of 3 (three) days;

e) dismissal for misconduct pursuant to Article 10 sect. 4 - Title VII CCNL.

The types of conduct constituting violations of the Model and the Code of Ethics, accompanied by the relevant sanctions, are as follows:

a) the measure of "verbal warning" is applied to any employee who commits a non-serious breach of the procedures referred to in the Model 231 and/or in the Code of Ethics (e.g. omits to carry out the required checks, etc.), or adopts, in the performance of activities in sensitive areas, a behaviour which does not comply with the prescriptions of the Model 231 itself and/or of the Code of Ethics, without exposing FNA to a concrete danger or resulting in the application of the measures provided for by the Decree;

b) the measure of "written warning" is applied to any employee who is repeat offender in violating the procedures referred to in the Model 231 and/or in the Code of Ethics or in adopting, when carrying out activities in sensitive areas, a conduct which does not comply with the prescriptions of the Model 231 and of the Code of Ethics,

without exposing FNA to a concrete danger or leading to the application of measures provided for by the Decree. The same sanction also applies to the employee who in adopting the aforementioned conduct exposes FNA to a situation of objective danger, provided that such conduct does not determine the application of the measures provided for by the Decree;

c) any employee who is a repeat offender in the offences referred to in letter (b) shall incur a fine "not exceeding 3 (three) hours' pay". This sanction shall also be applied to the employee who, in violating the procedures referred to in the Model 231 and/or in the Code of Ethics, or adopting in the performance of activities in sensitive areas a conduct that does not comply with the provisions of the Model 231 and/or the Code of Ethics, causes minor damage to the Company without exposing it to a possible sanction under the Decree.

d) the measure of "suspension from work and from pay up to a maximum of 3 (three) working days" shall be applied to any employee who, in violating the procedures referred to in the Model 231 and/or in the Code of Ethics, or adopting in the performance of activities in sensitive areas a conduct that does not comply with the prescriptions of the Model 231 and/or the Code of Ethics causes damage to the Company by exposing it to a possible sanction under the Decree, provided that such conduct is not in any case unequivocally directed towards the commission of an offence or does not lead to the application of measures provided for by the Decree;

e) the measure of "dismissal for misconduct" shall be applied to any employee who adopts, in the performance of activities in sensitive areas, a behaviour in breach of the prescriptions of the Model 231 and/or of the Code of Ethics and unequivocally directed towards committing an offence sanctioned by the Decree, as well as to any employee who adopts a behaviour clearly in breach of the prescriptions of the Model 231 and/or of the Code of Ethics such as to determine the concrete application against the Company of the measures provided for by the Decree. Such behaviour radically undermines FNA's trust in the employee and constitutes a serious prejudice for the Company.

Based on an assessment of the specific circumstances, the sanctions referred to in points d) and e) above shall also be applied to those who are found to be responsible for one or more of the offences referred to in Article 21, paragraph 1, letters a), b) and c) of Legislative Decree No. 24 of 10 March 2023.

This is without prejudice to disciplinary proceedings and other charges brought against the employee in accordance with the CCNL and applicable labour regulations for violations in matters not strictly related to compliance with the Model 231.

This is without prejudice to the Company's right to claim compensation for damages resulting from an employee's violation of the Model 231. Any damages claimed shall be commensurate to:

- the level of responsibility and autonomy of the employee who committed the disciplinary offence;
- the existence of any disciplinary record against him/her;
- the degree of intentionality of his conduct;

- the seriousness of its effects, by which is meant the level of risk to which the company reasonably believes it was exposed - pursuant to and for the purposes of the Decree - as a result of the conduct complained of.

7.3.2. Measures against executives

The Company's executives, in the performance of their professional activities, are obliged both to comply with and to make their collaborators comply with the prescriptions contained in the Model.

The National Collective Labour Agreement for Executives applies in the Company.

The disciplinary measures that can be imposed on 'executives' - in compliance with the procedures laid down in Article 7, paragraphs 2 and 3 of Law no. 300 of 30 May 1970 (Workers' Statute), the "Executives - Industry" Collective Agreement and any applicable special regulations - are those provided for in the following sanctions:

a) written censure;

b) disciplinary suspension;

c) dismissal for justified reason;

d) dismissal for just cause.

In particular, with reference to violations of the Model 231 and/or the Code of Ethics committed by the Company's executives, it is provided that:

- in the event of a non-serious breach of one or more procedural or behavioural rules laid down in the Model 231, the executive incurs a "written reprimand" consisting of a reminder to comply with the Model 231 and/or the Code of Ethics, which is a necessary condition for maintaining the relationship of trust with the Company;

- in the event of a non-serious, but repeated violation of one or more procedural or behavioural rules laid down in the Model 231 and/or the Code of Ethics, the executive incurs the measure of "disciplinary suspension";

- where there is a serious breach of one or more procedural or behavioural rules laid down in the Model 231 and/or the Code of Ethics such as to constitute a significant breach, the executive incurs the measure of "dismissal for justified reason";

- where the breach of one or more procedural or behavioural rules laid down in the Model 231 and/or in the Code of Ethics is so serious as to irreparably damage the relationship of trust, not allowing the continuation, even temporary, of the employment relationship, the executive incurs the measure of "dismissal for just cause".

The following shall be considered punishable, by way of example, for violation of the provisions of Model 231 and/or the Code of Ethics: violations committed by an executive, who:

- omits to supervise his/her hierarchically subordinate staff to ensure compliance with the provisions of the Model 231 and/or the Code of Ethics for the performance of activities in areas at risk of offences and for activities instrumental to operational processes at risk of offences;

- does not report failures and/or anomalies relating to the fulfilment of the obligations set out in the Model 231 and/or in the Code of Ethics, if he/she becomes aware of them, such as to render the Model 231 ineffective, with the consequent potential danger for the Company of the imposition of sanctions under the Decree;

- does not report to the Supervisory Board critical issues concerning the performance of activities in areas at risk of offences, discovered during monitoring by the competent Authorities;

- is himself/herself involved in one or more serious violations of the provisions of the Model 231 and/or of the Code of Ethics, such as to lead to the commission of the offences set out in the Model 231, thereby exposing the Company to the application of sanctions pursuant to the Decree.

In the event of violation of the provisions and behavioural rules contained in the Model 231 and/or in the Code of Ethics by an executive, FNA, on the basis of the principle of seriousness, recidivism, direct non-compliance, failure to supervise, adopts against him/her the measure considered most appropriate in compliance with the provisions of the applicable contractual and regulatory framework.

For the Company's workers with the status of "executive" it is always a serious violation of the provisions of the Model 231 to fail to comply with the obligation to direct or supervise subordinate workers as to the correct and effective application of the Model 231.

Violations of Model 231 and/or of the Code of Ethics assessed as "serious violations" or "violations of such seriousness as to irreparably damage the relationship of trust", based on the assessment of the specific circumstances, shall be equated with the conduct of those who are found to be responsible for one or more of the offences referred to in Article 21, paragraph 1, letters a), b) and c) of Legislative Decree No. 24 of 10 March 2023.

If the violation of the Model 231 results in the breakdown of the relationship of trust between the Company and the executive, the sanction is dismissal.

The application of the disciplinary measures described above is the responsibility of the Managing Director and the Personnel Department.

7.4. Measures against directors

Upon receiving notice of a breach of the provisions and rules of conduct of the Model 231 by a member/members of the Board of Directors, the Supervisory Board must promptly inform the Board of Directors in the person of the Chairman, by means of a written report, and the Board of Statutory Auditors of the event.

With regard to Directors who have committed a violation of the provisions and rules of conduct of the Model 231, the Board of Directors may apply, in accordance with the principles of degree and proportionality with respect to the seriousness of the fact and guilt or possible wilful misconduct, any appropriate measures permitted by law.

The disciplinary measures that may be imposed on one or more members of the Company's Board of Directors, subject to a resolution of the Board itself to be adopted with the abstention of the person concerned and, where provided for by law and/or by the Articles of Association, with a resolution of the Shareholders' Meeting, are those provided for in the following sanctioning apparatus:

a) written reprimand;

b) temporary suspension from office;

c) removal from office.

In particular, with reference to violations of the Model 231 and/or the Code of Ethics committed by one or more members of the Company's Board of Directors, it is envisaged that:

- in the event of a non-serious breach of one or more procedural or behavioural rules laid down in Model 231 and/or in the Code of Ethics, the member of the Governing Body incurs a written reprimand consisting of a reminder to comply with the Model 231 and/or the Code of Ethics, which is a necessary condition for maintaining the relationship of trust with the Company;

- in the event of a serious breach of one or more procedural or behavioural rules laid down in the Model 231 and/or the Code of Ethics, the member of the Board of Directors incurs the measure of temporary suspension from office;

- in the event of a serious breach of one or more procedural or behavioural rules laid down in the Model 231 and/or in the Code of Ethics such as to irreparably damage the relationship of trust, the member of the Board of Directors shall incur the measure of removal from office.

Furthermore, for the members of the Company's Board of Directors, the violation of the Model 231 also constitutes a breach of the obligation to manage or supervise the subordinates concerning the correct and effective application of the provisions of the Model 231.

In particular, if the violation is committed by a member of the Board of Directors who is also an employee of the Company, the sanctions set out in Sections 7.3.1 and 7.3.2 shall apply.

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

In the event of violation of Model 231 by the entire Board of Directors of the Company, the Supervisory Board shall inform the Board of Statutory Auditors so that the latter may promptly convene the Shareholders' Meeting for the appropriate measures.

7.5. Measures against auditors

Upon receiving notice of a breach of the provisions and rules of conduct of Model 231 by one or more auditors, the Supervisory Board shall promptly inform the other members of the Board of Auditors and the Board of Directors.

The Board of Directors shall take the appropriate measures consistently with the seriousness of the breach and in accordance with the powers provided for by the law and/or the Articles of Association (statements in the minutes of meetings, request to convene or call a Shareholders' Meeting with appropriate measures against the persons responsible for the breach on the agenda, etc.).

7.6. Measures against the Supervisory Board

Should the Board of Directors be informed of violations of the Model 231 and/or the Code of Ethics by one or more members of the SB, the said Board of Directors shall, in cooperation with the Board of Statutory Auditors, take the initiatives

deemed most appropriate in line with the seriousness of the violation and in accordance with the powers provided for by law and/or the Articles of Association.

In particular, if the violation is committed by a member of the SB who is also an employee of the Company, the sanctions set forth in Sections 7.3.1 and 7.3.2 shall apply.

7.7. Measures against suppliers, consultants, collaborators, business partners and other counterparties

Violation, by suppliers, contractors, consultants, collaborators, business partners and other contractual counterparties external collaborators, consultants, business partners, or other subjects having contractual relations with the Company for the performance of activities considered to be sensitive, of the provisions and rules of conduct provided by the Model 231 applicable to them, or the possible commission of the offences contemplated by Legislative Decree no. 231/2001 by them, will result in the possibility of exercising by FNA, pursuant to the Civil Code, the right to terminate the contract in accordance with the provisions of the specific contractual clauses that will be included in the relevant contracts.

Such clauses may provide, for example, for the obligation, on the part of these third parties, not to adopt acts or behave in such a way as to violate the Company's Code of Ethics and/or the provisions of the Decree.

In the event of violation of this obligation, the Company shall have the right to terminate the contract with the possible application of penalties.

This is obviously without prejudice to the Company's prerogative to claim compensation for damages resulting from the violation of the provisions and rules of conduct set forth in Model 231 by the aforementioned third parties.

8. Communication and training

8.1. Communication

In order to effectively implement the Model 231, FNA ensures proper dissemination of its contents and principles inside and outside its organisation.

To ensure effective knowledge and application, the adoption of the Model 231 is formally communicated by the Board of Directors to the different categories of Recipients.

In particular, following the approval of the Model 231, the Company's employees, and subsequently all new hires, are required to sign a declaration of acknowledgement of having read the Model 231 and of their commitment to comply with its provisions.

On the other hand, as far as the Company's suppliers, consultants and collaborators are concerned, the letter of appointment or contract with them must explicitly contain clauses (e.g. express termination clauses) that make explicit reference to compliance with the provisions of the Decree.

The Model 231 is also made available according to the methods and tools that the Board of Directors deems appropriate to adopt, such as, by way of example, dissemination on the Company's intranet internet network, or making a hard copy of the Model 231 available in each plant.

The communication activity is diversified according to the recipients to whom it is addressed, but it is, in any case, characterised by principles of completeness, clarity, accessibility and continuity in order to allow the various recipients to be fully aware of those corporate provisions they are required to comply with and of the ethical standards that must inspire their conduct.

8.2. Training

For the effectiveness of the Model 231, the full knowledge of the rules of conduct contained therein by both the resources already present in the company and those that will join it in the future, with different degrees of depth depending on the different degree of involvement in sensitive activities, is of primary importance.

Personnel training for the purposes of implementing the Model 231 is the responsibility of the Board of Directors, which identifies the resources internal or external to the Company to be entrusted with its organisation.

These resources proceed in coordination with the Supervisory Board, which assesses their effectiveness in terms of planning, contents, updating, timing, methods and identification of participants, to organise the training sessions.
Participation in the aforementioned training activities by the identified persons is mandatory: consequently, non-participation will be sanctioned pursuant to the disciplinary system contained in the Model 231.

The training must provide information at least with reference to: i) the regulatory framework (Legislative Decree 231/2001 and Confindustria Guidelines), ii) the Model 231 adopted by the Company and the safeguards and protocols introduced following the adoption of the Model 231 itself, iii) case law cases of application of the legislation.

The training must be differentiated in relation to the different corporate areas to which the recipients of the training belong. Accurate records must be kept of the training provided.

Finally, training planning must provide for periodic sessions to ensure a constant update programme.