



ORGANISATION, MANAGEMENT AND
CONTROL MODEL
(ITALIAN LEGISLATIVE DECREE 231/2001)

STATEMENT TRANSLATED FROM THE ORIGINAL

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CHAPTER 1

1. Description of the regulatory framework

1.1. Introduction

Italian Legislative Decree 231 of 8 June 2001 (hereinafter referred to as “Legislative Decree 231/2001”), implementing the delegation conferred on the Government by Article 11 of Italian Law 300 of 29 September 2000,¹ laid down the rules on the “*Liability of entities for administrative offences related to crime*”.

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

Legislative Decree 231/2001 finds its primary genesis in certain international and EU conventions ratified by Italy, which require forms of liability of collective entities for certain types of offences.

According to the rules introduced by Legislative Decree 231/2001, in fact, companies can be held “liable” for certain offences committed or attempted, in the interest or to the advantage of the company, by members of the company's senior management (“top management”) and by those who are subject to the management or supervision of the latter (Article 5(1) of Legislative Decree 231/2001).

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

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

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

The company's administrative liability is, however, excluded if the company has, among other things, adopted and effectively implemented, before the offences were

¹ Legislative Decree 231/2001 was published in the Official Gazette of 19 June 2001, No. 140, Law 300/2000 in the Official Gazette of 25 October 2000, No. 250.

committed, organisation, management and control models suitable for preventing the offences themselves; these models may be adopted on the basis of codes of conduct (guidelines) drawn up by associations representing companies, including Confindustria, and communicated to the Italian Ministry of Justice.

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

1.2. Nature of liability

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

Legislative Decree 231/2001 has, in fact, introduced into the Italian legal system a form of corporate liability of an “administrative” nature - in deference to the dictates of Article 27 of the Italian Constitution - but with numerous points of contact with “criminal” liability.

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

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

As mentioned above, under Legislative Decree 231/2001, the company is liable for offences committed in its interest or to its advantage:

- by *“persons who hold positions of representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy, as well as by persons who exercise, also de facto, the management*

and control of the entity” (the above-mentioned persons “in a senior position” or “top management”; Article 5(1)(a) of Legislative Decree 231/2001);

- by persons subject to the direction or supervision of one of the senior persons (so-called persons subject to the direction of others; Article 5(1)(b) of Legislative Decree 231/2001).

It should also be reiterated that the company is not liable, by express legislative provision (Article 5(2) of Legislative Decree 231/2001), if the above-mentioned persons have acted exclusively in their own interest or in the interest of third parties.

1.4. Offences

Under Legislative Decree 231/2001, the entity can be held liable only for the offences expressly referred to in Articles 24 to 25-*octiesdecies* of Legislative Decree 231/2001, if committed in its interest or to its advantage by the persons qualified pursuant to Article 5(1) of the Decree or in the case of specific legal provisions referring to the Decree, as in the case of Article 10 of Italian Law 146/2006.

In simpler terms, the offences can be included in the following categories:

- A. Offences committed in relations with the Public Administration (Articles 24 and 25);
- B. Computer crimes and unlawful data processing (Article 24-*bis*);
- C. Organised crime offences (Article 24-*ter*);
- D. Counterfeiting of money, public credit cards, revenue stamps and identification instruments or signs (Article 25-*bis*);
- E. Crimes against industry and trade (Article 25-*bis*.1);
- F. Corporate offences, including the offence of bribery among private individuals and incitement to bribery among private individuals (Article 25-*ter*);
- G. Crimes for the purpose of terrorism or subversion of the democratic order (Article 25-*quater*);
- H. Practices of female genital mutilation (Article 25-*quater*.1);
- I. Crimes against the individual (Article 25-*quinquies*);

- J. Market abuse (Article 25-sexies);
- K. Manslaughter or grievous or very grievous bodily harm committed in breach of the rules on the protection of health and safety at the workplace (Article 25-septies);
- L. Receiving, laundering and using money, goods or benefits of unlawful origin, as well as self-laundering (Article 25-octies);
- M. Offences relating to non-cash means of payment (Article 25 -octies. 1);
- N. Copyright infringement offences (Article 25-novies);
- O. Inducement not to make statements or to make false statements to the judicial authorities (Article 25-decies);
- P. Environmental offences (Article 25-undecies);
- Q. Employment of third-country nationals whose stay is irregular (Article 25-duodecies);
- R. Racism and xenophobia (Article 25-terdecies);
- S. Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices (Article 25-quaterdecies);
- T. Tax offences (Article 25-quinquiesdecies);
- U. Smuggling (Article 25-sexiesdecies);
- V. Crimes against cultural heritage (Article 25-septiesdecies);
- W. Laundering of cultural assets and devastation and looting of cultural and landscape assets (Article 25-octiesdecies);
- X. Liability of entities for administrative offences relating to crime [are a prerequisite for entities operating in the virgin olive oil sector] (Article 12, Law 9/2013);
- Y. Transnational offences (Article 10, Law 146/2006).

The categories listed above are destined to increase further, also in compliance with international and EU obligations.

As far as SIMACO s.r.l. is concerned, the offences falling within the category of offences “*Manslaughter or grievous or very grievous bodily harm committed in violation of the rules on health and safety protection at the workplace*” (Art. 25-septies) were considered potentially relevant.

1.5. Sanctions system

Section II “*Sanctions in general*”, Articles 9 to 23, of Legislative Decree 231/2001 provides for the following sanctions against the company as a consequence of the commission or attempted commission of the offences mentioned above:

- fine (and precautionary seizure) ranging from a minimum of EUR 25,822.00 to a maximum of EUR 1,549,370.00;
- disqualification sanctions (also applicable as a precautionary measure) lasting no less than three months and no more than two years (with the clarification that, pursuant to Article 14(1) of Legislative Decree 231/2001, “*Disqualification sanctions are aimed at the specific activity to which the offence committed by the entity relates*”) which, in turn, may consist of (i) disqualification from exercising the activity; (ii) suspension or revocation of authorisations, licences or concessions functional to the commission of the offence; (iii) prohibition from contracting with the public administration, except for obtaining a public service; (iv) exclusion from facilities, financing, contributions or subsidies and possible revocation of those already granted; (v) prohibition on advertising goods or services; (vi) confiscation (and preventive seizure as a precautionary measure); (vii) publication of the sentence (in the event of application of a disqualification sanction).

Disqualification sanctions shall only apply in relation to offences for which they are expressly provided for and only if at least one of the following conditions is met: (a) the company has gained significant profit from the offence and the offence was committed by persons in a senior position or by persons subject to the direction of others when, in the latter case, the commission of the offence was determined or facilitated by serious organisational deficiencies; (b) in the event of repetition of the offence.

The judge determines the type and duration of the disqualification sanctions, taking into account the suitability of the individual sanctions to prevent offences of the type committed and, if necessary, may apply them jointly (Article 14(1) and (3) of Legislative Decree 231/2001).

The sanctions of disqualification from carrying on business, prohibition from contracting with the public administration and prohibition from advertising goods or services may be applied - in the most serious cases - on a permanent basis. We also note the possible continuation of the company's activity (instead of the imposition of the sanction) by a commissioner appointed by the judge pursuant to and under the conditions of Article 15 of Legislative Decree 231/2001.

1.6. Attempted crimes

In the event of an attempted commission of the offences sanctioned on the basis of Legislative Decree 231/2001, the pecuniary sanctions (in terms of amount) and the disqualification sanctions (in terms of duration) are reduced by one third to one half.

The imposition of sanctions is excluded in cases where the entity voluntarily prevents the performance of the action or the realisation of the event (Article 26 of Legislative Decree 231/2001). The exclusion of sanctions is justified, in this case, by virtue of the interruption of any relationship of transference between the entity and the persons who assume to act in its name and on its behalf.

1.7. Procedure for ascertaining the offence

Liability for administrative offences resulting from a criminal offence is established in criminal proceedings. In this regard, Article 36 of Legislative Decree 231/2001 provides that *"The jurisdiction to hear administrative offences committed by the entity belongs to the criminal court having jurisdiction over the offences under its authority"*.

1.8. Organisation, management and control models

A fundamental aspect of Legislative Decree 231/2001 is the attribution of an exempting value to the company's organisation, management and control models. In the case of an offence committed by a person in a senior position, in fact, the company is not liable if it proves that (Article 6(1) of Legislative Decree No. 231/2001):

- a) the management body has adopted and effectively implemented, prior to the commission of the offence, organisation and management models capable of preventing offences of the type committed;
- b) the task of supervising the operation of and compliance with the models and ensuring that they are updated has been entrusted to a body of the company endowed with autonomous powers of initiative and control;

- c) the persons committed the offence by fraudulently circumventing the organisation and management models;
- d) there was no omission or insufficient supervision by the Supervisory Board.

The company must, therefore, prove its extraneousness to the facts alleged against the senior subject by proving the existence of the above-mentioned requirements contributing to each other and, consequently, the circumstance that the commission of the offence did not derive from its own "organisational fault"².

In the case, on the other hand, of an offence committed by persons subject to the management or supervision of others, the company shall be liable if the commission of the offence was made possible by the breach of the management or supervision obligations with which the company is required to comply³.

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

Article 7(4) of Legislative Decree 231/2001 also defines the requirements for the effective implementation of organisational models:

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

² The Explanatory Report to Legislative Decree 231/2001 expresses itself in this regard in these terms: "For the purposes of the entity's liability, therefore, it will not only be necessary for the offence to be objectively attributable to it (the conditions under which this occurs, as we have seen, are governed by Article 5); moreover, the offence must also be an expression of company policy or at least derive from organisational fault". And also: "One starts from the presumption (empirically well-founded) that, in the case of an offence committed by a top management, the 'subjective' requirement for the body's liability [i.e. the so-called "organisational fault" of the body] is satisfied, since the top management expresses and represents the body's policy; where this does not occur, it will be up to the company to prove its extraneousness, and this it can only do by proving the existence of a series of requirements contributing to each other".

³ Article 7(1) of Legislative Decree 231/2001: "Parties subject to the direction of others and organisation models of the entity - In the case provided for in Article 5(1)(b), the entity is liable if the commission of the offence was made possible by failure to comply with the obligations of direction or supervision".

There is here a reversal of the burden of proof on the prosecution, which will have to prove, in the scenario outlined by the aforementioned Article 7, the failure to adopt and effectively implement an organisation, management and control model capable of preventing offences of the type committed.

Legislative Decree 231/2001 outlines the content of organisation and management models, stipulating that they must, in relation to the extent of delegated powers and the risk of offences being committed, as specified in Article 6(2):

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

1.9. Codes of conduct drawn up by the associations representing the entities

Article 6(3) of Legislative Decree 231/2001 provides that *“Organisation and management models may be adopted, guaranteeing the requirements set out in paragraph 2, on the basis of codes of conduct drawn up by the associations representing the entities, communicated to the Ministry of Justice, which, in agreement with the competent ministries, may, within thirty days, formulate observations on the suitability of the models to prevent offences”*.

The main Guidelines on which this Model is based are those issued by Confindustria, last updated in June 2021 (hereinafter, “Confindustria Guidelines”); these documents provided, inter alia, methodological indications for the identification of risk areas (sectors/activities in which offences may be committed), the design of a control system (the so-called protocols for planning the formation and implementation of the entity's decisions) and the contents of the organisation, management and control model.

1.10. Examination of suitability

The ascertainment of the company's liability, attributed to the criminal court, takes place by means of:

- verification of the existence of the predicate offence for the liability of the company;
- the review of suitability of the organisation models adopted.

The judge's review of the abstract suitability of the organisation model to prevent the offences referred to in Legislative Decree 231/2001 is conducted according to the criterion of the so-called "posthumous prognosis".

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

CHAPTER 2

2. Description of the circumstances of the company: elements of the Governance Model and the general governance structure of SIMACO s.r.l.

2.1. SIMACO s.r.l.

SIMACO s.r.l. (hereinafter, for the sake of brevity, also "SIMACO" or the "Company") was incorporated on 24/06/1969 and has been registered with the Business Register of Milan-Monza-Brianza-Lodi in the ordinary section since 19/02/1996, with registration no. and VAT no. 00897170155, LO Economic and Administrative Index number - 784553.

The company has its registered office in Corte Palasio (LO), Strada Statale 235, no. 16, at Cadilana.

As of the first quarter of 2023, SIMACO employed 25 people.

The current directors are:

- **Andrea Guercilena**, Chairman of the Board of Directors and Chief Executive Officer;
- **Maria Emanuela Guercilena**, Director;
- **Luca Guercilena**, Director;
- **Laura Guercilena**, Director.

The **company's purpose** is to carry out the following activities:

- *production of pumps, electro-hydraulic, hydraulic and electromechanical assemblies;*
- *related trade, import-export of both their own and/or other products;*
- *support operations and services within the scope of the products covered.*

It may also carry out the activities:

- *commercial agency within the scope of its corporate purpose;*
- *purchase and rental of own and/or leased real estate and all transactions relating to the management of company-owned real estate.*

SIMACO originated in the 1960s with the production of the first gear pumps; thanks to the dedication and commitment of the business owners, the company's market soon expanded beyond national borders. The 1980s were characterised by a trend of strong production development and innovation: welding pumps, the KILA submersible range, and the GUEKO high-pressure water jet cleaner range were born.

In 1989, SIMACO changed from a general partnership to a limited liability company.

Today, the company is a leader in the international market for the production of motor pumps and exports its products to more than 40 countries while maintaining an entirely Italian production.

SIMACO has maintained over time its imprint of a *family* business, a form of business operation that is the primary driving force of the national economy. This organisation, management and control model is characterised by a series of strengths that represent the basis of the company's success: **(i)** strong leadership concentrated in the hands of the Guercilena family, which guides the company's growth while guaranteeing rapid decision-making and stability; **(ii)** total dedication to work shown by the entrepreneur, which generates a strong spirit of belonging in all employees; **(iii)** extreme attention to customer needs; **(iv)** scrupulous product research; **(v)** cost reduction; **(vi)** less bureaucratisation of processes.

2.2. Governance of SIMACO S.r.l.

The Articles of Association of the Company stipulate in Article 16 that *"The company may be administered by a **Board of Directors consisting of two to five members** or by a **sole director**, appointed by the Shareholders' Meeting. The choice of the form of administration will be left to the ordinary shareholders' meeting when renewing the company officers"*.

According to Article 18 of the Articles of Association, *"The Board shall elect a **Chairman**, and possibly a Deputy Chairman, from among its members. It may also appoint a secretary, who need not be a member of the Board"*.

According to the statutory provisions (Art. 21):

"The Board of Directors shall be vested with the broadest powers for the ordinary and extraordinary administration of the company, without limitation, with the power to perform all acts deemed appropriate for the achievement and implementation of the corporate purposes, better described by way of example in Article 26 below"

By virtue of the combined provisions of Articles 22, 23 and 25 of the Articles of Association, **the representation of the Company** is entrusted to:

- a) **the Chairman of the Board of Directors** (or their representative);
- b) **the directors with** a Board mandate;

c) **the Sole Director.**

Pursuant to Article 26 of the Articles of Association, the Board of Directors may:

- appoint proxies and assign to them part of the powers of ordinary administration;
- appoint directors or proxies and assign to them part of the powers of extraordinary administration.

In compliance with the above-mentioned provisions of the Articles of Association, the Company is currently **governed by a traditional, family-based system of administration, with a four-member Board of Directors.** The Board of Directors exercised its powers, delegating them to the Chairman.

2.3 Principles of control in mandates and powers of attorney

The system of mandates and powers of attorney must be characterised by elements of '*certainty*' for the prevention of offences and allow for the efficient management of the company's business.

"*Mandate*" is understood to mean that internal act of assigning functions and tasks, reflected in the organisational communication system. "*Power of attorney*" is understood to mean the unilateral legal transaction whereby the entity grants a single person the power to act on its behalf.

The essential requirements of the mandate and power of attorney system are as follows:

- a. all those who have relations with the P.A. on behalf of the organisation must have a formal mandate and - where necessary - power of attorney;
- b. each power of attorney entailing the power to represent the Entity vis-à-vis third parties must be matched by an internal mandate describing the relevant management power;
- c. mandates must combine each power with the corresponding responsibility and an appropriate position in the organisation chart;
- d. each mandate must define in a specific and unequivocal manner:
 - the powers of the delegate, specifying their limits;
 - the subject (body or individual) to whom the delegate reports hierarchically;

- the delegate must be granted spending powers appropriate to the functions conferred;
- the system of mandates and powers of attorney must be updated in a timely manner.

The system of mandates and powers of attorney constitutes a control protocol applicable to all sensitive activities.

2.4 Control principles pertaining to the general organisation system

All Sensitive Activities must be carried out in compliance with the laws in force, the values and policies of the Company and the rules contained in this Model.

Generally speaking, **the Company's organisation system must comply with the fundamental requirements of formalisation and clarity, communication and separation of roles**, particularly with regard to the allocation of responsibilities, representation, definition of hierarchical lines and operational activities.

The company must have **organisation tools (organisation charts, organisation communications, procedures, etc.) based on the general principles of:**

- a. clear description of the lines of reporting;
- b. knowability, transparency and publicity of the powers granted (within the Company and vis-à-vis third parties);
- c. clear and formal delimitation of roles, with a full description of the tasks of each function, their powers and responsibilities.

Internal procedures must be characterised by the following elements:

- (i) separation, within each process, between the person who makes the decision (decision-making impetus), the person who executes that decision and the person entrusted with controlling the process (so-called "**segregation of functions**");
- (ii) written record of each relevant step in the process (so-called "**traceability**");
- (iii) appropriate level of **formalisation**.

In particular:

- the company organisation chart and the areas and responsibilities of the company functions must be clearly and precisely defined by means of appropriate documents, made available and known to all employees;
- appropriate operating *policies* and procedures must be defined with particular reference to processes relating to areas at risk of offences;
- the roles and tasks of the internal managers of each risk area, who are to be vested with the power to direct, drive and coordinate the underlying functions, must be clearly and precisely laid down.

CHAPTER 3

3. Organisation, Management and Control Model and the methodology followed for its preparation

3.1. Foreword

SIMACO recognises that the protection of occupational health and safety is of fundamental and indispensable importance within the organisation.

Consequently, in the exercise of its functions, the Company adopts the measures that, according to the particular nature of the activity carried out, experience and technique are necessary to protect the physical integrity and moral personality of workers.

Safety in the work environment is achieved with the participation of all those who work within the Company, who must behave in their daily activities in accordance with the law and procedures.

Seeking advantages for the Company, if they entail or may entail the violation, malicious or culpable, of occupational health and safety regulations, is never justified.

In accordance with current occupational health and safety legislation, the Company adopts an organisation based on the following principles and rules of conduct:

- avoid risks;
- assess risks that cannot be avoided;
- combat risks at source;
- adapt work to the people, particularly with regard to the design of workplaces and the choice of work equipment and working methods, in particular to mitigate monotonous and repetitive work and to reduce the effects of such work on health;
- take into account the degree of technical development;
- replace what is dangerous with what is not dangerous or is less dangerous;
- plan prevention, aiming for a coherent whole that integrates technology, work organisation, working conditions, social relations and the influence of factors in the work environment;

- prioritise collective protection measures over individual protection measures;
- give appropriate instructions to workers.

These principles are used by SIMACO to take the necessary measures to protect the safety and health of workers, including occupational risk prevention, information and training, and the provision of the necessary organisation and means.

The entire company, at both senior and operational levels, must adhere to these principles, particularly when decisions are to be taken or choices made and, subsequently, when they are to be implemented.

Italian Law 123 of 3 August 2007 introduced Article 25 *septies* into the catalogue of offences 231, establishing the liability of the entity in the event of manslaughter or serious or very serious injury committed in violation of the rules on the protection of health and safety in the workplace; these rules are contained in Italian Legislative Decree 81 of 9 April 2008.

In particular, the latter decree provides, in Chapter IV, Section I, Art. 55 et seq., a series of criminal sanctions for Employers and Executives (and also for Supervisors, doctors and others) who violate the rules laid down therein.

Legislative Decree 231/2001, in turn, provides for a dual sanctions regime for the Entity in the case of manslaughter.

In fact, a lighter sanction applies in all cases where manslaughter has occurred due to a violation of occupational health and safety regulations.

The sanction is aggravated if the manslaughter is committed "*in violation of Article 55(2)*" of Legislative Decree 81/2008, i.e. if the crime was caused:

- a) by lack of risk assessment;
- b) by the failure to adopt the safety document or the adoption of a document lacking the elements referred to in letters: a), b), d) and f) of Article 28 of Legislative Decree 81/2008 (report on the risk assessment, indication of the protective measures implemented and of the procedures for implementing the measures to be carried out, identification of the tasks that expose workers to specific risks);
- c) by the failure to comply with the provisions of Article 18(1)(q) and (z), which require the employer to "take appropriate measures to prevent the technical

measures adopted from causing risks to the health of the population or deterioration of the external environment" and to "update the prevention measures in relation to organisational or production changes" relevant to occupational health and safety, or in relation to developments in accident prevention and protection techniques.

For the offence of grievous or very grievous bodily harm, committed in breach of the rules for the prevention of accidents at the workplace, on the other hand, there is a single sanction.

Also of fundamental importance is **Article 30 of the same Legislative Decree 81/2008**, which states:

"1. The organisation and management model capable of exempting bodies corporate, companies and associations, including those without legal personality, from administrative liability under Legislative Decree 231 of 8 June 2001, must be adopted and effectively implemented, ensuring a corporate system for the fulfilment of all related legal obligations:

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

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

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

(d) health surveillance activities;

(e) worker information and training activities;

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

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

(h) periodic reviews of the application and effectiveness of the procedures adopted.

2. The organisation and management model referred to in paragraph 1 must provide for appropriate systems for recording the performance of the activities referred to in paragraph 1.

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

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

5. *On first application, company organisation models defined in accordance with the UNI-INAIL Guidelines for an occupational health and safety management system (SGSL) of 28 September 2001 or the British Standard OHSAS 18001:2007 are presumed to comply with the requirements of this Article for the corresponding parts. For the same purposes, further organisation and management models may be indicated by the Commission referred to in Article 6'.*

3.2. Definition of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001

The methodology followed in drawing up the Model was inspired not only by the provisions of the Decree, but also by the Guidelines drawn up by Confindustria, by the provisions of Article 30 of Legislative Decree 81/08 and by the Simplified Procedures for the adoption of Organisation and Management Models in Small and Medium-Sized Enterprises, approved by Decree of the Ministry of Labour and Social Policies of 13 February 2014.

The *Risk Assessment* activity was conducted as described below:

- acquisition and examination of relevant company documentation, including: contract of appointment of third-party thermal power plant manager, list of suppliers operating at the SIMACO plant, along with the scope of contract, maintenance contracts, health protocol, last Prevention and Protection Service Periodic Meeting minutes, chamber of commerce company printout and articles of association;

- interview of the corporate functions involved (*Key Officers*), in particular: Andrea Guercilena (CEO) and Marco Cazzamalli (Manager, Technical Office)
- audits at the Company's premises to verify compliance with occupational health and safety regulations;
- preparation of a summary document of the Risk Assessment activity complete with (i) assessment of the Potential Risk (understood as the threat of commission of the predicate offences irrespective of the countermeasures adopted to eliminate or reduce the risk of occurrence), (ii) assessment of the adequacy of the Internal Control System, (iii) assessment of the Residual Risk (understood as the level of risk determined taking into account the mitigation actions already in place) (iv) identification of the improvement actions (*Specific and Cross-Departmental*) to be implemented in order to increase the risk prevention threshold.

3.3. Internal Control and Risk Management System

The Company has an Internal Control System (ICS) and Risk Management System (RMS) represented by the set of rules, procedures and organisational structures aimed at enabling the identification, measurement, management and monitoring of risks in the field of occupational health and safety.

For the sake of completeness, it should be pointed out that the degree of control that the Company decides to implement for each risk activity is a function not only of a cost-benefit assessment, but also of the risk threshold deemed acceptable by the Company itself for that specific activity. As is well known, the concept of 'acceptable risk' is an essential element in the construction of a preventive control system since, in the absence of its determination, the quantity/quality of preventive controls put in place would be virtually infinite, with intuitable consequences in terms of company operations.

Having said this, as highlighted by the Confindustria Guidelines, with regard to culpable predicate offences, such as those outlined in Article 25 *septies* of Legislative Decree 231/01 concerning occupational health and safety, the threshold of "acceptable risk" is represented by the "*carrying out of conduct that breaches the organisational prevention model (and, in the case of offences relating to health and safety, of the underlying mandatory obligations prescribed by the prevention regulations), notwithstanding full compliance with the supervisory obligations by the Supervisory Board pursuant to Legislative Decree 231/2001*".

Based on these principles, the Company's Model 231 was constructed with the objective of defining protocols that provide for an adequate system of controls of those obligations whose omission could lead to negligent offences.

3.4. "Sensitive Activities" and specific Control Measures

During the *Risk Assessment* carried out, the focus was on what can be called the risk management system for occupational health and safety and the implementation of prevention and protection measures.

This choice stems from the consideration that it is not possible for the purposes of this document to define sensitive areas/processes in which the offences provided for in the field of health and safety at the workplace could occur, but that it is easier to relate the rules and prescriptions to a single process.

The risk of the offences in question being committed is in fact, by the very nature of the criminal offences under consideration, potentially present in all the operational activities carried out by employees or any collaborators on the Company's premises.

However, the potential risk, in terms of the probability of occurrence of one of the offences related to occupational health and safety and in terms of the seriousness of the violation of occupational health and safety regulations, can be assessed in correlation with the characteristics of the activities carried out at the Company's workplace. As a result, the system of controls in place to mitigate the level of risk identified may also be more or less articulated.

During the Risk Assessment activities, certain sensitive activities were identified for each of which it was possible to proceed with an assessment of the degree of risk of commission of the offences provided for in Article 25 *septies* of Legislative Decree 231/2001 (**Annex 5 Risk Assessment**).

With reference to the occupational health and safety risk management process, the specific protocols established to prevent the occurrence of occupational health and safety offences are illustrated below.

A. Corporate health and safety policy, objectives and improvement plan

- Drafting an *internal policy document*, circulated to employees, consultants, contractors and interested third parties, setting out the general guidelines and objectives of the prevention and protection system aimed at pursuing health and safety excellence.
- Implementation of *specific improvement plans*: existence of budgets, annual

and multi-annual investment plans and specific programmes in order to identify and allocate the resources needed to achieve short/medium/long-term health and safety objectives.

B. Organisation of the structure with reference to occupational health and safety activities and a formalised system of roles, powers and mandates

- Identification and appointment of the positions of guarantor and of the other figures envisaged by Legislative Decree 81/2008 who must be correctly conferred the powers necessary to perform the role assigned to them;
- Designation and appointment of any external consultants and persons envisaged in the field of health and safety in the workplace (including the Head of the Prevention and Protection Service, the Competent Doctor, any technical staff, etc.) on the basis of requirements of professionalism and competence, also with reference to the provisions of the law (in particular, Legislative Decree 81/2008). The appointment must be formalised and, if necessary, communicated to the competent authorities;
- Formal establishment of the company's Prevention and Protection Service;
- Periodic verification of the legitimacy, adequacy and effectiveness of the system of powers and mandates in the field of health and safety at the workplace;
- Drawing up a specific organisation chart on health and safety at the workplace that graphically illustrates the subjects delegated to protect workers, as well as the roles and tasks of each one;
- Preparation of job descriptions with reference to occupational health and safety, containing a clear and formal delimitation of roles

If the Company decides to make use of a **System of delegation of functions**, the specific control standards are as follows:

- *Methods of delegation*: preparation of an adequate system of delegation of health and safety functions in accordance with the principles of (a)

effectiveness and existence/presence of decision-making and financial autonomy of the delegate; (b) technical-professional suitability of the delegate; (c) supervision of the delegate's activity, non-acquiescence, non-interference; (d) certainty, specificity and awareness;

- *Powers and duties of the delegated person*: existence, for the delegated person: (i) of decision-making powers consistent with the formalised delegations of powers assigned; (ii) of expenditure autonomy compatible with the effective performance of the delegated functions; (iii) of a formalised reporting obligation sufficient to ensure supervisory activity without interference.

C. Risk assessment and preparation of the resulting prevention and protection measures

- Documented assessment of the risks to the health and safety of workers in workplaces and of persons accessing workplaces, in compliance with the principle of truthfulness, completeness and accuracy, with the collaboration of the Head of the Prevention and Protection Service and the Competent Doctor and after consultation with the Workers' Health and Safety Representative (Articles 28 and 29 of Legislative Decree 81/2008);
- Constant updating of the risk assessment, using information obtained from monitoring activities and, in any case, whenever significant changes occur in the organisation of work and/or workplaces.

All data and information that serve to assess risks, and consequently to identify protective measures (e.g. technical documentation, instrumental measures, results of internal surveys, etc.) must be clear, complete and truthfully represent the state of the art of the Company.

D. Existence of formalised policies, procedures and operational arrangements governing the activities of those involved, emergency management and first aid

- Adoption of procedures, work orders, service orders and operating

instructions governing the operational methods of the activities, checks, analyses, protection and prevention measures to be carried out in the field of health and safety at the workplace;

- Drafting and dissemination of an Emergency Plan containing (i) the identification of the fire-fighting/first aid officers, (ii) the definition of the necessary organisation and management measures to be implemented in the event of an emergency, (iii) the methods of communication with the competent public services, (iv) how to sound the alarm, (v) informing workers of the measures to be taken and the behaviour to adopt, (vii) clear plans showing escape routes and fire-fighting equipment, (viii) scheduling of periodic drills.

E. Worker information and training activities

- Preparation and implementation of an annual Education, Information and Training Programme for all company figures. This document must be updated when the risk assessment is revised/reworked, in the event of changes in legislation, new hirings, changes in duties, in the event of changes in activities or processes (new machines, equipment, systems, etc.);
- Registration of participants' attendance and verification of learning at the end of each training session;
- Internal and external communication processes must be defined and implemented in a precise manner (who, when, what, how to communicate), taking care that the information communicated is consistent with internally generated and reliable information;
- Adoption of a procedure relating to Information Flows, on the basis of which the Heads of the corporate departments involved in the Processes concerned must communicate to the Supervisory Board any relevant information in relation to the specific activity and, in particular, knowledge of situations in which the same has been performed in breach of the corporate procedures in force.

- Adoption of a Whistleblowing System: with Legislative Decree 24 of 10 March 2023 - "Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 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), art. 6 of Legislative Decree 231/01 in terms of the adoption of a system for the management of whistleblowing concerning violations relevant for the purposes of the Legislative Decree itself. In relation to this legislation, the Company: (i) has activated an internal reporting channel for conduct that harms the public interest or the integrity of the public administration or private entity and that consists of unlawful conduct that is relevant pursuant to Legislative Decree 231 of 8 June 2001, or violations of the organisational and management models provided for therein, (ii) has communicated, internally and externally, the channel specifically intended for reports pursuant to Legislative Decree 24/2023, which is suitable for guaranteeing the confidentiality of the identity of the whistleblower in the activities of handling the report.

F. Monitoring, surveillance and operational control activities

- Adoption of a system for the detection and analysis of accidents, incidents, near misses and non-conformities that contains (i) the recording of events, (ii) the identification of factors that caused or contributed to their occurrence, (iii) the identification of corrective actions, (iv) the indication, where possible, of preventive actions;
- Adoption of a procedure relating to the systematic and continuous monitoring of the data/indicators representing the main characteristics of the various activities constituting the prevention and protection system that provides for, inter alia: (i) roles and responsibilities; (ii) the definition and formalisation of specific performance indicators relating to the management activities of the Prevention and Protection System that enable its effectiveness

and efficiency to be assessed; (iii) the regulation of monitoring activities; (iv) the analysis/implementation of any corrective actions for any gaps in the system;

- Adoption of a control system on workers' compliance with work procedures and instructions that have an impact on health and safety;
- Definition of the Health Surveillance Protocol carried out by the Competent Doctor, in the cases provided for by the regulations in force and in line with the findings of the risk assessment, recording of inspections carried out, management of health records, annual report of aggregated health data;
- Carrying out periodic audits, scheduled on the basis of the results of risk assessment, the monitoring of accidents and incidents, the occurrence of significant changes in the production structure and any reports of non-compliance. The auditors may be internal (individuals who are independent of the activities being audited) or external (consultants with specific experience in the field of occupational health and safety and who are not in a situation of conflict of interest). The audit activity must be conducted by carrying out documentary analyses (e.g. analysis of registers, presence of certificates and certifications, assessment of the adequacy of procedures, instructions, emergency plans, etc.) and on-site inspections (checking safety devices or safety signs). At the end of the audit, a report must be drawn up containing a summary of the findings of the audit and an indication of any non-conformities/observations noted. The Audit Report is communicated to the Employer and to those individuals the Employer may wish to involve;
- Holding of an annual meeting of the Prevention and Protection Service, in accordance with the provisions of Art. 35 of Legislative Decree 81/08 and recording of the minutes of the meeting;
- Carrying out constant control, verification and maintenance of systems and work equipment to ensure safety and prevention of damage, injuries resulting from inadequacies, non-conformities, incorrect use or other technical problems.

G. Management of relations with suppliers, information and coordination activities (DUVRI)

- Adoption of a procedure for the qualification of suppliers, both self-employed and companies, which takes into account the requirements of honourableness and professionalism and the compliance of what is supplied with the purchase specifications and the best available technology in terms of health and safety at the workplace;
- Verification of the technical-professional suitability of persons to be entrusted with works or supply contracts through the acquisition of appropriate documentation (e.g. certificate of registration with the chamber of commerce, self-certification of possession of technical-professional suitability requirements);
- Application of Article 26 of Legislative Decree 81/2008, including the preparation of the Single Document for the Assessment of Risk from Interference (DUVRI), shared with third parties to whom the Company entrusts the execution of the work or the contract; monitoring of compliance with the regulations in force by contractors;
- Adoption of a company regulation identifying the cases in which Article 26 of Legislative Decree 81/2008 must be supplemented with the specific regulations on the management of construction sites (Title IV of Legislative Decree 81/2008) and consequent application of the latter with regard to the specific appointments and fulfilments required;
- Formalisation of the contract of tender, work or supply contract containing (i) the provision of a specific declaration of knowledge of and commitment to comply with the regulations set out in Legislative Decree 81/2008 and Legislative Decree 231/2001 and (ii) the Company's right to terminate the contract in the event of violation/breach of this obligation. Contracts are authorised and signed in accordance with the Company's system of delegated and signing powers.

H. Management of documentation and recording systems to ensure traceability of activities

- Adoption of a procedure identifying roles and responsibilities for the transcription, traceability and archiving of company documentation and mandatory health and safety books. Every transaction relating to the sensitive activity must, where possible, be adequately recorded. The process of decision, authorisation and performance of the sensitive activity must be verifiable ex post, also by means of appropriate documentary evidence, and, in any case, the possibility of deleting or destroying the records made must be regulated in detail.

I. Control Environment

- Definition of the Control Environment: it represents the foundation of the entire Internal Control System-Risk Management (ICS-RM), influencing all the other components of the system, as well as the entire corporate organisational structure; the Board of Directors is fully aware of and plays the role of defining the nature and level of risk compatible with the Company's strategic objectives and structures the ICS-RM accordingly;
- Adoption of the Code of Ethics, which enshrines values and rules of "corporate ethics" that the Company recognises as its own and whose observance it requires of the Recipients of this Model. The Code of Ethics is the charter of values and principles that inspire business action: the charter of moral rights and duties that defines the ethical and social responsibility of every participant in the business organisation. The objective of the Code of Ethics is to establish a cultural and regulatory climate that - in addition to deterring conduct that could give rise to offences - ensures that the company is perceived and valued as a guarantee of moral responsibility.

J. Control Activities and Measures

- Appointment of the Supervisory Board, endowed with autonomous powers of initiative and control, aimed at ensuring the supervision of the effective implementation and application of the Model;
- Segregation of functions: in the management of processes, the principle of separation of roles is guaranteed by assigning to different subjects the crucial phases of which the processes themselves are composed and, in particular, those of decision, authorisation, execution and control;
- Documentation of controls: the documentability of the controls performed (both internal and third-party audits) must be ensured. It must be possible to retrace the control activities carried out so that the consistency of the methodologies adopted and the correctness of the results can be assessed.

K. Monitoring and Disciplinary System

- Relations and Reporting: control activities are documented in special reports; the control bodies report periodically to the Board of Directors on the status of implementation of the ICS-RM;
- Adoption of a Disciplinary System to guarantee the effective implementation of the Model, which contains the disciplinary measures applicable in the event of violation of the provisions contained in the Model.

CHAPTER 4

4. The Supervisory Board pursuant to Legislative Decree 231/2001

4.1. The Supervisory Board

Under the provisions of Legislative Decree 231/2001, the body may be exonerated from liability resulting from the commission of offences by senior persons or persons subordinate to their supervision and management, if the management body has:

- adopted and effectively implemented organisation, management and control models suitable for preventing the offences in question;
- entrusted the task of supervising the operation of and compliance with the Model and of updating it to a body of the entity endowed with autonomous powers of initiative and control.

Entrusting the aforementioned tasks to a body endowed with autonomous powers of initiative and control, together with the correct and effective performance thereof, is therefore an indispensable prerequisite for exemption from liability under Legislative Decree 231/2001.

The Confindustria Guidelines identify autonomy and independence, professionalism and continuity of action as the main requirements of the Supervisory Board.

In particular, the requirements of **autonomy and independence** can be found where the control initiative is free from any interference and/or conditioning by any component of the Company; in this sense, the inclusion of the Supervisory Board "as a *staff unit in as high a hierarchical position as possible*" is indispensable, with the provision of a "reporting" of the Supervisory Board to the highest operational corporate management, i.e. to the Administrative Body.

It is also indispensable that the Supervisory Board is not assigned operational tasks which, by making it a participant in operational decisions and activities, would undermine its objectivity of judgement when verifying conduct and the Model.

The concept of **professionalism** must be understood as referring to the "wealth of tools and techniques" necessary to effectively perform the activity of the Supervisory Board; in this sense, the Company has decided to employ specialised techniques typical of those who perform "inspection" activities, but also consultancy in the analysis of control and management systems and of a legal nature, with particular focus on criminal matters.

With particular regard to occupational health and safety profiles, the Supervisory Board must make use of all the resources that the Company has activated for the management of the relevant aspects (RSPP - Head of the Prevention and Protection Service, RLS - Workers' Safety Representative, MC - Competent Doctor, Supervisors) Head of the Prevention and Protection Service, RLS - Workers' Safety Representative, MC - Competent Doctor, Supervisors).

Continuity of action, which guarantees an effective and constant implementation of the organisational model, is ensured by the presence of a structure dedicated exclusively and full-time to supervisory activities.

4.2. General principles on the establishment, appointment and removal of the Supervisory Board.

In the absence of specific indications in the body of Legislative Decree 231/2001, SIMACO has opted for a solution that, taking into account the purposes pursued by the law, is able to ensure, in relation to its size and organisational complexity, the effectiveness of the controls to which the Supervisory Board is assigned.

In particular, it has identified its Supervisory Board as an external monocratic body.

The Supervisory Board remains in office for three (3) years and its members may be re-elected.

Generally speaking, it is necessary that the members of the Supervisory Board possess, in addition to adequate professional skills, subjective requirements that guarantee the autonomy, independence and honourableness required by the task.

Removal as a member of the Supervisory Board may take place in the cases provided for in Article 6 of the Articles of Association of the Supervisory Board (**Annex 3**).

The functions and powers of the Supervisory Board are set out in Article 9 of the Articles of Association of the Supervisory Board (**Annex 3**).

In order to be able to supervise the effectiveness and efficacy of the Model, the Supervisory Board must be the recipient of accurate, complete, timely and constant information flows; the type and content of the information flows, the corporate functions to which the information obligation is addressed and the timeframe for fulfilment are governed by **Annex 2 - Information Flow Procedure**.

As a general rule, direct communication with the Supervisory Board must be allowed and facilitated for all Recipients of the Model. In this sense, the channel set up (and clearly communicated to recipients) is the dedicated e-mail box odv@simacosrl.it.

With reference to the application of Legislative Decree 24/2023 (so-called **Whistleblowing**), the relevant rules are contained in **Annex 4**.

As regards the **duty of information of the Supervisory Board vis-à-vis the corporate bodies**, the relevant rules are contained in the Articles of Association of the Supervisory Board (**Annex 3**).

CHAPTER 5

5. Disciplinary System

5.1. Function of the disciplinary system

Legislative Decree 231/2001 indicates, as a condition for the effective implementation of the Organisation, Management and Control Model, the introduction of a disciplinary system capable of sanctioning non-compliance with the measures indicated in the Model.

Therefore, the definition of an adequate disciplinary system constitutes an essential prerequisite for the disqualifying value of the Organisation, Management and Control Model with respect to the administrative liability of entities.

The sanctions provided for in the disciplinary system will be applied to any breach of the provisions contained in the Model regardless of whether an offence has been committed and regardless of the course and outcome of any criminal proceedings initiated by the judicial authorities.

5.2. Measures against employees

Observance of the provisions and rules of conduct provided for by the Model constitutes fulfilment by employees of the obligations provided for in Article 2104, second paragraph, of the Italian Civil Code; obligations of which the content of the Model is a substantial and integral part.

Violation of the individual provisions and rules of conduct set out in the Model by employees always constitutes a disciplinary offence.

The measures indicated in the Model, non-compliance with which is intended to be sanctioned, are communicated by means of an internal circular to all employees, posted in a place accessible to all and binding on all employees of the Company.

Disciplinary measures may be imposed on employees in accordance with the provisions of Article 7 of Law 300 of 20 May 1970 (the so-called "Workers' Statute") and any applicable special regulations.

Notification of a breach of the Model corresponds to the initiation of the misconduct assessment procedure in accordance with the National Collective Bargaining Agreement applicable to the specific employee concerned by the procedure. Therefore:

- following the report of a breach of the Model, the assessment procedure is initiated;
- if, following the procedure, a violation of the Model is ascertained, the disciplinary sanction provided for in the applicable National Collective Bargaining Agreement is imposed;
- the sanction imposed is proportionate to the seriousness of the breach.

More specifically, on the basis of the ascertainment of the breach, at the request of the Supervisory Board and having heard the hierarchical superior of the author of the conduct complained of, the Board of Directors identifies - after analysing the employee's motivations - the disciplinary sanction applicable on the basis of the relevant National Collective Bargaining Agreement.

After applying the disciplinary sanction, the Board of Directors notifies the Supervisory Board of the imposition of that sanction.

The Supervisory Board and the Board of Directors monitor the application of disciplinary sanctions.

All legal and contractual requirements concerning the imposition of disciplinary sanctions are complied with, as well as the procedures, provisions and guarantees provided for in Article 7 of the Workers' Statute and the specific applicable National Collective Bargaining Agreement on disciplinary measures.

5.3. Violations of the Model and related sanctions

In compliance with the provisions of the relevant legislation and in accordance with the principles of typicality of violations and typicality of sanctions, SIMACO intends to bring to the attention of its employees the provisions and rules of conduct contained in the Model, the violation of which constitutes a disciplinary offence, as well as the applicable sanctions, taking into account the seriousness of the violations.

Without prejudice to the Company's obligations deriving from the Workers' Statute, the types of conduct constituting violations of the Model, accompanied by the relevant sanctions, are as follows:

1. A worker who violates one of the internal procedures laid down in the Model (e.g. fails to observe the prescribed procedures, fails to notify the Supervisory Board of the prescribed information, fails to carry out checks, etc.), or adopts, in the performance of activities in sensitive areas, a conduct that does not comply with the requirements

of the Model, incurs the measure of "*reprimand or verbal warning*". Such conduct constitutes non-compliance with the provisions issued by the Company.

2. The measure of "*written warning*" shall be applied to any worker who is a habitual offender in violating the procedures laid down in the Model or in adopting, in the performance of activities in sensitive areas, a conduct that does not comply with the requirements of the Model. Such conduct constitutes repeated non-compliance with the provisions issued by the Company.

3. A worker incurs the measure of "*fine*", in accordance with the above-mentioned National Collective Bargaining Agreement, who, in violating the internal procedures laid down in the Model, or by adopting, in the performance of activities in sensitive areas, a conduct that does not comply with the prescriptions of the Model, exposes the integrity of corporate assets to a situation of objective danger. Such conduct, carried out without complying with the provisions issued by the Company, leads to a situation of danger for the integrity of the Company's assets and/or constitutes acts contrary to the interests of the Company.

4. The measure of "*suspension from work and pay*", in accordance with the National Collective Bargaining Agreement, shall apply to any worker who, in violating the internal procedures laid down by the Model, or adopting a conduct not compliant with the provisions of the Model in the performance of activities in sensitive areas, causes damage to the Company by performing acts contrary to its interests, or to any worker who is recidivist in the offences referred to in points 1, 2 and 3 more than three times in the calendar year. Such conduct, adopted for failure to comply with the provisions issued by the Company, causes damage to the Company's assets and/or constitutes acts contrary to the interests of the Company.

5. The measure of "*dismissal without notice, but with severance pay*", in accordance with the provisions of the National Collective Bargaining Agreement, shall be applied to any worker who, in breach of the internal procedures laid down by the Model, adopts a conduct in the performance of activities in sensitive areas which does not comply with the requirements of the Model and is unequivocally aimed at committing an offence or a crime, where such conduct is likely to cause considerable damage or a situation of considerable prejudice, or the worker who, in violating the internal procedures provided for by the Model, adopts, in the performance of activities in sensitive areas, a conduct clearly in breach of the prescriptions of the Model and such as to determine the concrete application against the Company of the measures provided for by the decree, having to recognise in such conduct the performance of

"acts such as to radically undermine the Company's trust in them", or the determination of a serious prejudice for the Company.

The type and extent of each of the above sanctions will also be applied taking into account:

- the wilfulness of the conduct or the degree of negligence, recklessness or inexperience with regard also to the foreseeability of the event;
- the worker's overall conduct, with particular regard to whether or not the worker has a disciplinary record, to the extent permitted by law;
- the worker's duties;
- the functional position of the persons involved in the actions constituting the fault;
- the other special circumstances accompanying the disciplinary offence.

This is without prejudice to SIMACO's prerogative to claim damages arising from an employee's breach of the Model. Any damages claimed will be commensurate:

- ✓ with the level of responsibility and autonomy of the employee committing the disciplinary offence;
- ✓ with the existence of any disciplinary record against them;
- ✓ with the degree of wilfulness of their conduct;
- ✓ with the seriousness of its effects, by which is meant the level of risk to which the Company reasonably believes it was exposed - pursuant to and for the purposes of Legislative Decree 231/2001 - as a result of the conduct complained of.

5.4. Measures applied against executives

In the event of a breach of the Model by executives, ascertained in accordance with the preceding paragraph, the Company shall take the measure deemed most appropriate against those responsible.

If the breach of the Model breaks the relationship of trust, the sanction is dismissal for just cause.

5.5. Measures against members of the Board of Directors

Upon receiving notice of a breach of the provisions and rules of conduct of the Model by members of the Board of Directors, the Supervisory Board shall promptly inform the entire Board of Directors of what has occurred. The recipients of the information from the Supervisory Board may, in accordance with the provisions of the Articles of Association, take the appropriate actions in order to adopt the most suitable measures provided for by law, including the revocation of any powers delegated to the member or members of the Board of Directors responsible for the breach.

5.6. Measures against business partners, consultants, collaborators.

Violation by business *partners*, agents, consultants, external collaborators or other persons having contractual relations with the Company of the provisions and rules of conduct provided for by the Model within the scope of the contractual relations in place with SIMACO constitutes a breach relevant for the purposes of contract termination, according to appropriately signed clauses.

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

CHAPTER 6

6. Training and Communication Plan

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

In particular, SIMACO's objective is to extend communication of the contents and principles of the Model not only to its own employees, but also to persons who, although not formally employees, work to achieve SIMACO's objectives by virtue of contractual relationships.

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

Communication and training on the principles and contents of the Model are ensured by top management, which identifies the best way to use these services (e.g.: training courses, information programmes, dissemination of information material).

The communication and training activities are under the supervision of the Supervisory Board, which is assigned the task, among others, of *“promoting and defining initiatives for the dissemination of knowledge and understanding of the Model, as well as for the training of personnel and raising their awareness of the principles contained in the Model”* and of *“promoting and developing communication and training activities on the contents of the decree and the impact of the regulations on the company's activities and rules of conduct”*.

Each employee is required to: (i) become aware of the principles and contents of the Model; (ii) understand the operating methods for carrying out their activity; (iii) actively contribute, in line with their role and responsibilities, to the effective implementation of the Model, by reporting any identified shortcomings; and (iv) participate in training courses, tailored to the different Sensitive Activities.

In order to guarantee an effective and rational communication activity, the Company intends to promote and facilitate employees' knowledge of the contents and principles of the Model, with the degree of detail varying according to the position and role they hold.

Each employee must receive a summary of the fundamental principles of the Model accompanied by a communication explaining that compliance with the principles

contained therein is a condition for the proper conduct of the employment relationship.

The copy signed by the employee of this communication must be kept at the disposal of the Supervisory Board.

Appropriate communication tools will be adopted to update employees about any changes to the Model, as well as any relevant procedural, regulatory or organisational changes.

The Supervisory Board reserves the right to promote any training activities it deems appropriate for the purpose of correctly informing and raising awareness within the company of the issues and principles of the Model.

The activity of communicating the contents and principles of the Model shall also be addressed to third parties who have contractually regulated collaborative relationships with SIMACO or who represent the Company without employment ties.

CHAPTER 7

7. Adoption of the Model - Criteria for updating and adapting the Model

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

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

Once approved, the changes and the instructions for their immediate application shall be communicated to the Supervisory Board, which, in turn, shall, without delay, make the same changes operative and ensure the correct communication of their contents within and outside the Company.

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

It remains, in any case, the sole responsibility of the Board of Directors to decide on updates and/or adaptations of the Model due to the following factors:

- ✓ regulatory changes in the area of the administrative liability of entities;
- ✓ identification of new sensitive activities, or change in those previously identified, also possibly connected with the start-up of new business activities;
- ✓ commission of the offences referred to in Legislative Decree 231/2001 by the recipients of the provisions of the Model or, more generally, of significant violations of the Model;
- ✓ detection of deficiencies and/or gaps in the Model's provisions following audits of its effectiveness.

The Model shall, in any case, be subject to periodic review every three years, to be decided by resolution of the Board of Directors.