



**Organisation, Management and Control Model  
(pursuant to Legislative Decree No. 231/2001, as amended)**

**GENERAL SECTION**

Approved by the AVIO S.p.A. Board of Directors

- 1<sup>st</sup> Edition March 2004: Resolution of March 29, 2004
- 2<sup>nd</sup> Edition September 2008: Resolution of September 23, 2008
- 3<sup>rd</sup> Edition October 2011: Resolution of October 26, 2011
- 4<sup>th</sup> Edition March 2012: Resolution of March 28, 2012
- 5<sup>th</sup> Edition August 2013: Resolution of August 8, 2013
- 6<sup>th</sup> Edition May 2014: Resolution of October 24, 2014
- 7<sup>th</sup> Edition October 2015: Resolution of March 31, 2016
- 8<sup>th</sup> Edition June 2017: Resolution of June 28, 2017
- 9<sup>th</sup> Edition November 2018: Resolution of November 8, 2018
- 10<sup>th</sup> edition May 2019: Resolution of May 13, 2019
- 11<sup>th</sup> Edition September 2020: Resolution of September 14, 2020

- 12<sup>th</sup> edition May 2021: Resolution of May 11, 2021
- 13<sup>th</sup> Edition September 2022: Resolution of September 9, 2022
- 14<sup>th</sup> Edition June 2023: Resolution of June 20, 2023

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## Definitions

- “C.E.O. or CEO” or “CEO and GM”: The Company’s Chief Executive Officer or Chief Executive Officer and General Manager;
- “AVIO” or “Company” or “Parent company”: Avio S.p.A.;
- “National Collective Bargaining Agreements”: National collective bargaining agreements currently in force and applied by AVIO, referring to both the national collective bargaining agreements for employees in the private engineering and plant installation industry and the national collective bargaining agreements for employees in the chemical, chemical pharmaceutical, chemical fibre and ceramic, abrasives, lubricants and LPG industries;
- “Corporate Governance Code”: a code adopted by listed companies, approved in its latest version in January 2020 by the Corporate Governance Committee comprising business associations (ABI, ANIA, Assosim and Confindustria) and professional investors (Assogestione) and Borsa Italiana S.p.A.;
- “Code of Ethics”: the code of ethics in the *pro tempore* version adopted by AVIO and the AVIO Group;
- “Consultants”: those who act in the name and/or on behalf of AVIO on the basis of a mandate or other collaborative relationship;
- “Employer”: The Employer pursuant to Legislative Decree No. 81/2008;
- “Addressees”: the Company’s Employees, Corporate Bodies, Consultants, Service Companies and Partners;
- “Employee” or “Employees”: all AVIO employees (including Executives);
- “Legislative Decree No. 231/2001“ or “231 Decree” means Legislative Decree No. 231 of June 8, 2001 and subsequent amendments and supplements;
- “Suppliers”: all entities that supply or have supplied AVIO or Group companies with goods or services;
- “Group” or “Avio Group”: AVIO S.p.A. and its subsidiaries pursuant to Article 2359, paragraphs 1 and 2 of the Civil Code and Article 93 of the CFA;
- “Inside Information”: information meeting the requirements under Article 181 of the CFA and Article 7 of the Market Abuse Regulation, as further specified in Special Section 11 of this Model;
- “Guidelines”: the Guidelines for the construction of Organisation, Management and Control Models pursuant to Legislative Decree No. 231/2001 approved by Confindustria on March 7, 2002 as updated;

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- “MAR”: Regulation (EU) No. 596/2014, which repeals Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC;
  - “Models” or “Model”: the Organisation, Management and Control Model(s) provided for in Article 6 of Legislative Decree No. 231/2001 or, as the case may be, the Model(s) adopted by AVIO and its subsidiaries;
  - “Sensitive Transaction(s)”: transaction(s) or act(s) that is/are within the scope of the Sensitive Processes and which may be of a commercial, financial, technical-political lobbying or corporate nature (examples of the latter category include: capital reductions, mergers, demergers, transactions on the shares of the parent company, contributions, returns to shareholders, etc.);
  - “Corporate Bodies”: AVIO’s Board of Directors and Board of Statutory Auditors;
  - “Supervisory Board” or “SB”: the body in charge of overseeing the operation of and compliance with the Model pursuant to Legislative Decree No. 231/2001 or AVIO’s Supervisory Board;
  - “PA”: the Italian and/or foreign public administration, including its officials and persons in charge of public service;
  - “Related Parties”: all individuals whose relationship with Avio falls under one of the categories listed in Annex I of the Related Parties Regulation;
  - “Partners”: AVIO’s contractual counterparties, e.g. suppliers, agents, Business Partners, both natural persons and legal entities, with whom the Company enters into any form of contractually regulated collaboration (purchase and sale of goods or services, temporary joint ventures, joint ventures, consortia, etc.), where they will cooperate with the Company within the scope of Sensitive Processes;
  - “Sensitive Process(es)”: activities carried out by AVIO as part of which there is a risk that Offences may be committed;
  - “Insiders”: all physical or legal persons who in the course of their work or on the basis of the duties assigned to them, have access, on a regular or occasional basis, to Inside Information concerning the Company;
  - “Offence(s)”: the individual offence or offences regulated by Legislative Decree No. 231/2001 and subsequent amendments and supplements;
  - “Information Contact Person”: Avio’s contact person in charge of disseminating regulated information and the recipient of requests for information under Article 2.6.1 of the Stock Exchange Regulation;
  - “Insider Register”: a computerised database set up by the Company pursuant to Article 115-*bis* of the CFA bearing the name or company name of Insiders and divided into a “Permanent” Section and an “Occasional” Section;

- “Stock Exchange Regulation”: the regulations of the markets organised and managed by Borsa Italiana S.p.A., resolved by the Board of Directors of Borsa Italiana S.p.A. in July 2016 and approved by Consob Resolution No. 19704 of August 3, 2016;
- “Related Parties Regulation”: Regulations on the provisions for related party transactions adopted by Consob Motion No. 17221 of March 12, 2010, as amended;
- “EHSR”: Employee health and safety representative pursuant to Legislative Decree No. 81/2008;
- “PPSM”: Prevention and Protection Service Manager pursuant to Legislative Decree No. 81/2008;
- “Appointed Officer”: the person or company body responsible, on the basis of functional delegations and/or organisational provisions, for identifying Related Parties, adding them to the Related Parties Register and maintaining the Register;
- “Internal Control System” or “ICS”: the set of rules, standards, procedures, manuals, operating instructions, guidelines, policies, and regulations adopted by the Company and the Group, including all corporate management systems (ISO 9001-9100 quality management system, ISO 45001 safety management system, ISO 14001 environmental management system, management control and reporting system, administrative, accounting and financial system, industrial safety management system, etc.), this Model, the Code of Ethics, and any other applicable internal standards;
- “14001 management system”: Management system adopted by the Company in accordance with UNI EN ISO 14001;
- “45001 management system”: Occupational health and safety management system adopted by the Company in accordance with UNI ISO 45001:2018;
- “27002 management system”: Management system adopted by the Company in accordance with ISO 27002;
- “Service company”: Third-party companies that perform service activities on behalf of AVIO or other Group companies;
- “SRNP”: The Italian National Business Register Service;
- “OHS”: Occupational health and safety;
- “CFA”: Legislative Decree No. 58 of February 24, 1998, the “Consolidated Finance Act”, as amended;
- “TULPS”: Consolidated Text of the Laws of Public Security, Royal Decree No. 773 of June 18, 1931.

## 1. Legislative Decree No. 231/2001 and relevant legislation

On June 8, 2001, Legislative Decree No. 231/2001 - which came into force on the following July 4 - was issued in execution of the delegation of authority under Article 11 of Law No. 300 of September 29, 2000. Its objective was to bring domestic regulations on the liability of legal persons into line with a number of international conventions to which Italy has long been a signatory.

Legislative Decree No. 231/2001, which sets out the “Measures on the administrative responsibility of legal persons and of companies and associations, including those without legal personality,” introduced - for the first time in Italy - criminal liability for entities for certain crimes committed, in the interest or to the advantage of the same, by persons who hold positions of representation, administration or management of the entity or one of its organisational units with financial and functional autonomy, or by persons who exercise, even *de facto*, management and control of the entity and, finally, by persons subject to the management or supervision of one of the aforementioned persons. This liability is added to that of the physical person materially responsible for the fact.

The new liability introduced by Legislative Decree No. 231/2001 seeks to involve the assets of entities that have gained an interest or benefit from the commission of certain criminal offences in the punishment of that offence. Fines are always applied for any offence committed; disqualifying measures are also in place for the most serious cases, including the suspension or revocation of licences and concessions, prohibition from contracting with the P.A., disqualification from conducting business, exclusion or revocation of loans and grants, and prohibition from advertising goods and services.

The liability established by Legislative Decree No. 231/2001 also concerns offences committed overseas, where the state in which the offence was committed does not take any related action.

Articles 6 and 7 of Legislative Decree No. 231/2001 provide for a form of exemption from liability if the company proves that it has adopted and effectively enacted a Model suitable for preventing the Predicate Offences from being committed.

This Model must meet the following requirements:

- Identify the activities within the scope of which the offences may potentially be committed;
- Establish specific protocols for making and implementing decisions in relation to the offences to be prevented;
- Identify suitable financial management policies to prevent them from occurring;
- Establish disclosure obligations to the body overseeing the implementation of and compliance with the Model;
- Introduce a private disciplinary system to sanction failure to comply with the measures indicated in the Model.

For the exemption in question to apply, Legislative Decree No. 231/2001 also requires that:

1. the company has established an internal control body to oversee the functioning, effectiveness and observance of the Model and ensure that it is updated;



2. the Supervisory Board is not guilty of omission or insufficient oversight in enacting or observing the Model;
3. the company has set up a system to periodically verify and potentially update the Model;
4. the offender has acted by fraudulently evading the provisions of the Model.

As for the Offences covered, Legislative Decree No. 231/2001 currently provides for the following categories:

- Offences against Government Bodies (Articles 24 and 25);
- Cyber crime offences and illegal data processing (Article 24-*bis*);
- Organised crime offences (Article 24-*ter*);
- Offences regarding the counterfeiting of cash, other legal tender, revenue stamps, or means of identification (Article 25-*bis*);
- Offences against industry and commerce (Article 25-*bis*.1);
- Corporate offences, including the offence of bribery among private individuals (Article 25-*ter*);
- Offences for the purpose of terrorism or subversion of the democratic order (Article 25-*quater*);
- Offences related to “crimes” against the individual (Articles 25-*quater*.1 and -*quinquies*);
- Market abuse and administrative offences (Article 25-*sexies*);
- Offences of culpable homicide and actual or grievous bodily harm, committed in violation of the regulations on occupational health and safety (Article 25-*septies*);
- Offences of receipt, laundering and use of money, assets and other proceeds of illegal provenance, as well as self-laundering (Article 25-*octies*);
- Offences involving non-cash payment instruments (Article 25-*octies*.1);
- Offences relating to the violation of copyright (Article 25-*novies*);
- Offences of inducement to not provide accounts or to provide false accounts to the authorities (Article 25-*decies*);
- Environmental offences (Article 25-*undecies*);
- Transactional offences (Law No. 146 of March 16, 2006);
- Offences of employment of illegal aliens (Article 25-*duodecies*);
- Racism and xenophobia offences (Article 25-*terdecies*);
- Offences of fraud in sport, abuse in gambling, and betting by way of prohibited means (Article 25-*quaterdecies*);
- Tax-related offences (Article 25-*quinquiesdecies*);
- Contraband offences (Article 25-*sexiesdecies*);
- Crimes against cultural heritage (Article 25-*septiesdecies*);

- Laundering of cultural property and sacking and looting of cultural and scenic heritage (Article 25-*duodevicies*).

Please refer to the individual Special Sections of this Model for an analytical description of the individual Offences.

## 2. Confindustria Guidelines

Legislative Decree No. 231/2001 provides that the Model may be adopted on the basis of codes of conduct drawn up by representative trade associations and communicated to the Ministry of Justice, provided that the requirements indicated in the previous paragraph are guaranteed.

On March 7, 2002, Confindustria approved the first edition of its “Guidelines for the Construction of Models pursuant to Legislative Decree No. 231/2001.” These Guidelines have also been subsequently updated following the expansion of the categories of Offences. The Guidelines were most recently updated in June 2021.

As the Parent Company is a member of Confindustria, in preparing its own Model and subsequent updates, it has taken inspiration from the Guidelines issued by Confindustria, inviting the Group’s Italian companies to follow the same principles set out in those Guidelines, which are briefly outlined below.

According to the Guidelines, the fundamental elements in the construction of the Models can be outlined as follows:

- identification of risk areas, to verify which area/company sector may give rise to offences;
- preparation of a control system capable of preventing risks through the adoption of appropriate protocols;
- provision of reporting obligations to the Supervisory Board.

The most relevant elements of the preventive control system designed by Confindustria for “intentional” offences are:

- Code of Ethics,
- organisational system,
- manual and IT procedures,
- authorisation and signature powers,
- integrated control system,
- communication to and training of staff.

The most relevant elements of the preventive control system designed by Confindustria for “culpable” offences are:

- Code of Ethics,
- organisational structure (on occupational health and safety),
- education and training,
- communication and involvement,
- operational management,
- safety monitoring system.

These elements should be guided by the following principles:

- verifiability, documentation, and consistency and appropriateness of each transaction;
- application of the principle of separation of duties (an entire process cannot to independently managed by one person);
- documentation of controls;
- provision of an adequate system of sanctions for violations of the Code of Ethics and the procedures foreseen by the Model;
- identification of the requirements of the Supervisory Board, which may be summarised as follows:
  - autonomy and independence,
  - professionalism,
  - continuity of action;
- Supervisory Board disclosure obligations.
- within corporate groups, the possibility of organisational solutions that centralise the functions required by Legislative Decree No. 231/2001 at the parent company, provided that:
  - each subsidiary has established its own Supervisory Board with all the relevant powers and responsibilities (without prejudice to the possibility of assigning this function directly to the subsidiary's Executive Body if it is a small company);
  - in overseeing the operation of and compliance with the model, the Supervisory Board established at the subsidiary may use the resources allocated to its equivalent body at the parent company, based on a predefined contractual relationship with it;
  - when carrying out audits at other Group companies, employees of the parent company's Supervisory Board assume the role of external professionals who perform their activities in the interest of the subsidiary, reporting directly to the subsidiary's Supervisory Board, with the confidentiality constraints of an external consultant.

To provide a useful tool that is in line with evolving legislation, the Guidelines are continuously updated.

It remains understood that the choice not to adapt the Model to some of the indications in the Guidelines does not affect its validity. In fact, since the individual Model must be drafted with regard to the concrete situation of the Company, it may well differ from the Guidelines which, by their very nature, are general in nature.

### 3. The Code of Ethics of the Company

The rules of conduct contained in this Model are consistent with those of the Code of Ethics adopted by the Avio Group, although this Model has specific purposes in compliance with Legislative Decree No. 231/2001.

In this regard in fact:

- the Code of Ethics represents an instrument adopted independently and which may be applied on a general basis by the Group companies in order to set out the principles of “corporate ethics” which the Group recognises as its own, and in relation to which observance is required by all Employees, Corporate Bodies, Consultants, Suppliers, Partners and Service Companies;
- the Model, on the other hand, responds to specific provisions contained in Legislative Decree No. 231/2001. These are designed to prevent the commission of particular types of Offences by setting out rules and providing principles that must be complied with in order for the Company to benefit from the exemption under Legislative Decree No. 231/2001.

## 4. AVIO's Model

### 4.1. Adoption of the model by AVIO

Following the enactment of Legislative Decree No. 231/2001, AVIO launched an internal project to ensure the preparation of the Model referred to in Article 6 of Legislative Decree No. 231/2001.

While for AVIO adopting this Model represented an option and not an obligation, the Company decided in any case to do so (prior to its listing), as it is aware that such a system represents an opportunity to improve its corporate governance, while also using the activities carried out (inventorying of Sensitive Processes, analysis of potential risks, evaluation and adjustment of the system of controls already existing for Sensitive Processes) as an opportunity to raise the awareness of the staff employed on the issues of the control of business processes, in the interests of “actively” preventing Offences.

Adopting the Model, in fact, is an obligation only for listed companies under the Stock Exchange Regulation, which includes adoption of the Model among the corporate governance requirements for obtaining STAR status.

### 4.2. The construction of the AVIO's Model

A brief description is given below of the steps involved in identifying risk areas, used as the basis for the initial preparation and subsequent updates to this Model.

The initial preparation of the Model and the subsequent updates to it were preceded by a series of preparatory activities, which were in turn divided into various phases as described below. The objective of these activities was to construct a risk prevention and management system that is adequate and inspired not only by the rules contained in Legislative Decree No. 231/2001, but also by the contents and suggestions dictated by the Guidelines and corporate best practices.

#### 1) Identification of Sensitive Processes (“as-is analysis”)

This phase was carried out through the prior review of company documentation (Model and supporting documentation for its implementation, organisational charts, function charts, activities performed, main processes, minutes of the Boards of Directors meetings, proxies, organisational provisions, service contracts, risk assessment document pursuant to Legislative Decree No. 81/2008, etc.) and a series of interviews with all the key individuals within the corporate structure. It sought to deepen understanding of the Sensitive Processes and the control over them (existing procedures, verifiability, documentability, congruence and consistency of transactions, separation of responsibilities, documentability of controls, etc.).

The objective of this phase was to reanalyse the business environment to identify the areas/sectors of activity in which the Offences could be committed and in what way. This led to a description of the Sensitive Processes, existing controls and critical issues, with particular focus on the specific compliance and control elements to meet the requirements of the Model. AVIO's Sensitive Processes are those described in section 6 below.

#### 2) Gap analysis

Based on the situation as-is (existing controls and procedures for Sensitive Processes), and the provisions and purposes of Legislative Decree No. 231/2001, measures were identified that complement the Internal Control System and improve the organisational requirements that are essential in defining a “specific” organisation, management and control model pursuant to Legislative Decree No. 231/2001.

The outcomes of the activities to identify Sensitive Processes (as-is analysis) and the performance of the gap analysis were highlighted in a summary document, which describes:

- Sensitive Processes identified, by category of offence;
- Sensitive Transactions identified and the corporate functions involved;
- the controls already in place and the gaps detected from the reference control standards (defined in preparing the Model in accordance with the provisions of Legislative Decree No. 231/2001 and the Guidelines).

All documents examined and/or drafted in the phase of identifying Sensitive Processes and carrying out the gap analysis are included as annexes to the Model.

### 3) Preparation of the 14<sup>th</sup> Edition of the Model

This Model comprises a “General Section,” containing the set of rules and general principles dictated by the Model, and individual “Special Sections” prepared for the different categories of offence covered by Legislative Decree No. 231/2001 for which sensitivity has been detected:

- Special Section 1: “Offences against government bodies, Crimes against the administration of justice and Organised crime offences,” which applies to the specific types of Offence under Articles 24-25 (offences against Government Bodies), 25-*decies* (offences of inducement to not provide accounts or to provide false accounts to the authorities) and 24-*ter* (organised crime crimes) of Legislative Decree No. 231/2001.
- Special Section 2: "Corporate offences," which applies to the specific types of Offence under Article 25-*ter* of Legislative Decree No. 231/2001.
- Special Section 2-*bis*: “Offences of bribery among private individuals” which applies to the specific type of Offence under Article 25 *ter*-of Legislative Decree No. 231/2001.
- Special Section 3: "Offences for the purpose of terrorism or subversion of the democratic order" which applies to the specific types of Offence under Article 25-*quater* of Legislative Decree No. 231/2001.
- Special Section 4: “Crimes against the individual and Crimes concerning immigration and the status of foreigners," which applies to the specific types of Offence under Articles 25 *quater*.1 - 25-*quinquies* (crimes against the individual) and 25-*duodecies* (offences of employment of illegal aliens) of Legislative Decree No. 231/2001.
- Special Section 5: “Transnational offences,” which applies to the specific types of Offence under Law No. 146 of March 16, 2006.

- Special Section 6: “Offences of culpable homicide and actual or grievous bodily harm, committed in violation of the regulations on occupational health and safety,” which applies to the specific types of Offence under Article 25-*septies* of Legislative Decree No. 231/2001.
- Special Section 7: “Environmental offences,” which applies to the specific types of Offence under Article 25-*undecies* of Legislative Decree No. 231/2001.
- Special Section 8: “Offences against industry and commerce and Offences relating to the violation of copyright,” which applies to the specific types of Offence under Articles 25-*bis.1* and 25-*novies* respectively of Legislative Decree No. 231/2001.
- Special Section 9: “Cyber crime offences and illegal data processing,” which applies to the specific types of Offence under Article 24-*bis* of Legislative Decree No. 231/2001.
- Special Section 9-*bis*: “Violation of the regulations on the National Cybersecurity Perimeter (Article 1, Paragraph 11, Decree Law No. 105 of September 21, 2019),” which applies to the specific types of Offence under Article 24-*bis* of Legislative Decree No. 231/2001, regarding violation of the National Cyber Security Perimeter.
- Special Section 10: “Offences of receipt, laundering and use of money, assets and other proceeds of illegal provenance, as well as self-laundering and Offences involving non-cash payment instruments,” which applies to the type of money laundering offences under Article 25-*octies* of Legislative Decree No. 231/2001 and offences committed with means of payment other than cash under Article-25 *octies.1* of Legislative Decree No. 231/2001.
- Special Section 11: “Market abuse and administrative offences,” which applies to the specific category of Offence under Article 25-*sexies* of Legislative Decree No. 231/2001.
- Special Section 12: “Tax-related offences,” which applies to the specific category of Offence under Article 25-*quinquiesdecies* of Legislative Decree No. 231/2001.
- Special Section 13: “Contraband offences,” which applies to the specific category of Offence under Article 25-*sexiesdecies* of Legislative Decree No. 231/2001.

The objective of the individual Special Sections is to ensure that all Addressees, to the extent within their remit, adopt the rules of conduct set out therein in order to prevent the occurrence of the Offences considered therein.

Specifically, the individual Special Sections are designed to:

- a. set out the procedural principles that Addressees, to the extent within their remit, are required to observe in order to properly apply the Model; and
- b. provide the Supervisory Board and the managers of the various company departments that cooperate with it with executive tools to exercise the control, monitoring and verification activities provided for in the Model.

Please refer to the individual Special Sections of this Model for an analytical description of the individual Sensitive Activities for each category of Offence.



### 4.3. Function of the Model

The adoption and enactment of the Model not only allow AVIO to benefit from the exemption provided by Legislative Decree No. 231/2001 but also improve, within the limits provided by it, the Company's corporate governance, limiting the risk that the Offences are committed.

The purpose of the Model is to prepare a structured and organic system of procedures and control activities (preventive and *ex post*) to reduce the risk of that Offences are committed, by identifying and subsequently proceduralising Sensitive Processes.

The principles contained in this Model must ensure, on the one hand, that those acting on behalf of AVIO abstain from committing unlawful conduct (the commission of which is strongly condemned and contrary to AVIO's interests, even when it could apparently derive an interest or advantage from it) including by directing their actions, and on the other hand, through constant monitoring of the activity, they must enable AVIO to prevent or avert the commission of Offences by allowing it to react promptly, including by way of disciplinary action, in the event of conduct constituting a violation.

One of the purposes of the Model is, therefore, to develop awareness in Employees, Corporate Bodies, Service Companies, Consultants, Suppliers and Partners, who operate on behalf of or in the interest of the Company within Sensitive Processes, that, in the event of conduct that does not comply with the requirements of the Model, the Code of Ethics and other company rules and procedures (as well as the law), they may commit offences liable to penal consequences not only for themselves, but also for the Company.

It is also designed to actively censure any unlawful behaviour through the constant activity of the Supervisory Board on the actions of individuals with respect to Sensitive Processes and the imposition of disciplinary or contractual sanctions.

### 4.4. Principles and underlying elements of the Model

In preparing this Model and its updates, account was taken of existing procedures and control systems (noted in the "as-is" phase) which are already in widespread operation throughout the company, where these were deemed suitable to also apply as measures to prevent Offences and provide control over Sensitive Processes.

Without prejudice to its particular purpose described in Section 4.3 above and related to Legislative Decree No. 231/2001, this Model is part of the broader control system consisting mainly of Corporate Governance rules and the Internal Control System (ICS), as defined below.

Specifically, AVIO has identified the following, as targeted tools in planning and implementing the Company's decisions also in relation to the Offences to be prevented:

- 1) "The Guidelines for the Internal Control System" approved by the Company's Board of Directors;
- 2) the Internal Control System;
- 3) the corporate governance rules adopted in implementation of the Corporate Governance Code and relevant corporate regulations;
- 4) the Code of Ethics in the *pro tempore* version;

- 5) the regulations of the administrative, accounting, financial and reporting system;
- 6) communication to and training of staff;
- 7) the disciplinary system set out in national collective bargaining agreements;
- 8) applicable Italian and foreign regulations generally.

The principles, rules and procedures referred to in the instruments listed above are not described in detail in this Model, but are part of the organisation and control system that it seeks to integrate and which all Addressees, depending on the type of relationship they have with the Company, are required to know and comply with.

In addition to the above, the core principles that underlie the Model are:

- the Guidelines, which served as the basis for the mapping of AVIO’s Sensitive Processes;
- the requirements set out in Legislative Decree No. 231/2001 and specifically:
  - assignment to an internal AVIO Supervisory Board of the task of promoting the effective and correct implementation of the Model, including by monitoring corporate behaviour, and the right to constant information on activities relating to Legislative Decree No. 231/2001;
  - the provision of adequate resources to the Supervisory Board to support it in the tasks assigned to it and to achieve realistic results;
  - the activity of verifying the functioning of the Model and periodic updating it (*ex-post* control);
  - the activity of raising awareness of and disseminating the rules of conduct, established procedures, guidelines and company policies to all Addressees of this Model;
- the general principles of an adequate Internal Control System and in particular:
  - the verifiability and documentability of every transaction relevant to Legislative Decree No. 231/2001;
  - compliance with the principle of separation of duties;
  - the definition of sufficient powers to carry out the responsibilities assigned;
  - the communication of relevant information to the Supervisory Board.

Finally, in implementing the control system, while dutifully conducting a general audit of the company’s activities, priority should be given to areas where there is a significant likelihood that the Offences may be committed and a high value/significance of Sensitive Transactions.

#### **4.5. Adoption of the Model and subsequent amendments**

The Company first adopted the Model by Board of Directors’ resolution on March 29, 2004. As a result of the introduction of other predicate offences of liability under Legislative Decree No. 231/2001 and significant corporate, organisational and business changes (most recently the stock market listing), periodic updates to the Model have been made over the years.

Since the Model is issued by the Executive Body (in accordance with the requirements of Article 6, paragraph 1, letter a) of Legislative Decree No. 231/2001), amendments and additions are the responsibility of the Board of Directors, following consultation with the Supervisory Board.

For other changes (Sensitive Processes and specific procedures over which AVIO has full decision-making autonomy), the Board of Directors delegates to the Chief Executive Officer.

The Board of Directors annually ratifies any changes made by the Chief Executive Officer.

AVIO's Board of Directors therefore approves this Model, formally committing each member of the Board to compliance with it. Similarly, having read this Model the AVIO Board of Statutory Auditors formally commits itself to compliance with it.

In implementation of the provisions of Legislative Decree No. 231/2001, the Company has also tasked a collegial body with assuming the functions of Supervisory Board with the task of overseeing the functioning and effectiveness of and compliance with the Model itself, also ensuring that it is updated (see Section 7).

#### **4.6. Adoption and management of the Model at Subsidiaries**

Since AVIO directly or indirectly controls the other companies of the AVIO Group, pursuant to Article 2359, paragraphs 1 and 2 of the Civil Code and Article 93 of the CFA, exercising activities of direction and coordination, the Company believes that it must propose to them the elements - i.e. the general principles and rules - which they may use to construct their Models.

These indications provide the general function of direction and coordination, it being understood that each Italian company will adapt its Model to the specific business context in which it operates. The suitability of the Model in preventing Offences, in fact, must be evaluated in terms of the individual company, which constitutes an autonomous centre of potential liability.

##### **a) Adoption of the Model**

Italian companies directly or indirectly controlled by Avio will establish their own Models, which must be in line with the requirements of Legislative Decree No. 231/2001.

In doing so, these companies will use AVIO's Model as a reference. This must, however, be adapted to the individual companies with specific adjustments that render it effective in the various risk areas specific to each corporate entity and identified within them.

In any case, each Group company will be responsible for adopting and enacting its own Model, appointing its own Supervisory Board, and identifying its own sensitive processes. In doing so, each company must refer to the indications contained in this paragraph, which AVIO has deemed necessary to prepare exclusively as an operational support for Group companies.

The Parent Company's objective is also to provide guidelines for Group companies.

## **b) Supervisory Board**

The role of the Supervisory Board tasked with overseeing the operation of and compliance with the Model (and also making updates to it) must be assigned to a body with autonomous powers of initiative and control. This body must meet the requirements of autonomy, independence, professionalism and continuity of action, in addition to those of integrity and the absence of conflicts of interest.

This autonomy presupposes that, in the performance of this function, the Supervisory Board is accountable to the highest hierarchical level alone and that it is not assigned operational tasks which, by making it a participant in operational decisions and activities, would undermine its objectivity of judgement during audits of conduct or the Model.

For information on AVIO's Supervisory Board and that of other Group companies, see Chapter 8 below.

## **c) Structure and construction of the Model**

Before preparing the Model, each Italian Group company shall carry out preparatory and preliminary activity comprising the following steps:

### **1) Identification of sensitive processes (“as-is analysis”), conducted through:**

- a preliminary review of company documentation (organisational charts, projects carried out, minutes of the Boards of Directors meetings, powers of attorney, organisational arrangements, etc.);
- interviews with key individuals in the corporate structure (e.g. the Chief Executive Officer, etc.) designed to provide an in-depth examination of sensitive processes and control of them (the presence of procedures, verification of the congruence and consistency of transactions, separation of duties, documentability of controls, etc.);
- review of the company's past activity to ascertain whether risk situations have ever been created and - where they have - to identify the causes. The objective of this phase is to analyse the business environment to identify the areas of activity in which the offences may be committed and in what way. This must lead to a description of the sensitive processes, existing controls and critical issues, with particular focus on the specific compliance and control elements to meet the requirements of the Model.

### **2) Gap analysis**

The results of this analysis (regarding existing controls and procedures for sensitive processes) lead to the identification of measures to improve the Internal Control System (processes and procedures) and organisational requirements essential for the definition of the company's specific Model.

### **3) Preparation of the Model**

The purpose of the Model is to prepare a structured and organic system of procedures and control activities (preventive, ongoing and *ex post*) to reduce the risk of that Offences are committed, by identifying and subsequently proceduralising sensitive processes. The Model comprises a “General Section” and individual “Special Sections” prepared for the different categories of offences under Legislative Decree No. 231/2001.

These components of the Model have the following meanings and content:

- General Section, comprising the definitions of terms frequently used in the text of the Model and the general principles applied in its construction (summary provisions of Legislative Decree No. 231/2001 and guidelines developed by trade associations), its structural rules and the rules governing the activities of the Supervisory Board.
- Special Sections, prepared as a description of the sensitive processes detected and the related control system identified to prevent offences, for the specific categories of offences under Legislative Decree No. 231/2001.

**d) Approval of the Model**

The Model is approved by each company's Board of Directors or Sole Director, which are also the bodies responsible for all subsequent amendments.

The Chief Executive Officer (or the Chairperson of the Board of Directors) may be delegated by the Board of Directors to make specific amendments, but these must be ratified by the Board annually.

**e) Overseas Group companies**

Overseas companies directly or indirectly controlled by Avio will adopt the specific “231 Guidelines” issued by the Parent Company, which set out general and specific behaviours to be followed when conducting activities considered sensitive.

**f) Coordination of the Supervisory Boards of Group Companies**

The individual Supervisory Boards of Group companies may avail themselves of the support and coordination activities provided by the Parent Company’s Supervisory Board.

In overseeing the operation of and compliance with the Model, the individual Supervisory Boards of Group companies may also use the resources allocated to their equivalent body at the Parent Company, based on a predefined contractual relationship with it.

Information flows on potential critical issues may also be established between the Parent Company’s Supervisory Board and the individual Supervisory Boards of Group companies.

For a more detailed explanation of the coordination activities among the various Group companies’ Supervisory Boards, see Section 7.8 below.

## 5. General control environment

### 5.1. The system in general

All Sensitive Transactions must be carried out in compliance with applicable laws, the rules of the Code of Ethics and the rules contained in this Model.

In general, the company's organisational system must conform to the basic requirements of formalisation and clarity, communication, and separation of duties, particularly as regards the allocation of responsibilities, representation, definition of hierarchical lines, and operational activities.

The company must put in place organisational tools (organisational charts, organisational communications, procedures, etc.) which:

- a) are well known within the company;
- b) provide a clear and formal delimitation of roles, with a full description of the tasks of each function and their powers;
- c) provide a clear description of reporting hierarchy.

The internal procedures should feature the following elements:

- within each process, separation between the person who initiates it (decision-making), the person who executes and concludes it, and the person who checks it;
- a written record of each relevant step in the process;
- an adequate level of formalisation.
- ensure that reward systems for individuals with externally significant spending power or decision-making authority are not based on substantially unattainable performance targets.

The Supervisory Board verifies that any procedures adopted are suitable for compliance with the principles contained in the Model, identifying - where necessary - any possible changes or additions that may be necessary in ensuring the effective implementation of the Model.

### 5.2. The system of delegation and powers of attorney

In principle, the system of proxies and power of attorney should feature elements of "safety" for the purposes of preventing Offences (traceability and highlighting of Sensitive Transactions) and, at the same time, allow for the efficient management of the Company's operations.

"Delegation" is defined as that internal act of assigning functions and tasks, reflected in the organizational communications system.

"Power of attorney" is understood to be the unilateral legal transaction by which the company grants powers of representation to third parties.

Holders of a corporate function who require, in order to perform their duties, powers of representation are granted a "general functional power of attorney" of appropriate scope and consistent with the functions and management powers assigned to the holder through the "delegation".

The essential requirements of the system of delegation, for the purposes of the effective prevention of Offences, are as follows:

- a) all those (including also employees or corporate bodies of subsidiaries and in particular of Service Companies) who have relations with the P.A. on behalf of AVIO must have a formal delegation to that effect;
- b) delegations of authority must combine each management power with the relevant responsibility and appropriate position in the organizational chart and be updated as a result of organizational changes;
- c) each delegation must specifically and unambiguously define:
  - the powers of the delegation, and
  - the person (body or individual) to whom the person delegated reports hierarchically;
- d) the management powers assigned with the delegations and their implementation must be consistent with the objectives of the Company;
- e) the delegation must have adequate spending power for the functions conferred.

The essential requirements of the power of attorney system for the purpose of effective prevention of Offenses are as follows:

- a) general functional powers of attorney are conferred exclusively to individuals with internal delegation or specific contract of appointment, in the case of coordinated and continuous service providers, describing the relevant management powers and, where necessary, are accompanied by appropriate notice setting out the extent of powers of representation and possibly numerical spending limits, recalling, however, compliance with the constraints imposed by the processes of approval of the Budget and any extra-budget and the processes of monitoring Sensitive Transactions by different functions;
- b) the power of attorney may be granted to natural persons expressly identified in the power of attorney itself, or to legal persons, who shall act through their own proxies vested with similar powers;
- c) special powers of attorney must detail the scope of operation and powers of the attorney;
- d) an ad hoc procedure should regulate ways and responsibilities to ensure that powers of attorney are updated in a timely manner, establishing the cases in which powers of attorney must be granted, modified and revoked (assumption of new responsibilities, transfer to different tasks incompatible with those for which it was granted, resignation, dismissal, etc.).

### **5.3. Relationships with Service Companies/Consultants/Suppliers/Partners: general principles of behaviour**

Relations with Service Companies/Consultants/Suppliers/Partners, in the context of sensitive processes and/or transactions at risk of crime, must be marked by the utmost fairness and transparency, compliance with the law, the Code of Ethics, this Model and internal company procedures, as well as the specific ethical principles on which the Company's activity is based.

In dealing with Service Companies/Consultants/Suppliers/Partners, it is necessary to:

- verify their commercial and professional reliability (e.g., through ordinary viewings at the Chamber of Commerce to ascertain the consistency of their activities with the services requested by the Company, self-certification in accordance with Presidential Decree 445/00 regarding any pending charges or judgments issued against them);

- carry out its selection on the basis of its ability to offer quality, innovation, cost and sustainability standards, with particular reference to respect for human rights and workers' rights, the environment, and the principles of legality, transparency and fairness in business (this accreditation process must provide for high quality standards that can also be ascertained through the acquisition of specific quality-related certifications by the same);
- avoid, in the absence of the envisaged appropriate precautions, commercial and/or financial transactions, either directly or through nominees, with persons - natural or legal persons - involved in investigations by judicial authorities in relation to one of the Offences and/or reported by European and international organizations/authorities responsible for the prevention of crimes of terrorism, money laundering and organized crime;
- avoid/not accept contractual relations with entities/individuals or legal entities - that have their headquarters or residence or any connection with countries that are considered uncooperative as they do not comply with the standards of international laws and the recommendations expressed by the FATF-GAFI (Financial Action Group against Money Laundering) or that are on the prescription lists (so-called "Black Lists") of the World Bank and the European Commission;
- recognize fees only upon appropriate justification in the context of the contractual relationship established or in relation to the type of assignment to be performed and current local practices;
- avoid cash payments, unless otherwise specifically authorized when needed. In all cases, payments must be made under appropriate administrative procedures, documenting the traceability and accountability of the expenditure;
- with reference to financial management, implement specific procedural controls and pay special attention to cash flows that are not part of the company's typical processes and are therefore handled extemporaneously and discretionarily. Such controls (e.g., frequent reconciliation of accounting data, supervision, separation of duties, juxtaposition of functions, especially purchasing and finance, effective apparatus of documenting the decision-making process, etc.) are intended to prevent the formation of hidden reserves.

#### **5.4. Relationships with Service Companies/Consultants/Suppliers/Partners: contractual clauses**

Contracts with Service Companies/Consultants/Suppliers/Partners require the formalization of special clauses governing:

- the commitment to comply with the Code of Ethics and the Model adopted by AVIO, as well as the declaration that they have not been or are not involved in legal proceedings related to the Crimes, or otherwise the declaration indicating the details, subject and status of the proceedings in progress, with the commitment in any case to promptly report to AVIO any subsequent development of the same. This commitment may be reciprocal if the counterparty has adopted its own and similar code of conduct and Model;
- the consequences of violating the rules set forth in the Model and/or the Code of Ethics (e.g., express termination clauses, penalties);



- the commitment, for foreign Service Companies/Consultants/Suppliers/Partners, to conduct their activities in accordance with rules and principles similar to those provided for by the laws of the State (or States) where they operate, with particular reference to the crimes of corruption, money laundering and terrorism and the rules that provide for the liability of the legal person (Corporate Liability), as well as the principles contained in the Code of Ethics and related Guidelines, aimed at ensuring compliance with adequate levels of ethics in the exercise of their activities.

#### **5.5. Relationships with Customers: general principles of behaviour**

Relations with Clients must be marked by the utmost fairness and transparency, in compliance with the Code of Ethics, this Model, legal regulations and internal company procedures, which take into consideration the elements specified below:

- accept cash (and/or other untracked mode) payments only to the extent permitted by law;
- granting payment extensions only against established creditworthiness;
- refuse sales in violation of international laws/regulations, which restrict the export of products/services and/or protect the principles of free competition;
- practice prices in line with average market values. Subject to commercial promotions and possible donations, provided both are properly justified/authorized.

## 6. AVIO's Sensitive Processes

The risk analysis conducted by AVIO for the purposes of Legislative Decree No. 231/2001 revealed Sensitive Processes with reference to the cases referred to in the Decree with regard to:

- a) crimes in dealings with the PA and crimes against the administration of justice;
- b) organised crime offences;
- c) corporate offences;
- d) offences of corruption between private individuals;
- e) offences for the purpose of terrorism or subversion of the democratic order;
- f) crimes against the individual;
- g) transnational offences;
- h) crimes committed by violating occupational health and safety regulations;
- i) environmental offences;
- j) offences against industry and commerce and offences relating to the violation of copyright;
- k) cyber crime offences and illegal data processing (including offences in violation of the regulations on the National Cyber Security Perimeter);
- l) immigration and alien status crimes;
- m) offences concerning the receipt, laundering and use of money, assets and other proceeds of illegal provenance, as well as anti-money laundering;
- n) offences involving non-cash payment instruments;
- o) market abuse and administrative offences;
- p) tax-related offences;
- q) contraband offences;

The risks related to the:

- crimes of printing counterfeit coins or stamps,
- crimes against cultural heritage,
- laundering of cultural property and sacking and looting of cultural and scenic heritage,

are only abstractly but not concretely conceivable.

In the corporate reality of AVIO, the Sensitive Processes mapped with reference to the possible applicable cases are mainly the following:

a) **offences in dealings with the PA and crimes against the administration of justice**

- Negotiation/contracting and/or execution of contracts/concessions with public entities, including institutions and/or entities belonging to the European Union, which are arrived at through negotiated procedures (direct award or private negotiation)

- Negotiation/conclusion and/or execution of contracts/concession agreements with public entities, including institutions and/or entities belonging to the European Union, which are arrived at by means of public procedures (open or restricted)
- Management of any judicial and extrajudicial litigation related to the execution of contracts/concession agreements entered into with public entities
- Managing relationships with public entities to obtain permits and licenses for the operation of company activities
- Management of relations with Public Entities for the management of compliance, audits and inspections related to the production of solid, liquid or gaseous waste, or the emission of fumes or the production of noise/electromagnetic pollution subject to control by public entities
- Management of relations with public entities for aspects involving occupational safety and hygiene (Legislative Decree No. 81/08, Legislative Decree No. 105/2015, and Legislative Decree No. 230/1995) and compliance with the precautions provided by laws and regulations for the employment of employees assigned to particular tasks
- Management of relations with public entities related to the recruitment of personnel belonging to protected categories or whose recruitment is facilitated
- Management of staff social security/insurance benefits and/or management of related assessments/inspections
- Management of relations with institutions and/or Supervisory Boards relating to the performance of activities regulated by law
- Management of the activities of acquiring and/or managing contributions, grants, financing, insurance or guarantees granted by public entities (including institutions and/or entities belonging to the European Union)
- Request for occasional/ad hoc administrative measures necessary to carry out activities instrumental to typical business activities
- Preparation of income or withholding tax returns or other returns functional to the settlement of taxes in general
- Management of judicial or arbitration proceedings
- Technical-political lobbying at local, national and supranational public bodies
- Patent Management
- Trademark Management
- Management of relations with CONSOB

As well as processes instrumental to the commission of crimes against the Public Administration and bribery among private individuals, listed below:

- Procurement of goods and services
- Management of payments and financial resources
- Consulting management
- Management of utilities

- Management of the selection, recruitment and incentive process for Personnel

**b) organised crime offences**

- Monitoring and renewal of licenses under Article 28 TULPS
- Monitoring and renewal of registration in the National Register of Enterprises and Enterprise Consortia (SRNI)
- Request for coding of armament materials at the SRNI
- Notices of commencement of contract negotiations
  
- Applications for the issuance of permits for the import, export and transit of armament materials, whether of a temporary or permanent nature
- Use of export/import permits for armament equipment.
- Management of activities related to obtaining licenses for the manufacture, possession, and transportation of explosive materials
- Management of activities related to the recognition and classification of explosive products

**c) corporate offences**

- Preparation of annual financial statements and interim financial statements
- Managing relationships with shareholders, independent audit firm, Board of Statutory Auditors, Audit Committee
- Communication, conduct and minutes of Shareholders' Meetings
- Issuing press releases and market disclosures
- Capital transactions and profit allocation
- Cross-border merger transactions
- Drafting of documents and Prospectuses concerning the Company and the companies belonging to the Group, intended for shareholders and the public by law or by the Company's own decision

**d) offences of corruption between private individuals**

- Managing relationships with relevant bodies to obtain certifications necessary for the operation of the company's business
- Negotiation, conclusion and execution of sales contracts with private parties
- Stipulation and management of partnership/joint venture/consortium agreements
- Acquisition of equity investments in companies
- Corporate transactions (mergers, demergers)
- Management of relations with the independent audit firm
- Management of the product approval process

- Negotiation and conclusion of framework contracts
  - Disposal/sale of fixed assets (tangible/intangible) and scrap metal
  - Disposal of production waste/stock material
  - Obtaining financing (banks and financial institutions)
  - Stipulation/renewal of insurance policies
  - Claims management/quantification and claim settlement
  - Managing relationships with rating agencies
  - Managing relationships with private universities/research centers under technical collaboration contracts
  - Management of judicial or arbitration proceedings
- e) **offences on terrorism or subversion of the democratic order**
- Buying and selling of goods/services with counterparties considered at risk
  - Management of company servers or websites.
  - Selection and recruitment of personnel
- f) **offences against the individual**
- Activities involving the direct or indirect use of manpower
  - Management of company servers or websites
- g) **transnational offences**
- Management of the procurement process and execution of related contracts with reference to transnational activities (ref. RT-01 and RT-02)
  - Authorization and execution of sales of goods/services with reference to transnational activities (ref. RT-03 and RT-04)
  - Designation of corporate bodies or management of foreign subsidiaries
  - Process of managing financial transactions in reference to transnational activities
- h) **offences committed by violating occupational health and safety regulations**
- Management of required occupational health and safety obligations
  - Managing relationships with contractors
- i) **environmental offences**
- "Planning" activities, aimed at setting goals consistent with company policy, establishing the processes necessary to achieve the goals, defining and allocating resources
  - "Implementation and Operation" activities, aimed at defining organizational structures and responsibilities, defining training, consultation and communication modes, defining

document system management and document and data control modes, defining operational control modes, defining emergency management

- "Control and Corrective Actions" activities, aimed at implementing ways to measure and monitor performance, implement recording and monitoring of incidents, non-conformities, corrective and preventive actions, implement ways to manage records, implement ways to carry out periodic audits
- "Management Review" activities, aimed at conducting the periodic review in order to assess whether the Environmental Management System has been fully implemented and is sufficient for the realization of the company's policy and objectives

**j) offences against industry and commerce and offences relating to the violation of copyright**

- Production management
- Patent Management
- Trademark Management
- Enterprise software management

**k) cyber crime offences and illegal data processing (including offences in violation of the regulations on the National Cyber Security Perimeter)**

- Defining information system security policies
- Security organization for internal and external users
- Classification and control of assets
- Physical and environmental security management
- Management of communications and operations
- Access control
- Management of IT security incidents and problems
- Audit management
- Human resource and security management
- Encryption management
- Security in the acquisition, development and maintenance of information systems
- Preparation and periodic updating of the list of networks, information systems and information services and reporting to the relevant authorities
- Procurement of supplies of ICT goods, systems and services for use on networks, information systems and for the performance of IT services relevant to the national cybersecurity perimeter and reporting to relevant authorities
- Management of inspection visits and fulfilment of the subsequent requirements of the relevant authorities on the national cybersecurity perimeter

**l) immigration and alien status offences**

- Procurement of goods and services
- Selection and recruitment of personnel

**m) Offences of receipt, laundering and use of money, assets and other proceeds of illegal provenance, as well as self-laundering and Offences involving non-cash payment instruments**

- Negotiation/stipulation and/or execution of contracts/conventions with private parties
- Stipulation and management of partnership/joint venture/consortium agreements
- Corporate transactions (mergers, demergers)
- Capital transactions and profit allocation
- Obtaining financing (banks and financial institutions)
- Collection management
- Supplier cycle management
- Handling of non-cash means of payment such as credit cards and other means of payment used in business operations (e.g., fuel cards)

**n) market abuse and administrative offences**

- Management and disclosure of inside information and confidential news regarding the Company and the Group
- Management of transactions carried out by Relevant Persons and related public disclosures

**o) tax-related offences**

- Management of customer and supplier billing
- Preparation and maintenance of fiscal accounting records
- Preparation of tax returns and management of related obligations
- Management of intercompany billing
- Management of the process of disposal of movable and immovable assets
- Selection of tax consultants
- Management of tax inspection visits

**p) contraband offences**

- Customs compliance management (including dealing with freight forwarders and customs operators)
- Management of customs inspection visits

## 7. The Supervisory Board

### 7.1. Identification, appointment and dismissal of the Supervisory Board

Pursuant to Article 6, letter b), Legislative Decree No. 231/2001, an indispensable condition for the granting of exemption from administrative liability under Legislative Decree No. 231/2001 is the assignment to a body of the Company, with autonomous powers of initiative and control, of the task of supervising the operation of and compliance with the Model, as well as ensuring that it is updated. The Guidelines suggest that it should be an internal body other than the Board of Directors, characterized by the following requirements:

#### a) Autonomy and independence

The requirement of autonomy and independence presupposes that the Supervisory Board is accountable, in the performance of its function, only to the highest hierarchical level (e.g., CEO and Board of Directors).

When the Supervisory Board is established, its independence is ensured by the Executive body's obligation to approve, in the context of the formation of the corporate budget, an adequate annual allocation of financial resources, proposed by the Supervisory Board, which the latter may use for any needs necessary for the proper performance of its duties (e.g., specialized consulting, travel, etc.).

Finally, independence presupposes that the members of the Supervisory Board are not in a position, not even potential, of conflict of interest with the Company, nor are they holders within the Company of functions of an operational nature that would undermine their objectivity of judgment when verifying compliance with the Model.

#### b) Honourability and causes of ineligibility

The following persons cannot be elected as members of the Supervisory Board, and if they are, they necessarily and automatically relinquish their office:

- a. those subject to the conditions stipulated in Article 2382 of the Civil Code, i.e. those who are incapacitated, disqualified, bankrupt, or sentenced to a penalty involving disqualification, including temporary disqualification, from public office or inability to hold executive office;
- b. those who have been subjected to preventive measures ordered by the judicial authority under Law No. 1423 of December 27, 1956 (Law on Preventive Measures against Persons Dangerous to Safety and Public Morality) or Law No. 575 of May 31, 1965 (Law Against the Mafia);
- c. those who have been convicted as a result of a judgment even if not yet final, or issued pursuant to Articles 444 and subsequent of the Penal Code of Criminal Procedure or even if with a conditionally suspended sentence, subject to the effects of rehabilitation:
  1. to imprisonment for a term of not less than one year for one of the crimes provided for in Title XI of Book V of the Civil Code (Penal Provisions on Companies and Consortiums) and Royal Decree No. 267 of March 16, 1942, (Regulations on



Bankruptcy, Arrangements with Creditors, Receivership and Compulsory Liquidation);

2. to a term of imprisonment, not less than one year, for one of the offenses provided for in the rules governing banking, financial, securities, and insurance activities and in the rules governing markets and securities, payment instruments (these include, but are not limited to, the offenses of banking and financial abuse referred to in Article 130 and subsequent of the Banking Act, the crimes of forgery of money, spending and introduction into the State, with prior agreement, of counterfeit money referred to in Article 453 of the Penal Code, the crimes of fraudulent damage to insured property and fraudulent mutilation of one's person referred to in Article 642 of the Penal Code);
  3. to a term of imprisonment, not less than one year, for offenses against the Public Administration, against public trust, against property, against public order, against the public economy or tax offenses;
  4. to imprisonment for a term of not less than two years for any non-negligent crime;
  5. in any case and regardless of the extent of punishment for one or more offenses among those peremptorily provided for in Legislative Decree No. 231/01;
- d. those who have served as members of the Supervisory Board in companies against which the sanctions provided for in Article 9, Legislative Decree No. 231/01 have been applied;
- e. those against whom the ancillary administrative sanctions provided for in Article 187-*quater* CFA (Legislative Decree No. 58/1998) have been applied.

**c) Proven professionalism, specific skills in control and consulting activities**

The Supervisory Board must possess internal technical and professional skills appropriate to the functions it is called upon to perform. These characteristics, combined with its independence, guarantee its objectivity of judgment; therefore, it is necessary that the Supervisory Board include individuals with appropriate professionalism in the fields of economics, control, and corporate risk management. The Supervisory Board may, in addition, utilise outside consultants with sufficient resources for company organisation, audit, accounting and finance matters.

**d) Continuity of action**

The Supervisory Board continuously carries out the activities necessary for supervision regarding the correct application of the Model with adequate commitment and with the necessary powers of investigation; it is an internal structure of the company that thus guarantees due continuity in its supervisory activities; it implements the Model by ensuring that it is constantly updated; and it does not carry out operational tasks that may condition and contaminate the overview of the company's activities required.

In compliance with the provisions of Legislative Decree No. 231/2001, and with the suggestions of the Guidelines and best practices relating to listed companies, the Company's Board of Directors has decided to opt for a collegial Supervisory Board that, due to the composition chosen, can ensure knowledge of the Company's activities and - at the same time - has authority and independence such that it can guarantee the credibility of the relevant functions.

In particular, it was deemed appropriate to establish a collegial body composed of two independent external individuals with recognized professionalism and expertise in the legal and business fields, as well as an internal member in the person of the Head of Legal Affairs, Risk Management. One of the external members was appointed as Chairperson.

This choice was determined by the consideration that the Supervisory Board can thus guarantee the indispensable characteristics of independence, autonomy and professionalism, technical-legal skills and the necessary continuity of action (this body being dedicated to the activity of monitoring and verifying the application of the Model on the basis of an annual plan shared with the Company). This composition was therefore recognized as the most appropriate to assume the role of Supervisory Board, in light of the regulatory requirements and the interpretation provided by the Guidelines and case law.

To ensure the independence of the Supervisory Board, it assumes a staff position at top management, reporting directly to the Chairperson of AVIO's Board of Directors.

It is therefore referred to the afore-mentioned body to carry out, as the Supervisory Board, the supervisory and control functions provided for in the Model. These functions shall be exercised for a period of three years with the possibility of renewal.

Taking into account the peculiarities of the responsibilities assigned to the Supervisory Board and the specific professional capabilities required by them, it may make use of all internal functions from time to time necessary for the performance of its duties.

In accordance with the principles set forth in Legislative Decree No. 231/2001, while it is not permitted to outsource the function of the Supervisory Board, it will be possible, on the other hand, to outsource (to third parties who possess the specific skills necessary for the best execution of the task) tasks of a technical nature, with the overall responsibility for supervision of the Model remaining with the Supervisory Board.

Appointment of the Supervisory Board and removal from office are the responsibility of the Board of Directors. The Board of Directors may not elect as a member of the Supervisory Board a person against whom there is a conviction, even in the first degree or plea bargain, relating to crimes under Legislative Decree No. 231/2001 or crimes of the same nature.

The characteristics, any additional requirements, including subjective, of AVIO's Supervisory Board as well as its rules of operation are set out in special regulations sent to the companies' Board of Directors and Board of Statutory Auditors.

## **7.2. Duties and powers of the Supervisory Board**

The Supervisory Board is generally entrusted with the task of supervision:

- on compliance with the Model by Employees, Corporate Bodies, Service Companies, Consultants, Suppliers and Partners;
- on the efficacy and adequacy of the Model in respect of the company's structure and its ability to prevent the commission of the Offences;

on the need to update the Model to reflect changes in the company and/or the law.

To this end, the Supervisory Board is also entrusted with the duties of:

- verifying the implementation of the control procedures set forth in the Model;
- conducting reconnaissance of company activities for the purpose of updating the mapping of Sensitive Processes;
- carrying out periodic targeted audits of certain transactions or specific acts carried out by AVIO, especially in the context of Sensitive Processes, the results of which must be summarized in a special report to be set out when reporting to the designated Corporate Bodies;
- coordinating with company management (especially with the Head of Human Resources and Organization) to consider the adoption of any disciplinary sanctions, without prejudice to the latter's authority to impose the sanction and the related disciplinary procedure (on this point, please refer to the following chapter 10);
- coordinating with the Head of Human Resources and Organization to define training programs for personnel and the content of periodic communications to be made to Employees and Corporate Bodies, aimed at providing them with the necessary awareness and basic knowledge of the regulations set forth in Legislative Decree No. 231/2001;
- preparing and continuously updating, in cooperation with the relevant corporate function, the space on the Company's Intranet containing all information related to Legislative Decree No. 231/2001 and the Model;
- monitoring initiatives for the dissemination of knowledge and understanding of the Model, and prepare internal documentation necessary for the purpose of the functioning of the Model, containing instructions for use, clarifications or updates;
- collecting, processing, and storing relevant information regarding compliance with the Model, as well as updating the list of information that must be transmitted to him/her or kept at their disposal (refer to the following chapter 7.4);
- coordinating with other company functions (including through special meetings) for the best monitoring of activities in relation to the procedures established in the Model. To this end, the Supervisory Board is entrusted with general inspection powers and access to all company documentation it deems relevant and must be kept constantly informed by management: a) on aspects of the company's activities that may expose AVIO to the risk of commission of one of the Offences; b) on relations with Service Companies, Consultants, Suppliers and Partners operating on behalf of the Company in the context of Sensitive Transactions; c) on corporate transactions of the Company;
- interpreting relevant legislation (in coordination with the Legal function) and verifying the adequacy of the Model to these regulatory requirements;
- coordinating with corporate functions (including through special meetings) to assess the adequacy and updating needs of the Model;
- activating and carrying out internal investigations, liaising from time to time with the corporate functions concerned, in order to acquire further elements of investigation (e.g., with the Legal function for the examination of contracts that deviate in form and content from the standard clauses aimed at protecting AVIO from the risk of involvement in the commission of Offences; with the Human Resources and Organization function for the application of disciplinary sanctions, etc.);

- indicating to management, in coordination with the Administration, Finance and Control function, the appropriate integrations to the financial resource management systems (both incoming and outgoing) already in place in the Company, to introduce certain expedients suitable for detecting the existence of any atypical financial flows connoted by greater margins of discretion than those ordinarily provided;
- coordinating with the relevant function to monitor corporate compliance that may be relevant to the commission of corporate offences.

The autonomy and independence that must necessarily characterize the Supervisory Board's activities have made it necessary to introduce certain forms of protection in its favour, in order to ensure the effectiveness of the Model and to prevent its control activities from generating forms of retaliation to its detriment (think of the possibility in which the investigations carried out by the Supervisory Board may reveal elements that trace the offence or attempt to commit the Offence or the violation of this Model back to the top management of the company).

To this end, the Chairperson of the Board of Directors of AVIO will be adequately informed on the evaluation on the overall professional performance and any organizational actions concerning the Supervisory Board and will verify its consistency with the company's internal policies.

For any financial needs, the Supervisory Board in the performance of its mandate may request all necessary resources for this purpose.

### **7.3. Reporting by the Supervisory Board to senior management**

The Supervisory Board reports on the implementation of the Model and the emergence of any critical issues.

The Supervisory Board reports on an ongoing basis to the Chief Executive Officer and the Chairperson of the Board of Directors, to whom the Supervisory Board will promptly report whenever a problem or critical issue relating to a sensitive area under Legislative Decree No. 231/2001 arises.

The Supervisory Board also periodically informs the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors regarding the activities carried out through:

- periodic reports on a half-yearly basis;
- whenever the need and/or opportunity arises and sees fit.

The half-yearly report covers:

- a) the activity carried out by the Supervisory Board during the six-month reporting period;
- b) any critical issues (and ideas for improvement) that have emerged both in terms of behaviours or events internal to AVIO and in terms of the effectiveness of the Model;
- c) an action plan for the following year.

Meetings with the bodies to which the Supervisory Board reports must be minuted by the Supervisory Board, which must also keep copies of the relevant minutes.

The afore-mentioned corporate bodies have the power to summon the Supervisory Board at any time, which, in turn, has the power to request, through the relevant functions or individuals, that the afore-mentioned bodies be summoned for urgent reasons.

#### ***7.4. Information flows to the Supervisory Board: general information and specific mandatory information - The whistleblowing system***

The Company provides an internal reporting channel for making reports, prohibition of retaliation, and a disciplinary system in accordance with Legislative Decree No. 24/2023 implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019, “on the protection of persons who report breaches of European Union law and on provisions concerning the protection of persons who report breaches of national laws” (“**Whistleblowing Decree**”).

Pursuant to the Whistleblowing Decree, the Company has adopted the Whistleblowing Procedure, which governs the process of receiving, analysing and processing reports and which, in accordance with the provisions of the aforementioned legislation, provides for an internal reporting channel suitable for guaranteeing the confidentiality of the identity of the whistleblower (the “**Whistleblowing Procedure**”).

Therefore, reports of violations of the Model and the Code of Ethics can be submitted by all Addressees (and other possible whistleblowers identified by the Whistleblowing Decree) through the use of the platform made available by AVIO at the following link: <https://areariservata.mygovernance.it/#!/WB/avio>.

The Whistleblowing Procedure stipulates that the Supervisory Board must be informed and consulted in reference to reports from Employees, Corporate Bodies, Service Companies, Consultants, Suppliers and Partners regarding events that could give rise to AVIO's liability under Legislative Decree No. 231/2001, as well as regarding events that could constitute violations of the Code of Ethics.

Any measures resulting from reports are applied in accordance with the provisions of Chapter 10 (Disciplinary and Penalty System) below.

Information must be mandatorily and immediately forwarded to the Supervisory Board concerning:

- measures and/or notices from legal authorities, or any other authority, that require investigations to be carried out, including against unknown persons for the Offences;
- requests for legal assistance communicated by Employees in the case of the initiation of legal proceedings for the Offenses;
- reports prepared by the heads of other corporate functions as part of their control activities and from which facts, acts, events or omissions with profiles of criticality with respect to compliance with the provisions of Legislative Decree No. 231/2001 might emerge;
- information about the disciplinary proceedings conducted and any sanctions imposed (including measures towards Employees) or of the orders dismissing such proceedings with the reasons therefor;
- evidence of any critical issues or conflicts of interest that have arisen within the relationship with the PA;
- any situations of irregularities or anomalies found by those who perform a control and supervisory function on compliance related to the performance of sensitive transactions (payment of invoices, allocation of funding obtained from the state or EU bodies, etc.);

- judicial, tax and administrative inspections (e.g., relating to regulations on safety and hygiene protection in the workplace, tax audits, INPS, etc.) if the concluding report shows critical issues against the company (transmission by the head of the function involved);
- other related to safety and hygiene in the workplace and environment (accident list, accident report, new appointments, special inspections, etc.).

Additional mandatory information are defined by the Supervisory Board in consultation with the corporate functions responsible for their transmission.

#### **7.4.1. Confidentiality obligations and protection of the reporter**

Members of the Supervisory Board shall ensure the confidentiality of information they come into possession of, particularly if it relates to strategic transactions of the Company or alleged violations of the Model (in accordance with the provisions of the Whistleblowing Decree).

The members of the Supervisory Board shall also refrain from using confidential information for purposes other than those referred to in the preceding paragraphs and in any case for purposes not in accordance with supervisory functions, except in the case of express and conscious authorization.

Whistleblowers may not suffer any retaliation and, in this regard, the Whistleblowing Decree provides for the provision of support measures for whistleblowers as well as the possibility for whistleblowers to notify ANAC of retaliation they believe they have suffered as a result of a report.

In any case, the Company shall take all necessary measures to ensure that the prohibition of retaliatory or discriminatory acts, whether direct or indirect, against the whistleblower for reasons related, directly or indirectly, to the report is ensured.

#### **7.5. Collection and archival of information**

All information (including reports of violations of the Model and/or Code of Ethics) and reports provided for in this Model are kept by the Supervisory Board in a special database (computer or paper) for a maximum period of 5 years.

Access to the database, in addition to the Supervisory Board, is allowed only to the Chairperson of the Board of Directors, the Chief Executive Officer, the Chairpersons of the Internal Control Committee and the Board of Statutory Auditors, and members of the Board of Directors and the Board of Statutory Auditors who are specifically authorized by their respective corporate bodies.

The following is a sample list of the particular information to be kept in the database:

- any useful information regarding decisions on the application, disbursement and use of public funds;
- summary schedules of contracts for which AVIO was awarded as a result of national and international tenders, or by private treaty;
- information and documentation related to contracts awarded by public agencies or entities performing public utility functions;

- requests for legal assistance by Executives, Employees or others who are so entitled, against whom the judiciary has initiated proceedings for offenses under Legislative Decree No. 231/2001;
- measures and/or notices from legal authorities, or any other authority, that require investigations to be carried out, including against unknown persons for the Offences as per Legislative Decree No. 231/2001;
- information regarding compliance, at all levels of the company, with the Model and the Code of Ethics, with indication of disciplinary proceedings initiated and any sanctions imposed or measures of dismissal, with the relevant reasons;
- reports prepared by the heads of other corporate functions as part of their control activities and from which facts, acts, events or omissions with profiles of criticality with respect to compliance with the provisions of Legislative Decree No. 231/2001;
- AVIO's updated delegation and power of attorney system;
- relevant documents prepared by the organization responsible for the protection of safety, health and hygiene in the workplace (risk assessment documents, appointments of PPSMs, company doctors, emergency procedures, etc.) and for the environment (applications for permits, Integrated Environmental Authorisation, etc.);
- procedures adopted by the Company that are directly or indirectly referred to in the Model.

#### **7.6. The Supervisory Board in Subsidiaries**

Without prejudice to the provisions of Article 6, paragraph 4, of Legislative Decree No. 231/2001, each Italian company directly or indirectly controlled by AVIO shall, at the same time as the approval of its Model, provide for the establishment of its Supervisory Board.

The characteristics and duties of this Supervisory Board may be taken from AVIO's Model with the necessary adaptations in relation to individual company realities.

In each foreign company directly or indirectly controlled by AVIO, the Board of Directors must in any case identify the figure of the "Compliance Officer" (coinciding with the Chief Executive Officer or Managing Director in small companies, or the Manager with the highest profile of independence and operational autonomy in the company), as the guarantor of the implementation of the specific "231 Guidelines" issued by the Parent Company and their continuous application in the company.

The appointment of the Compliance Officer (CO) must be communicated to the Parent Company Supervisory Board.

The Compliance Officer shall report on his or her work at least half-yearly to the relevant corporate body through a written report.

#### **7.7. Coordination with parent company Supervisory Board and related information flows**

AVIO's Supervisory Board can provide support to the Supervisory Boards of the individual Italian Group companies in adopting a Model in line with the requirements of Legislative Decree No. 231/2001, the Guidelines and the principles of the Parent Company Model.

The Supervisory Boards of Italian subsidiaries will forward to the Parent Company's Supervisory Board the adopted Model, any updates, and copies of the annual reports submitted to their Boards.

The Supervisory Board of each Italian company directly or indirectly controlled by AVIO may make use of the resources allocated to the Parent Company's Supervisory Board, on the basis of a predefined contractual relationship, in carrying out its task of supervising the operation of and compliance with the Model.

The Compliance Officer of each foreign company directly or indirectly controlled by AVIO may coordinate with the Supervisory Board of AVIO in order to ensure the proper implementation and related monitoring of the "231 Guidelines" issued by the Parent Company. The Compliance Officers of foreign subsidiaries will forward to the Parent Company's Supervisory Board any internal documents and their updates, prepared for the purpose of regulating the implementation of the 231 Guidelines adopted by the Parent Company, and copies of the half-yearly reports submitted to their parent corporate body.



## **8. Training of resources and dissemination of the Model**

### **8.1. Training and information for Employees and Corporate Bodies**

In order for this Model to be effective, AVIO's goal is to ensure proper knowledge of the rules of conduct contained herein to both existing and future resources in the Company. The level of knowledge is carried out with different degree of depth in relation to the different level of involvement of the resources in Sensitive Processes.

The system of information and training is supervised and supplemented by the activity carried out in this field by the Supervisory Board in cooperation with the Head of Human Resources and Organization and the heads of other functions from time to time involved in the application of the Model.

#### **8.1.1. Initial communication**

Announcement of the adoption of this Model was made to all resources in the company at the time of adoption.

On the other hand, new employees and individuals who hold a corporate office for the first time are given an information set (e.g., Code of Ethics, Model, Legislative Decree No. 231/2001, etc.), with which to assure them of the knowledge considered of primary importance.

#### **8.1.2. Training**

Training activities aimed at disseminating knowledge of the regulations set forth in Legislative Decree No. 231/2001 are differentiated in content and delivery methods according to the qualification of the Recipients to whom it is addressed, the risk level of the area in which they operate, and whether or not they have representative functions for the Company.

In particular, AVIO has provided different levels of information and training through appropriate dissemination tools for:

1. Top management, members of the Supervisory Board and Corporate Bodies;
2. Employees working within Sensitive Processes;
3. Employees who do not work within Sensitive Processes.

All training programs will have a common minimum content consisting of an illustration of the principles of Legislative Decree No. 231/2001, the constituent elements of the Model, the individual cases of Offenses provided for in Legislative Decree No. 231/2001, and the conduct considered sensitive in relation to the commission of Offenses.

In addition to this common matrix, each training program will be modulated in order to provide its users with the necessary tools for full compliance with Legislative Decree No. 231/2001 in relation to the scope of operations and the tasks of the program's recipients.

Participation in the training programs described above is mandatory, and control over actual attendance is delegated to the Supervisory Board.

Failure of Employees to attend training without justification constitutes a violation of the principles contained in this Model and, therefore, will be sanctioned in accordance with the following paragraph.

The Supervisory Board is also entrusted with control over the quality of the content of training programs as described above.

## **8.2. Information to Consultants, Suppliers and Partners**

With regard to Consultants, Suppliers and Partners, appropriate systems will be established to guide their selection according to criteria that take due account of the principles of prevention and integrity set forth in this Model, principles of which they must be adequately informed.

Contracts governing relations with the above-mentioned parties must contain special clauses requiring them to comply with the Model and Code of Ethics adopted by the Company.

## **8.3. Supervisory obligations**

All Employees who serve as Executives or heads of a corporate function are obliged to exercise vigilance by paying the utmost attention and diligence to all Employees to whom they are in direct and indirect hierarchical superiority. They must, in addition, report any irregularities, violations or non-compliance with the principles contained in this Model to the Supervisory Board.

If the Employee holds the position of Executive or head of a corporate function and does not comply with the above obligations, he/she will be sanctioned in accordance with his/her hierarchical position within the Company in accordance with the provisions of the Disciplinary and Sanctions System set forth in the following paragraph.

## 9. Disciplinary and sanctions system

The definition of a system of sanctions, applicable in case of violation of the provisions of this Model, is a necessary condition to ensure the effective implementation of the Model, as well as an essential prerequisite for the Company to benefit from the exemption from administrative liability.

The application of disciplinary sanctions is irrespective of the establishment and outcome of any criminal proceedings that may have been initiated in cases where the violation constitutes a relevant offense under Legislative Decree No. 231/2001. The sanctions that can be imposed are different according to the nature of the relationship between the perpetrator and the Company, as well as the significance and seriousness of the violation committed and the role and responsibility of the perpetrator.

By virtue of the provisions of the above-mentioned Whistleblowing Decree and with reference to any recipient of the Model, it should be noted that conduct that is subject to sanctions must also include violation, in any way, of the measures for the protection of the reporter, as well as the making of reports with malice or gross negligence that turn out to be unfounded.

In general, violations can be traced to the following behaviours and classified as follows:

- a) conduct that constitutes culpable failure to implement the requirements of the Model, including protocols, procedures or other company instructions;
- b) conduct that constitutes a wilful transgression of the prescriptions of the Model, such as to undermine the relationship of trust between the perpetrator and the Company as it is uniquely preordained to commit an offense;
- c) behaviours that constitute violations under the Whistleblowing Decree.

In any case, the sanction procedure is referred to the relevant Function and/or corporate bodies.

### 9.1. Employee Sanctions

In relation to its employees, the Company must comply with the limits set forth in Article 7 of Law 300/1970 (By-Laws on Workers) and the provisions contained in the applicable national collective bargaining agreements, both with regard to the sanctions that can be imposed and the manner in which disciplinary power is exercised.

Failure to comply - by employees - with the provisions of the Model, and all the documentation therein, constitutes non-compliance with the obligations arising from the employment relationship pursuant to Article 2104 of the Civil Code and a disciplinary offence.

More specifically, the adoption, by an employee of the Company, of conduct that qualifies, according to the preceding paragraph, as a disciplinary offense, also constitutes a violation of the employee's obligation to perform with the utmost diligence the tasks entrusted to him or her, adhering to the Company's directives, as provided for in the current national collective bargaining agreements.

The following sanctions may be imposed on employees:

- verbal warning,
- written warning,

- fine,
- suspension from work and pay,
- dismissal.

In order to highlight the criteria for correlation between violations and disciplinary measures, it is specified that:

- a) the employee incurs the disciplinary measure of a verbal warning where they violate, through mere negligence, company procedures, the prescriptions of the Code of Ethics or adopts, in the performance of activities in areas at risk, a behaviour that does not comply with the prescriptions contained in the Model, if the violation does not have external relevance;
- b) the employee incurs the disciplinary measure of a written warning where they:
  - are a repeat offender during the two-year period in the commission of infractions for which a verbal reprimand is applicable;
  - violate, through mere negligence, company procedures, the prescriptions of the Code of Ethics or adopts, in the performance of activities in areas at risk, a behaviour that does not comply with the prescriptions contained in the Model, if the violation has external relevance;
- c) the employee incurs the disciplinary measure of a fine where:
  - they are a repeat offender during the two-year period in the commission of infractions for which a written reprimand is applicable;
  - due to the level of hierarchical or technical responsibility, or in the presence of aggravating circumstances, harms the effectiveness of the Model by conduct such as:
    - failure to comply with the obligation to report to the Supervisory Board;
    - repeated failure to comply with the requirements set forth in the prescriptions indicated in the Model, in the event that they relate to a proceeding or relationship in which the Public Administration is a party;
- d) the employee incurs the disciplinary measure of suspension from work where:
  - they are a repeat offender during the two-year period in the commission of infractions for which a fine is applicable;
  - they violate company procedures concerning health, safety and environmental protection;
  - they violate the provisions concerning signature powers and the system of delegated powers granted with regard to acts and documents addressed to the Public Administration;
  - they make false or unfounded reports concerning violations of the Model and the Code of Ethics;
- e) the employee incurs the disciplinary measure of dismissal where:
  - they fraudulently circumvent the prescriptions of the Model through conduct unequivocally directed at the commission of one of the offenses included among those set forth in Legislative Decree No. 231/2001;

- they violate the internal control system through the removal, destruction or alteration of documentation or by preventing the control or access to information and documentation by the responsible parties, including the Supervisory Board so as to prevent the transparency and verifiability of the same.

The Company may not take any disciplinary action against the Employee without compliance with the procedures set forth in the national collective bargaining agreements for individual cases.

The principles of correlation and proportionality between the violation committed and the sanction imposed are ensured by compliance with the following criteria:

- severity of the violation committed;
- employee's job description, role, responsibilities, and autonomy;
- predictability of the event;
- wilfulness of behaviour or degree of negligence, recklessness or inexperience;
- overall behaviour of the perpetrator, with regard to whether or not there is any disciplinary history within the terms of the national collective bargaining agreements;
- other special circumstances characterizing the violation.

The existence of a system of sanctions related to non-compliance with the provisions contained in the Model, and in the documentation that forms part of it, must necessarily be brought to the attention of employees through the means deemed most appropriate by the Company.

## **9.2. Sanctions for employees with the status of Executives**

Failure to comply - by the Executives - with the provisions of the Model, and all the documentation therein, including violation of the obligations to inform the Supervisory Board and to control the behaviour of their collaborators, determines the application of the sanctions set forth in collective bargaining for other categories of employees, in compliance with Articles 2106, 2118 and 2119 of the Civil Code, as well as Article 7 of Law 300/1970.

In general, the following sanctions may be imposed on executive personnel:

- a) suspension from work;
- b) dismissal.

The finding of any violations, as well as inadequate supervision and failure to promptly inform the Supervisory Board, may result in employees with executive status being suspended from work as a precautionary measure, without prejudice to the Executive's right to remuneration, as well as, again as a provisional and precautionary measure for a period not exceeding three months, being assigned to different positions in compliance with Article 2103 Civil Code.

## **9.3. Measures against Directors**

In the event of an ascertained violation of the Model provisions, including those of the documentation therein, by one or more Directors, the Supervisory Board shall promptly inform the entire Board of Directors and the Board of Statutory Auditors, so that they may take or promote the most appropriate and adequate initiatives, in relation to the seriousness of the

violation detected and in accordance with the powers provided for by current regulations and the By-Laws. These include:

- the discussion of the issue within the Appointments and Remuneration Committee, which will consider whether or not to refer the decision to the Board of Directors for it to take the appropriate measures (such as, for example, to the imposition of the sanctioning measure of a formal written reprimand or the revocation, even partial, of the delegated powers and powers of attorney granted). Committee and Board of Directors' motions must be adopted with the abstention of the person(s) concerned.
- the convening of the Shareholders' Meeting in order to take the most appropriate measures provided by law (such as, for example, proposing the temporary suspension from office and, in the most serious cases, the removal for just cause of the Director who has violated the Model).

In the event of an ascertained violation of the provisions of the Model by the entire Board of Directors, including the documentation therein, the Supervisory Board shall immediately inform the Board of Statutory Auditors so that it can promote the consequent initiatives.

In any case, Statutory Auditors, having assessed the seriousness of the violation, may notify CONSOB of the irregularities that have occurred.

This is without prejudice, in any case, to the Company's right of recourse for any damage, including image damage, and/or liability that may be caused as a result of conduct in violation of this Model.

#### **9.4. Measures against Statutory Auditors**

In the event of an ascertained violation of the provisions of this Model, including those of the documentation therein, by one or more Statutory Auditor, the Supervisory Board shall inform the entire Board of Statutory Auditors and the Board of Directors, which will take the appropriate measures including, for example, convening the Shareholders' Meeting in order to take the most appropriate measures provided by law.

#### **9.5. Measures against the members of the Supervisory Board**

In the event of violation of this Model or the Code of Ethics by one or more members of the Supervisory Board, the other members of the Supervisory Board or any one of the Statutory Auditors or Directors shall inform the Board of Statutory Auditors and the Board of Directors who will take appropriate action including, for example, revocation of the appointment of the members of the Supervisory Board who violated the Model and the consequent appointment of new members to replace them or revocation of the appointment of the entire body and the consequent appointment of a new Supervisory Board.

#### **9.6. Measures towards Service Companies, Consultants, Suppliers and Partners**

Any violation by Service Companies, Consultants, Suppliers or Partners of the rules set forth in this Model or the Code of Ethics applicable to them or the commission of the Offences shall be sanctioned in accordance with the provisions of the specific contractual clauses included in the relevant contracts (see Special Section No. 1). The foregoing is without prejudice to a possible claim for damages, where such behaviour results in tangible damages for the Company,

such as in the case of the application by the courts of the measures envisaged in Legislative Decree No. 231/2001.

## 10. Supervisory Board Checks

In addition to the supervisory activity that the Supervisory Board continuously carries out on the effectiveness of the Model (and which takes the form of verifying the consistency between the behaviour of the Addressees and the Model), it periodically carries out specific checks (including surprise checks) on the real capacity of the Model to the prevention of Offenses.

In carrying out its activities, the Supervisory Board may draw on the support of individual company departments (or external consultants) depending on the area of operations being monitored from time to time, making use of their respective skills and professionalism.

During the above checks and inspections, the Supervisory Board is granted the broadest powers in order to effectively carry out the tasks entrusted to it.

With regard to the object of the checks, they may be distinguished into:

- a. verification of deeds: periodically an audit of the major deeds and contracts concluded by the Company will be carried out;
- b. checks on procedures: periodically the effective functioning of this Model and the procedures directly or indirectly referred to, as well as the degree of knowledge of personnel with respect to the issue of corporate criminal liability, will be verified by means of sample interviews.

On conclusion of the verifications, a report shared with the CEO and presented to the Board of Directors as well as communicated to the Chairperson of the Board of Statutory Auditors will be made for the attention of the Board of Directors (in conjunction with one of the half-yearly reports prepared by the Supervisory Board) highlighting possible deficiencies and suggesting actions to be taken and/or possible improvements to be implemented.