



FORONI S.P.A.

**Organisation, Management and Control
Model pursuant to Legislative Decree
231/2001**

GENERAL PART

Modification history

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CHAPTER 1 - DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1 Foreword

Legislative Decree No. 231 of 8 June 2001 (hereinafter "Legislative Decree 231/2001" or the "Decree") was enacted pursuant to Article 11 of Law No. 300 of 29 September 2000, establishing a comprehensive framework for "*corporate liability arising from administrative offences connected to criminal conduct.*"

These rules apply to entities possessing a legal personality and companies and associations, including those without legal personality.

The Decree emerged primarily from Italy's ratification of international and European Union conventions mandating corporate liability mechanisms for specific criminal offences.

According to the regulations introduced by the Decree, companies can be held "liable" for certain offences committed or attempted in the interest or to the advantage of the companies themselves, by senior management (known as "persons in top positions" or simply "senior officials") and by those under their direction or supervision (Article 5, Paragraph 1, of Legislative Decree 231/2001).

The administrative liability of companies exists independently of the criminal liability of the individual who committed the offence and runs parallel to it.

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

Legislative Decree 231/2001 innovates the Italian legal system by making companies directly and independently subject to both monetary penalties and prohibitory sanctions in relation to offences attributed to individuals functionally linked to the company under Article 5 of the Decree.

However, the administrative liability of the company is excluded if the company has, among other things, adopted and effectively implemented, prior to the commission of offences, an Organisation, Management and Control Model pursuant to the Decree (hereinafter "Model 231" or "the Model") suitable for preventing such offences; these models can be adopted based on codes of conduct (guidelines) developed by representative business associations, including Confindustria, and communicated to the Ministry of Justice.

The administrative liability of the company is, in any case, excluded if senior officials 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 *under* Legislative Decree no. 231/2001, the Explanatory Report to 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 legal protection*'.

Legislative Decree 231/2001 has introduced into the Italian legal system a form of corporate liability that is "administrative" in nature – in accordance with Article 27, Paragraph 1, of the Constitution – whilst maintaining numerous points of convergence with "criminal" liability.

This hybrid nature is particularly evident in Articles 2, 8 and 34 of Legislative Decree 231/2001: Article 2 reaffirms the principle of legality, a fundamental tenet of criminal law, Article 8 establishes the autonomous nature of corporate liability, distinct from the determination of individual criminal responsibility and Article 34 mandates that such liability, arising from criminal conduct, must be established through criminal proceedings, thereby ensuring all associated procedural safeguards. Furthermore, the punitive character of the sanctions applicable to companies reinforces this dual nature.

1.3 Perpetrators of Offences in Senior Positions or Under Others' Direction

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 having financial and functional autonomy, as well as persons who exercise, even de facto, the management and control of the entity" (hereinafter referred to as persons in "senior positions" or "senior management"; Article 5, Paragraph 1, letter a), of Legislative Decree 231/2001);
- by persons subject to the direction or supervision of those in senior positions (known as persons under others' direction; Article 5, Paragraph 1, letter b), of Legislative Decree 231/2001).

It is important to emphasise that, by express legislative provision (Article 5, Paragraph 2, of Legislative Decree 231/2001), the company shall not be held liable if the aforementioned persons have acted exclusively in their own interest or in the interest of third parties.

1.4 Predicate Offences

The entity may be held liable only for the predicate offences under Articles 24 - 25-duodevices of Legislative Decree 231/2001, if committed in its interest or to its advantage by qualified persons pursuant to Article 5, Paragraph 1, of the Decree itself, or in cases of specific regulatory provisions referring to the Decree, as in the case of Article 10 of Law No. 146/2006.

The offences can be categorised as follows:

- **Crimes against Public Administration:** Through Law No. 3/2019, which amended Article 25, the crime of trafficking in illicit influence was introduced, with increased disqualification sanctions (paragraphs 2 and 3), while paragraph 5-bis provided for their reduction. Furthermore, following Legislative Decree 75/2020, additional offences against Public Administration were introduced, namely fraud in public supplies (Article 356 Criminal Code), fraud against the European

Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (Article 2, Law 898/1986), embezzlement (Article 314, paragraph 1, Criminal Code), misappropriation of money or movable property (Article 314-bis Criminal Code) and embezzlement by profiting from another's error (316 Criminal Code). Additionally, crimes of misappropriation of public funds (Article 316-bis Criminal Code), Additionally, the offences of misappropriation of public funds (Article 316-bis of the Criminal Code), unlawful receipt of public disbursements (Article 316-ter of the Criminal Code), and aggravated fraud for obtaining public disbursements (Article 640-bis of the Criminal Code) were amended (Legislative Decree 13/2022), as well as, through Law No. 137/2023, the introduction of offences concerning interference with public procurement bidding procedures (Article 353 of the Criminal Code) and interference with contractor selection procedures (Article 353-bis of the Criminal Code);

- **Corporate Offences:** Following the corporate law reform (Legislative Decree No. 61/2002), administrative liability of entities was extended to encompass false corporate communications and unlawful influence on shareholders' meetings pursuant to Article 25-ter of Legislative Decree 231/2001, subsequently modified by Law No. 69/2015 and Legislative Decree 38/2017. Additionally, Legislative Decree 19/2023 expanded this category of offences by introducing the crime of false or omitted declarations in relation to preliminary certificate issuance (Article 54, Legislative Decree 19/2023);
- **Offences relating to forgery of money, public credit cards, revenue stamps and identification instruments or marks,** comprising crimes against public faith and counterfeiting offences as set forth in Article 25-bis of Legislative Decree No. 231/2001 (introduced by Article 6 of Decree-Law No. 350/2001 and subsequently amended by Article 15 of Law No. 99 of 23 July 2009);
- **Offences relating to terrorism and subversion of democratic order** (pursuant to Article 25-quater of Legislative Decree No. 231/2001, introduced by Article 3 of Law No. 7/2003), encompassing both '*offences committed for purposes of terrorism or subversion of democratic order, as prescribed by the Criminal Code and special laws*', and offences '*committed in violation of Article 2 of the International Convention for the Suppression of the Financing of Terrorism (New York, 9 December 1999)*';
- **Market abuse offences,** as set forth in Article 25-sexies of the Decree, introduced by Article 9 of Law No. 62/2005 ("2004 European Union Law") and subsequently amended by Legislative Decree No. 107/2018 and Law 238/2021;
- **Offences against the individual:** including child prostitution, child pornography, human trafficking, slavery and servitude, and unlawful labour intermediation and exploitation, as set forth in Article 25-quinquies (introduced by Article 5 of Law No. 228/2003);
- **Transnational offences:** Article 10 of Law No. 146/2006 extends administrative liability to entities for specified offences that possess transnational characteristics;
- **Offences against life and personal safety:** Article 25-quater.1 of the Decree establishes administrative liability of entities for practices involving female genital mutilation;
- **Health and safety offences:** Article 25-septies establishes administrative liability of entities for offences under Articles 589 and 590(3) of the Criminal Code (manslaughter and grievous or very grievous bodily harm) when committed in breach of workplace health, safety and accident prevention regulations;
- **Offences of handling stolen goods, money laundering, use of money, goods or benefits of unlawful origin, and self-laundering:** Article 25-octies of the Decree extends entity liability to offences set forth in Articles 648, 648-bis, 648-ter and 648-ter.1 of the Criminal Code;
- **Computer crimes and unlawful data processing:** Article 24-bis of the Decree establishes administrative liability of entities for offences under Articles 615-ter, 617-quater, 617-quinquies, 635-bis, 635-ter, 635-quater and 635-quinquies of the Criminal Code, as amended by Law No. 133/2019 regarding violations of national cybersecurity perimeter regulations and Law No. 238/2021;
- **Organised crime offences:** Article 24-ter of the Decree extends entity liability to offences set

forth in Articles 416(6), 416-bis, 416-ter and 630 of the Criminal Code, and offences under Article 74 of the Consolidated Act (Presidential Decree No. 309 of 9 October 1990); Law No. 43/2019 amended Article 416-ter of the Criminal Code regarding political-mafia electoral exchange offences. Additional relevant provisions include Articles 600, 601, 601-bis, 602, 407 of the Criminal Code, Article 2 of Law No. 110 of 18 April 1975, and Article 73 of Presidential Decree 309/1990;

- **Offences against industry and trade:** Article 25-bis of the Decree establishes administrative liability of entities for offences under Articles 513, 513-bis, 514, 515, 516, 517, 517-ter and 517-quater of the Criminal Code;
- **Offences relating to copyright violation:** Article 25-nonies of the Decree establishes administrative liability of entities for offences under Articles 171(1)(a-bis), 171(3), 171-bis, and 171-ter (as amended by Legislative Decree No. 19/2023), 171-septies, and 171-octies of Law No. 633 of 22 April 1941;
- **Inducement not to make statements or to make false statements to Judicial Authorities:** Article 25-decies of the Decree refers to offences under Article 377-bis of the Criminal Code;
- **Environmental offences:** Article 25-undecies of the Decree establishes administrative liability of entities for offences under Articles 452-bis, 452-quater, 452-quinquies, 452-sexies, 452-octies, 727-bis and 733-bis of the Criminal Code, various articles of Legislative Decree No. 152/2006 (Environmental Consolidated Act), selected articles of Law No. 150/1992 concerning protection of endangered and dangerous species, Article 3(6) of Law No. 549/1993 regarding protection of stratospheric ozone and the environment, and various articles of Legislative Decree 202/2007 concerning ship-source pollution;
- **Employment of irregular third-country nationals:** Article 25-duodecies of the Decree establishes administrative liability of entities for offences under Article 2(1) of Legislative Decree No. 109 of 16 July 2012 regarding the employment of foreign workers without a residence permit or with an expired permit;
- **Racism and xenophobia offences:** Article 25-terdecies of the Decree establishes administrative liability of entities for offences under Article 604-bis of the Criminal Code;
- **Sports competition fraud and illegal gambling:** Article 25-quaterdecies (introduced by Law No. 39/2019) of Legislative Decree No. 231/2001 extends entity liability to offences involving fraud in sporting competitions and abusive gaming or betting activities;
- **Tax offences:** Article 25-quinquiesdecies (introduced by Law No. 157/2019) of the Decree establishes entity liability for offences of fraudulent declaration through the use of invoices or other documents for non-existent transactions (Article 2, Legislative Decree No. 74/2000), fraudulent declaration by means of other artifices (Article 3, Legislative Decree No. 74/2000), issuance of invoices or other documents for non-existent transactions (Article 8, Legislative Decree No. 74/2000), concealment or destruction of accounting documents (Article 10, Legislative Decree No. 74/2000) and fraudulent evasion of tax payments (Article 11, Legislative Decree No. 74/2000); Subsequently, Article 25-quinquiesdecies was expanded by Legislative Decree No. 75/2020, extending entity liability to include offences of misrepresentation (Article 4, Legislative Decree No. 74/2000), omitted declaration (Article 5, Legislative Decree No. 74/2000), and undue compensation (Article 10-quater, Legislative Decree No. 74/2000); Lastly, Legislative Decree 156/2022 redefined the concept of serious VAT fraud and extended the punishability of the offences of false declaration and fraudulent declaration by means of false invoices and other fraudulent devices also as a mere attempt if the conduct is carried out for the purpose of evading value added tax in cross-border fraudulent schemes, connected to the territory of at least one other Member State of the European Union, from which a total damage of EUR 10,000,000 or more results or may result;
- **Smuggling offences,** as referred to in Presidential Decree 43/1973, referred to in Article 25-sexiesdecies of the Decree, added by Leg. Decree 75/2020;
- **Offences relating to non-cash payment methods:** Article 25-octies.1 (introduced by Legislative

Decree No. 184/2021) of the Decree establishes entity liability for offences of undue use and falsification of non-cash payment instruments (Article 493-ter of the Criminal Code), possession and dissemination of computer equipment, devices or programmes aimed at committing offences concerning non-cash payment instruments (Article 493-quater of the Criminal Code) and computer fraud aggravated by the transfer of money, monetary value or virtual currency (Article 640-ter of the Criminal Code); Lastly, Law 137/2023, which entered into force on 10 October 2023, introduced the crime of fraudulent transfer of valuables (Article 512-bis);

- **Offences against cultural heritage:** Articles 25-septiesdecies and 25-duodevicies (introduced by Law No. 22/2022) of the Decree extend entity liability to offences under Articles 518-bis et seq. of the Criminal Code;

1.5 Sanctioning System

Articles 9-23 of Legislative Decree No. 231/2001 establish the following sanctions applicable to entities as a consequence of committed or attempted predicate offences:

- fine (and precautionary attachment);
- Disqualifying sanctions (also applicable as precautionary measures) lasting between three months and two years which, according to Article 14(1) of Legislative Decree No. 231/2001, *"are aimed at the specific activity to which the entity's offence relates"* and may consist of:
 - disqualification;
 - suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
 - prohibition of contracting with the Public Administration, except to obtain the performance of a public service;
 - exclusion from benefits, financing, contributions or subsidies and the possible revocation of those granted;
 - ban on advertising goods or services;
 - confiscation (and precautionary seizure);
 - publication of the judgement (in case of application of a disqualification sanction).

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

- The number of shares, taking into account the seriousness of the offence, the degree of the company's liability and the activity carried out to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences;
- the amount of each individual share is determined based on the company's economic and financial conditions.

Disqualification penalties apply only to offences for which they are expressly provided (i.e., offences against the Public Administration, certain offences against public faith—such as counterfeiting money—offences related to terrorism and subversion of the democratic order, offences against the individual, female genital mutilation practices, transnational offences, health and safety offences, handling stolen goods, money laundering, the use of money, goods or benefits of unlawful origin, as well as self-laundering, computer crimes and unlawful processing of data, organised crime offences, offences against industry and trade, offences related to copyright violations, certain environmental offences, offences of undue inducement to give or promise benefits, racist and xenophobic offences, sports fraud, tax offences, and smuggling offences) and where at least one of the following conditions is met:

- the company has derived a significant profit from the commission of the offence, and the offence was committed by individuals in senior positions or by individuals under the direction of others when, in the latter case, the commission of the offence was determined or facilitated by serious organisational deficiencies;
- there is a repetition of the offences.

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

The sanctions of disqualification from carrying on business, prohibition from contracting with the Public Administration, and prohibition from advertising goods or services may be applied—on a definitive basis—in the most serious cases. We also highlight the possible continuation of the company's activity (in lieu of the imposition of the sanction) under the management of a court-appointed commissioner, pursuant to and under the conditions set forth in Article 15 of Legislative Decree No. 231/2001.

1.6 Attempt

In cases where offences punishable under Legislative Decree no. 231/2001 are committed in the form of an attempt, pecuniary sanctions (in terms of amount) and prohibitory sanctions (in terms of duration) are reduced by one-third to one-half.

Penalties do not apply in cases where the entity voluntarily prevents the execution of the action or the occurrence of the event (Article 26 of Legislative Decree 231/2001).

1.7 Changes Affecting the entity

Legislative Decree 231/2001 regulates the regime of the entity's financial liability, including in relation to events that modify it, such as transformation, merger, demerger, and transfer of a company. The body is liable for the obligation to pay the pecuniary penalty with its assets or common fund, pursuant to Art. 27(1), where the term 'assets' applies to companies and entities with legal personality, while 'common fund' refers to unincorporated associations.

Articles 28-33 of Legislative Decree 231/2001 regulate the impact on the entity's liability of alternative events related to transformation, merger, demerger, and transfer of business operations. The legislator has considered two opposing requirements:

- on the one hand, to prevent such transactions from becoming a means of easily evading the entity's administrative liability;
- on the other hand, not to penalise reorganisation measures undertaken with no evasive intent.

In the event of a transformation, Article 28 of Legislative Decree 231/2001 stipulates that, since it involves only a change in the type of company without resulting in the extinction of the original legal entity, the entity's liability for offences committed prior to the effective date of the transformation remains unaffected.

In the event of a merger, the entity resulting from the merger (also by incorporation) is liable for the offences for which the entities participating in the merger were liable (Art. 29 of Legislative Decree no. 231/2001).

Article 30 of Legislative Decree 231/2001 states that, in the case of a partial demerger, the demerged company retains liability for offences committed before the demerger's effective date.

The entities benefiting from the demerger (whether total or partial) are jointly and severally liable for the payment of pecuniary penalties owed by the demerged entity for offences committed before the demerger's effective date, up to the actual value of the net assets transferred to each individual entity.

This limitation does not apply to beneficiary companies to which the branch of activity, within the scope of which the offence was committed, has been transferred, even partially.

Disqualification penalties for offences committed before the demerger's effective date apply to the entities to which the branch of activity, in which the offence was committed, remained or was transferred, even partially.

Article 31 of the Decree sets out provisions common to mergers and demergers, addressing the determination of sanctions when such extraordinary transactions occur before the conclusion of the case. In particular, the principle is clarified that the judge must determine the pecuniary penalty in accordance with the criteria set out in Article 11(2) of the Decree, referring in any case to the economic and financial conditions of the entity originally liable, rather than those of the entity to which the penalty is attributed following the merger or demerger.

In the event of a disqualification sanction, the entity liable following the merger or division may request the court to convert the disqualification sanction into a fine, provided that (i) the organisational deficiency that enabled the commission of the offence has been remedied, and (ii) the entity has compensated for the damage and made available, for confiscation, the portion of the profit that may have been obtained. Article 32 of Legislative Decree 231/2001 allows the judge to consider convictions previously imposed on the entities involved in the merger or on the demerged entity to establish recurrence, pursuant to Article 20 of Legislative Decree 231/2001, in relation to offences subsequently committed by the entity resulting from the merger or the beneficiary of the demerger. A unified regulation applies to cases of business transfers and contributions (Article 33 of Legislative Decree 231/2001). In the event of a transfer of the business within whose operations the offence was committed, the transferee is jointly liable for the payment of the pecuniary penalty imposed on the transferor, subject to the following limitations:

- (i) the benefit of the assignor's prior enforcement is not affected;
- (ii) The transferee's liability is limited to the value of the business transferred and to fines recorded in the statutory books of account or arising from administrative offences of which the transferee was aware.

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

1.8 Offences Committed Abroad

Under Article 4 of Legislative Decree 231/2001, an entity may be held liable in Italy for offences—falling within the scope of the same Legislative Decree—committed abroad. The rationale is to ensure that unlawful conduct does not go unpunished, thereby preventing any circumvention of the existing legislation.

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

- (i) The offence must be committed by a person functionally linked to the entity, in accordance with Article 5(1) of Legislative Decree 231/2001;

- (ii) the entity must have its head office within the territory of the Italian State;
- (iii) The entity may be held liable only in the cases and under the conditions set forth in Articles 7, 8, 9, and 10 of the Italian Criminal Code. (in cases where the law requires that the offender—a natural person—be prosecuted at the request of the Minister of Justice, proceedings may be initiated against the entity only if such a request is also made against the entity itself), and always in compliance with the principle of legality established in Article 2 of Legislative Decree no. 231/2001, only for offences for which its liability is expressly provided by a specific legislative provision;
- (iv) If the cases and conditions provided for in the aforementioned articles of the Criminal Code are met, the State where the act was committed must not prosecute the entity.

1.9 Infringement Proceedings Pursuant to Legislative Decree. 231/2001

Article 36 of Legislative Decree 231/2001 states that "*Jurisdiction over administrative offences committed by the entity lies with the criminal court that has jurisdiction over the predicate offences on which the administrative offences are based.*" *The provisions on the composition of the court and the related procedural provisions relating to the offences on which the administrative offence depends shall be observed in the proceedings for the determination of the administrative offence of the entity*'.

In addition, proceedings against the entity should, as far as possible, be joined with the criminal proceedings against the natural person who committed the predicate offence, in accordance with Article 38 of Legislative Decree 231/2001, which, in paragraph 2, sets out the circumstances under which the administrative offence is prosecuted separately.

The entity participates in criminal proceedings through its legal representative, unless the legal representative is charged with the predicate offence on which the administrative offence is based. If the legal representative does not appear, the entity is represented by its lawyer (Article 39(1) and (4) of Legislative Decree 231/2001).

1.10 Exempting Effectiveness of Organisational, Management and Control Models

If the predicate offence is committed by a person in a top management position ("apical" person), 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, organisational and management models designed to prevent offences of the type that was committed.
- b) The task of supervising the implementation and compliance with the models, as well as ensuring their periodic updating, has been assigned to a corporate body with autonomous powers of initiative and control;
- c) The individuals committed the offence by fraudulently circumventing the organisational and management models;
- d) there was no or insufficient supervision by the supervisory body.

In the case at hand, there is, therefore, a presumption of liability on the part of the company, as these individuals express and represent the policy and, consequently, the will of the entity itself. This presumption can be rebutted if the company is able to demonstrate its lack of involvement in the facts alleged against the apical person by proving the concurrent existence of the aforementioned requirements and, consequently, that the commission of the offence did not result from its own "organisational fault."

In the case of an offence committed by individuals subject to the management or supervision of others, the company is liable if the commission of the offence was made possible by a failure to comply with the management or supervisory obligations that the company is required to fulfil.

In any case, the failure to fulfil management or supervisory obligations is deemed not to have occurred if the company, prior to the commission of the offence, has adopted and effectively implemented an organisation, management, and control model designed to prevent offences of the type committed.

In the case of an offence committed by a person subject to the direction or supervision of a senior person, the burden of proof is reversed. In the scenario outlined in Article 7, the prosecution must prove the failure to adopt and effectively implement an organisation, management, and control model suitable for preventing offences of the type that occurred.

Legislative Decree 231/2001 defines the requirements for organisation and management models, specifying that they must, in accordance with the scope of delegated powers and the risk of offences being committed, as outlined in Article 6(2):

- identify the activities within which offences are likely to be committed;
- establish specific protocols designed to plan the formation and implementation of the company's decisions in relation to the offences to be prevented;
- define methods for managing financial resources that are appropriate for preventing the commission of offences;
- establish information obligations towards the body responsible for supervising the functioning of and compliance with the models.
- introduce an appropriate disciplinary system to penalize non-compliance with the measures outlined in the model.

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

- provide for periodic verification and potential amendment of the model in the event of significant violations of its requirements or changes in the organisation or its activities;
- establish a disciplinary system appropriate for penalising non-compliance with the measures outlined in the model;

1.11 Codes of Conduct (Guidelines)

Article 6(3) of Legislative Decree 231/2001 states: "*Organisational and management models may be adopted, ensuring compliance with the requirements set out in paragraph 2, based on codes of conduct drafted by the associations representing the entities. These codes are communicated to the Ministry of Justice, which, in agreement with the competent Ministries, may, within thirty days, provide observations on the suitability of the models to prevent offences.*"

Confindustria has developed the Guidelines for the implementation of organisation, management, and control models (hereinafter referred to as the "Confindustria Guidelines"), which provide, among other things, methodological guidance for identifying risk areas (i.e., sectors/activities where offences may be committed), designing a control system (protocols for planning and implementing the entity's decisions), and defining the contents of the organisation, management, and control model.

In particular, the Confindustria Guidelines recommend that member companies adopt risk assessment and risk management processes and outline the following steps for defining the model:

- identification of risks and protocols;

- Adoption of a set of general tools, the most important of which is a code of ethics specifically addressing offences under Legislative Decree no. 231/2001 and a disciplinary system;
- Identification of the criteria for selecting the Supervisory Board, along with specifying its requirements, responsibilities, powers, and information obligations.

The Confindustria Guidelines were submitted to the Ministry of Justice, prior to their dissemination, in accordance with Article 6(3) of Legislative Decree no. 231/2001. This was done to allow the Ministry to express its observations within thirty days, as stipulated in Article 6(3) of Legislative Decree no. 231/2001, referred to above.

The version, approved by the Ministry of Justice on 21 July 2014, was last updated on June 2021.

Foroni S.p.A. has adopted its Organisation, Management and Control Model on the basis of the Guidelines drawn up by the main trade associations, particularly the Confindustria Guidelines.

1.12 Assessment of Suitability

The determination of the company's liability, entrusted to the judge, is carried out by verifying the existence of the predicate offence and assessing the suitability of the organisational model adopted and implemented.

The judge's review of the abstract suitability of the organisational model to prevent the offences under Legislative Decree 231/2001 is conducted according to the "retrospective prognosis" criterion.

The judgement of suitability by the judge is carried out through an ex ante assessment, in which the judge ideally places themselves in the company's context at the time the offence occurred to evaluate the effectiveness of the adopted model. Therefore, an organisational model that, prior to the commission of the offence, could and should be considered "suitable to prevent offences" must be regarded as capable of eliminating or, at the very least, minimising the risk of the offence being committed with reasonable certainty.

CHAPTER 2 - COMPANY OVERVIEW: GOVERNANCE MODEL ELEMENTS AND GENERAL ORGANISATIONAL STRUCTURE

2.1 *Foroni S.p.A.*

Foroni S.p.A. (the "Company") was established on 1 December 1963 and is identified by tax code and VAT number 00616840120, as well as registration number VA-93916 in the Varese Companies Register. The Company's registered office is located at Via Ambrogio Colombo 285, Gorla Minore, 21055.

The Company specializes in the production of special stainless steels and super alloys, primarily in the form of bars and billets¹. Its procurement process is highly structured, ensuring that each delivery is thoroughly evaluated by various internal company bodies.

Internal logistics are fully managed by Foroni S.p.A. Upon arrival at the company's warehouses, the products are inspected, batched, and stored according to their specific type, ensuring full traceability.

The Company's operations are primarily focused abroad, particularly the 'Oil & Gas' sector: Foroni S.p.A. exports approximately 75% of its production. The Company does not engage with the public administration, either directly or indirectly; its customers are exclusively private companies.

2.2 *Foroni S.p.A. Governance Model*

The Company operates under a traditional management model with a Board of Directors composed of two or three members, one of whom serves as the Chairman.

The company's organisational chart reflects, at its highest level, the division of responsibilities within the Board of Directors. The Chairman of the Board of Directors also serves as the employer, holding delegated powers in the areas of safety and the environment, as indicated on the Company's Chamber of Commerce certificate.

With regard to workplace safety, the organisational structure identifies the following key roles and responsibilities:

- DL - Employer
- Safety Delegate pursuant to Art. 16 of Legislative Decree 81/08
- Managers
- Supervisors
- Workers

¹ The Company's corporate purpose is the production of special common steels, stainless steels, and super alloys in the form of forgings, rolled products, tubes, or any other obtainable form, including those processed by third parties. It also includes the storage and resale of metals and raw materials in general. The Company's purpose also includes the purchase, construction, renovation, sale, rental, and management of real estate owned by the Company, whether for civil, commercial, or industrial use, as well as the execution of construction and building works in general, in any form. The Company's purpose also includes the rental or leasing of aircraft to third parties. It may also carry out all commercial, industrial, financial, movable and real estate transactions deemed necessary or useful by the administration for the achievement of the corporate purpose, and directly and indirectly acquire interests and shareholdings in other companies or enterprises, excluding in any case the purpose of placement with third parties and the power of the directors to act towards the public. The Company may also guarantee its own obligations or those of companies within its group to banks or financial intermediaries listed under the provisions of the TUB, whenever deemed appropriate by the management. (Chamber of Commerce Extract, last updated 28/07/2016)

- RSPP - Protection and Prevention Service Manager
- RLS - Workers' Safety Representatives
- MC - Physician
- RSGS Safety Management System Manager

With regard to environmental matters, the organisational structure provides for the identification of the following key roles and responsibilities:

- Legal Representative
- Environment Delegate

2.2.1. Shareholders' Meeting

The Shareholders' Meeting may be either ordinary or extraordinary in nature, as defined by law, and can also be convened in a location other than the registered office, provided it is within Italy.

2.2.2. Governance Tools

The primary governance tools implemented by the Company are as follows:

- The Articles of Association, which not only outline the activities conducted by the entity but also include various provisions related to corporate governance, such as the operation of the Shareholders' Meeting and the Board of Directors;
- the system of powers of attorney delegated by the Board of Directors;
- The Risk Assessment Document, along with its annexes, concerning the management of occupational health and safety;
- specific procedures designed to mitigate and manage the risk of offences being committed;
- the Code of Ethics;
- the organisational chart and company procedures, which define the functions, responsibilities, and hierarchical and functional relationships within the Company;
- the designation of the employer figure endowed with the broadest powers and financial autonomy;
- the adoption of the ISO 9001 and ISO 14001 integrated management system;
- company procedures regulating the primary business processes and sensitive operations;
- all company documentation relating to the occupational health and safety management system.

The governance tools adopted by Foroni S.p.A., together with the provisions of this Model, enable the identification of how the entity's decisions are formulated and implemented across all activities. With regard to workplace health and safety management, the company has established a prevention and protection service and also engages external professionals to ensure the protection of health and safety, as well as continuous and full compliance with applicable regulations.

The use of management software ensures the traceability of administrative, accounting, and management operations.

2.2.3. Board of Auditors

The Company has a Board of Statutory Auditors consisting of 3 (three) regular members and 2 (two) alternates, all selected from individuals registered in the register of auditors maintained by the Ministry of Justice.

2.2.4. Auditing Firm

The statutory audit is carried out by an auditing firm registered in the register of auditors established at the Ministry of Justice.

2.2.5. *Transactions with Subsidiaries, Associates, Parent Companies, and Their Controlled Entities*****

Froni S.p.A. controls a foreign subsidiary, Froni Metals of Texas, Inc., headquartered in Houston, USA. The subsidiary operates in its market by distributing the products of its Italian parent company, Froni S.p.A. The US company is equipped with a technical-commercial structure and operates fully in the American market; however, it does not engage in product processing activities, as production is centralized in Italy.

All intra-group relationships are regulated and documented as described in the documentation prepared for the determination of transfer pricing.

2.3 *Froni S.p.A. Organisation Model*

The company operates at the following locations:

- Gorla Minore, which houses all the aforementioned functions, along with approximately 50,000 square metres of covered warehouses, administrative offices, and around 60 production facilities;
- Milan, where there is a sales representative office;
- Froni Metals of Texas, Inc., Houston, Texas, USA, where there is a sales office including a finished goods warehouse. Froni Metals of Texas is a customer of Froni S.p.A.

The organisational system of the Company (including organisational structures, positions, and areas of responsibility) is defined through management-issued organisational provisions, accompanied by the corresponding organisational charts.

Together with organisational provisions, organisational charts provide a concise representation of the organisational structure, enabling the identification of responsibilities as well as hierarchical and functional relationships between organisational units.

The Plant Manager is responsible for overseeing the company's technical facilities and production area. The Scheduling function manages the entire manufacturing process by defining production plans, procurement needs, and timelines for the production of finished products. This is done after receiving sales orders and reviewing warehouse stock levels. The Steelworks and Transformation functions execute the production plans according to the specifications defined by them in coordination with the RSQ (Research Development Quality) office. To carry out its function, the Steelmaking department monitors raw material stock and sales orders received from the sales department on a weekly basis. This allows it to manually calculate the Material Requirements Planning (MRP) and coordinate with the Purchasing and Administrative functions for the procurement of raw materials and consumables. The Steelworks function does not have direct dealings with suppliers; instead, suppliers communicate directly with the Purchasing and Administrative Departments.

The Plant Engineering function supports both the Steelworks and Processing functions by ensuring

the optimal, efficient, and safe operation of over 60 systems within the company.

Once the finished products are manufactured, they are transferred to the warehouse and managed by the Shipping Department. In coordination with the Sales Department, the Shipping Department defines delivery schedules for end customers and oversees the organisation and management of logistics.

The Sales Department manages the sales cycle in a traceable manner, as outlined by the relevant ISO 9001 procedure. The entire sales order cycle is managed through a dedicated management system, ensuring that every stage of the order is verifiable from a documentary perspective.

The Administrative Department is primarily responsible for managing and coordinating all accounting, tax, and financial aspects of the company.

The organisational structure of Foroni S.p.A. is based on the following principles:

- clear and precise determination of tasks, associated responsibilities and hierarchical lines;
- assignment of powers of representation strictly to the extent necessary and always within limits that are consistent and compatible with the tasks performed by the individual to whom they are assigned;
- correspondence between the activities actually performed and the tasks and responsibilities described in the organisation chart of the Company.

An analysis of the company organisational chart, records from the Chamber of Commerce, and targeted interviews allowed for the identification of individuals performing representative functions for the Entity, with a thorough verification of the sources from which these powers originate.

2.4 Internal Control System

Foroni S.p.A. has adopted the following general instruments designed to plan the formulation and implementation of the Company's decisions (including those related to the prevention of offences):

- the ethical principles that guide the Company, as outlined in the provisions of the Code of Ethics;
- the system of delegation and proxy powers established by the Board of Directors;
- the documentation and provisions inherent in the company's hierarchical and organisational structure;
- the internal control system and, consequently, the structure of company procedures;
- procedures relating to the administrative, accounting, and reporting system;
- company communications and circulars addressed to staff;
- mandatory, suitable, and differentiated training of all personnel.
- the penalty system established in the applicable CCNLs (National Collective Labour Agreements);
- the body of national and foreign laws and regulations, where applicable.

2.5 Intra-Group Transactions

Foroni S.p.A. has not entered into any significant intra-group agreements, other than the standard commercial contracts previously discussed in the earlier paragraphs.

The details of intra-group transactions are regularly documented in the transfer pricing records in accordance with OECD guidelines and Internal Revenue Service requirements.

CHAPTER 3 - ORGANISATION, MANAGEMENT, AND CONTROL MODEL: METHODOLOGY AND PROCESS OF ITS DEVELOPMENT

3.1 Foreword

The decision by the Board of Directors to adopt an Organisational, Management, and Control Model pursuant to Legislative Decree 231/2001, along with the Code of Ethics, not only serves as a tool to prevent the commission of offences covered by the Decree but also represents an act of social responsibility towards all stakeholders (shareholders, employees, customers, business partners, suppliers, etc.) and the wider community.

The adoption and dissemination of a constantly updated Organisational Model are intended both to create awareness among potential offenders that committing such acts is firmly condemned by the Company and contrary to its interests, and to enable the Company, through constant monitoring of activities, to prevent and respond promptly to the commission of offences or the occurrence of such events.

The Company has, therefore, undertaken the preparation of the Model for the prevention of offences in order to align with best practices, doctrine, and existing case law on the subject.

The adoption of the Model, pursuant to the aforementioned Decree, is not mandatory. The Company, however, considered this adoption to be consistent with its corporate policies in order to:

- establish and/or strengthen controls that enable the Company to prevent or promptly respond to the commission of offences that could result in the administrative liability of the Company, whether committed by senior management or individuals under their direction or supervision;
- - raise awareness among all individuals collaborating with the Company in various capacities (e.g., external collaborators, agents, suppliers, etc.) with the same objectives, requesting them to adopt behaviour that does not pose a risk of committing offences within the scope of activities carried out in the Company's interest;
- ensure its integrity by implementing the measures expressly provided for in Article 6 of the Decree;
- enhance effectiveness and transparency in the management of business activities;
- instil in potential offenders a clear awareness that committing an offence is strongly condemned and contrary to the Company's interests, even in cases where it might appear to provide a benefit to the Company.

The Model, therefore, represents a coherent set of principles, procedures and provisions that:

1. influence the internal functioning of the Company and its interactions with the external environment;
2. govern the diligent management of a control system for sensitive activities, aimed at preventing the commission or attempted commission of the offences outlined in Legislative Decree No. 231/2001.

The Organisational Model consists of the following key elements:

- the process of identifying company activities within which the offences outlined in Legislative Decree No. 231/2001 may potentially be committed;
- the establishment of control standards related to the identified sensitive activities;
- the process of identifying methods for managing financial resources that are suitable for preventing the commission of offences;
- the establishment of a supervisory body endowed with tasks and powers appropriate to the functions outlined in the Model;
- information flows to and from the Supervisory Board along with specific reporting obligations to the Supervisory Board;

- a disciplinary system designed to penalise the violation of the provisions contained in the Model;
- a training and communication plan for employees and others interacting with the Company;
- the definition of criteria for updating and adapting the Model;
- the Code of Ethics;
- a formalised system of delegations and powers;
- a formalised system of procedures at company level.

The adoption of an organisational, management, and control model pursuant to Decree 231 not only helps—together with other factors—to shield the Company from liability for the commission of certain types of offences but also represents an important act of social responsibility. This initiative brings significant benefits to a wide range of stakeholders, including shareholders, managers, employees, creditors, and all others whose interests are tied to the Company's operations.

The implementation of a control system for entrepreneurial activities, combined with the establishment and promotion of ethical principles that elevate the Company's standards of conduct, significantly enhances the trust and strong reputation it enjoys with third parties. Moreover, it serves a regulatory function by guiding the behaviour and decisions of those who work on behalf of the Company daily, ensuring alignment with the aforementioned ethical principles and standards of conduct.

In this context, the Company has therefore undertaken a series of initiatives aimed at aligning its organisational model with the requirements of the Decree, ensuring consistency with the applicable legislative and regulatory framework, the principles deeply embedded in its governance culture, and the guidelines issued by the most representative associations (primarily Confindustria).

With reference to the current standards of conduct adopted by the Company, it is important to highlight that the rules governing its operations, as well as the principles that must guide the actions of all those working in its interest, are outlined, among other things, in the following documentation:

- the articles of association;
- the integrated quality, environment and safety policy;
- the code of ethics.

3.2 The Foroni S.p.A. Initiative for the Definition of Its Organisation, Management, and Control Model Pursuant to Legislative Decree 231/2001

The implementation of the Model is the result of a complex and structured process involving the execution of various activities aimed at developing a risk prevention and management system that complies with the provisions of Legislative Decree 231/2001 and Article 30 of Legislative Decree No. 81/08 (in relation to the development of the organisational model for the prevention of occupational health and safety offences).

In particular, the following steps were undertaken for the analysis of potential risks:

- 1) Collection and preliminary analysis of the following documentation to establish an overview of the corporate structure and existing policies:
 - a. Official company documentation;
 - b. Powers of attorney and proxies in place;
 - c. Company organigram;
 - d. Job descriptions and description of activities carried out in the different company areas;
 - e. Quality Manual;
 - f. Risk assessment document;
 - g. Document and data management procedure;
 - h. Security Policy Document;

- i. Existing company regulations and penalty system;
- 2) Conducting ad hoc interviews with the individuals responsible for the various corporate functions and well-versed in the corporate structure, in order to define the organisation and activities carried out by the different corporate sectors, as well as the corporate processes in which these activities are structured and their concrete and effective implementation.
- 3) Identification of the areas at risk, conducted by considering the specific industrial activities carried out by the company, as well as in accordance with the provisions of the 'Guidelines for the Construction of Organisation, Management, and Control Models Pursuant to Legislative Decree 231/2001, updated by Confindustria in 2021, and the Company's past history to verify whether any instances of offences committed by its employees, whether in senior or subordinate positions, have occurred. The criterion of historical precedents was therefore applied, alongside other criteria relevant to the proper construction of an organisational model, in the process of identifying risks and assessing the likelihood of offences occurring. The assessment of historical precedents was complemented by a comprehensive risk analysis across all corporate areas, also taking into account the information gathered during the drafting of internal procedures and group policies, which are specifically listed, detailed below, and are to be considered an integral part of this Organisational Model. Based on the mapping of activities conducted with reference to the specific context in which the Company operates, and the representation of sensitive or at-risk processes, the offences that could potentially be committed within the scope of Foroni S.p.A.'s activities have been identified. For each of these offences, the possible occasions, purposes, and methods of commission have also been determined.
- 4) An examination of the risk safeguards already implemented by the Company and an evaluation of their adequacy and suitability to prevent the commission of offences in identified risk areas. After completing the analysis phase of potential risks, the existing preventive control system in the identified risk areas was examined, taking into account the procedures adopted, the traceability of operations and controls, the separation of functions, and other relevant factors.
- 5) A gap analysis was conducted to identify the shortcomings of the existing risk prevention system at the Company in relation to the concrete needs that were identified. The audit was conducted to identify areas for integration or improvement in relation to best practices and legal requirements.
- 6) Identification and development of the protocols necessary to address the identified gaps and ensure the effective management of the risks under consideration
- 7) . The Board of Directors of Foroni S.p.A., following periodic reviews and based on proposals made by the Supervisory Board, shall approve any necessary amendments and/or additions to the Model. These may arise from significant violations of the Model's provisions, substantial changes to the Company's internal structure and/or the manner in which business activities are conducted, or regulatory and/or jurisprudential changes affecting the Decree.

3.2.1 **Launch of the Initiative and Identification of the Processes and Activities Within the Scope of Which the Offences Referred to in the Legislative Decree 231/2001 May Be Committed

Article 6(2)(a) of Legislative Decree 231/2001 specifies, among the requirements of the model, the identification of the processes and activities within which the offences expressly referred to in the Decree may be committed. In other words, these are the company activities and processes commonly referred to as 'sensitive' (hereinafter, 'sensitive processes' and 'sensitive activities').

This is the context for the objectives of the first phase of the investigation, which are:

- the identification of the company areas requiring intervention and the preliminary identification of sensitive processes and activities; and
- the identification of the persons responsible for sensitive processes/activities, i.e., the individuals with in-depth knowledge of the sensitive processes/activities and the control mechanisms currently in place (hereinafter, 'key officers').

A prerequisite for the identification of sensitive activities was the analysis of the Company's corporate and organisational structure (including the chamber of commerce records, organisational chart, contracts, operating procedures, minutes of board meetings, proxies, documentation related to the Company's governance system, and other relevant documentation). This analysis was conducted to gain a comprehensive understanding of the Company's activities and to identify the corporate areas requiring intervention.

The collection and analysis of relevant documentation from both a technical-organisational and legal perspective enabled the identification of sensitive processes/activities and the preliminary identification of the functions responsible for these processes/activities.

Subsequently, an analysis and evaluation were conducted through interviews with key officers responsible for the previously identified sensitive activities, with particular emphasis on the existing controls.

More specifically, for each sensitive process/activity identified in phase 1, its main phases, the functions, roles, and responsibilities of the internal and external actors involved, as well as the existing control elements, were analysed. This was done to determine the areas/sectors of activity and the ways in which the types of infringements relevant to the administrative liability of entities could theoretically be committed.

The analysis was conducted through ad hoc interviews with the individuals responsible for the various corporate functions and knowledgeable about the corporate structure. This was done to define the organisation and activities carried out by the different corporate sectors, as well as to establish, for each sensitive activity, the management processes and control mechanisms, with particular attention to the compliance and preventive controls in place to safeguard them.

For this purpose, a risk assessment document was prepared, summarizing the risk levels in relation to the regulatory requirements set out in Article 30 of Legislative Decree No. 81/08 concerning occupational safety and environmental standards.

For the purposes of the assessment, the following control standards were applied (in accordance with the general criteria outlined in the aforementioned Confindustria Guidelines), which are further detailed and described within the individual special parts of the model.

Control standards:

- **Responsibility and Segregation of Functions:** Identification of the activities performed by the various functions and their allocation among those who execute, those who authorise, and those who control, ensuring that no individual can independently manage the entire execution of a process. This segregation is ensured through the involvement of multiple parties within a sensitive process, in order to guarantee the independence and objectivity of the activities.
- **Existence of formalised proxies** consistent with organisational responsibilities assigned: The presence of formalised proxies and related spending powers aligned with the organisational responsibilities assigned, specifically in the performance of sensitive activities relevant to the purposes of Legislative Decree No. 231/2001. These proxies are specifically defined for the protection of health and safety, as provided for in Legislative Decree No. 81/2008, as well as for environmental protection, through a structured articulation of functions that ensure technical competencies in risk verification, management, and control.
- **Ex-post traceability and verifiability:** For each operation, there must be adequate documentary support that allows for controls to be carried out at any time, attesting to the characteristics and motivations of the operation, as well as identifying who authorised,

executed, recorded, and verified the operation. Additionally, the cases and methods for the possible cancellation or destruction of the records made must be regulated in detail. The safeguarding of data and procedures in the IT field can be ensured through the adoption of security measures already established by Legislative Decree No. 196/2003 (Personal Data Protection Code) for all data processing carried out electronically, as well as those required under the GDPR (EU Regulation 2016/679).

- **Presence of formalised protocols:** The Organisation defines protocols, procedures, instructions, or other appropriate and formalised documentation to outline the methods of governance for processes aimed at preventing the commission of predicate offences.
- **Existence of adequate records** demonstrating the implementation of formalised practices;
- **Surveillance measures and activities:** The Organisation establishes appropriate surveillance measures for activities related to the potential commission of offences, such as audit activities and monitoring plans.
- **Monitoring activities:** these activities are aimed at the periodic and timely updating of powers of attorney, delegation of functions, and the control system, ensuring consistency with the decision-making system and the overall organisational structure. Finally, the protocol provides for process controls;
- **Regulations:** appropriate provisions must be in place to establish principles of conduct, operating methods for performing sensitive activities, and methods for storing relevant documentation (such as management manuals, procedures, policies, guidelines, internal regulations, organisational provisions, and service orders).
- **Identification of the Supervisory Body:** To fully implement the requirements of the regulation, the company has undertaken actions, alongside the adoption and/or updating of the Organisational Model, to identify the Supervisory Board responsible for overseeing the Model, which has been extended to cover all predicate offences.
- **Personnel training:** specific training is provided to personnel involved in managing processes critical to the commission of offences, with proper documentation, including certificates, to confirm the delivery of training and assess its effectiveness.

Regarding the analysis and assessment of health and safety risks, specific reference was necessarily made to the document drafted in compliance with Article 28 of Legislative Decree No. 81/2008.

The identified sensitive activities constitute a fundamental component of the Organisational Model. At the conclusion of the Model update project, the necessary improvement actions were identified to elevate the level of compliance to a medium-high standard for each sensitive activity, thereby mitigating the risk of offences being committed.

This was followed by a further stage, consisting of:

- 1) identification of the organisational requirements defining an organisational model capable of preventing violations relevant to the administrative liability of entities.
- 2) actions to improve the existing organisational model.

To detect and analyse in detail the existing control model aimed at mitigating the risks identified and highlighted in the analysis activity described above, and to assess the conformity of the model with the provisions of the Decree, the Company conducted a comparative analysis (referred to as "gap analysis") between the existing organisational and control model and the abstract reference model. This assessment was carried out based on the requirements set forth by the regulations of Legislative Decree 231/2001, with particular attention to internal organisation, the system of company procedures, and the fulfilment of legal obligations related to the "sensitive activities" expressly referenced therein. Through the gap analysis, areas for improvement in the existing internal control system were identified. Based on these findings, an implementation plan was developed to define the organisational requirements necessary for an organisational, management, and control model compliant with the provisions of the Decree, as well as the actions required to enhance the internal control system.

Taking into account the analysis of the corporate context, the activities performed by the Company, and the areas potentially exposed to the risk of offences, the offences addressed in the Special Part listed below have been deemed relevant and, as such, have been specifically examined in the Organisational Model:

- offences committed in relations with the Public Administration (Articles 24 and 25 of the Decree);
- offences against industry and trade (Article 25-bis.1. of the Decree, added by Law 99/2009);
- corporate offences (Article 25-ter of the Decree, added by Article 3 of Law 61/2002);
- Offences of culpable homicide and grievous or very grievous bodily harm, committed in violation of the rules on accident prevention and the protection of hygiene and health in the workplace (Article 25-septies of the Decree, introduced by Article 9 of Law 123/2007);
- receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin (Article 25-octies of the Decree, added by Article 63, para. 3 of Legislative Decree 231/2007);
- inducement not to make statements or to make false statements to the judicial authorities (Article 25-novies of the Decree, added by Article 4 of Law 116/2009);

3.3 *The Foroni S.p.A. Organisation, Management and Control Model*

The development by the Company of its organisation, management, and control model pursuant to Legislative Decree No. 231/2001 (hereinafter, the "Model") involved an evaluation of the existing organisational framework to align it with the control principles established by Legislative Decree 231/2001 and to ensure its suitability for preventing the commission of the offences referred to in the Decree.

Legislative Decree 231/2001 assigns, alongside the fulfilment of the other conditions outlined in Articles 6 and 7 of the Decree, a justifying value to the adoption and effective implementation of organisational, management, and control models, provided that these models are suitably designed to prevent, with reasonable certainty, the commission or attempted commission of the offences specified in the Decree.

In particular, pursuant to Article 6(2) of Legislative Decree No. 6. 231/2001 an organisation and management model must fulfil the following requirements:

- identify the activities within which offences are likely to be committed;
- provide specific control protocols designed to plan the formulation and implementation of the entity's decisions concerning the offences to be prevented;
- identify methods for managing financial resources that are appropriate for preventing the commission of offences;
- establish information obligations towards the body responsible for supervising the functioning of and compliance with the models;
- introduce an appropriate disciplinary system to penalize non-compliance with the measures outlined in the model.

In light of the above considerations, the Company aimed to develop a Model that, based on the indications provided by the Confindustria Guidelines, would reflect its unique corporate reality, align with its governance system, and enhance the existing controls and bodies.

The definition and adoption of the Organisational Model are entrusted to the Management Body, as stipulated by the Decree. The document was first adopted by the Board of Directors.

This body is also responsible for managing the company and carrying out all operations necessary for its functioning, including both ordinary and extraordinary administration.

The Model represents a coherent set of principles, procedures and provisions that:

- affect the internal functioning of the Company and the way in which it relates to the outside world;
- establish the diligent management of a control system for sensitive activities, aimed at preventing the commission or attempted commission of violations relevant to the administrative liability of entities, which the Company has chosen to address based on the characteristics of its business.

The Company, assuming full responsibility, ensures the effective implementation of the Model within its organisational structure, aligning it with its unique characteristics and the specific activities it conducts in identified risk areas.

Finally, the Board of Directors identifies and appoints the Supervisory Board. To fully comply with the requirements of the regulation, the Company has, alongside adopting and/or updating the Organisational Model, taken steps to identify the Supervisory Board responsible for overseeing the Model designed to prevent the relevant offences.

3.3.1 Content, Structure and Function

The Model consists of:

-A General Part-

The structure of the Model is established through the implementation of a 'General Part,' which outlines the principles framing the measures adopted by the Company to comply with the requirements of Legislative Decree 231/01. This part is considered 'static,' as it does not include significant organisational or systemic elements and is subject to modification only in the event of corporate changes or when a genuine need arises.

-Special Part-

The Special Part pertains to the categories of offences relevant to the Decree that the Company has chosen to address, based on the specific characteristics of its business activities.

The Model identifies the sensitive activities where the risk of offences being committed is highest and establishes systems for the proceduralisation and control of these activities, designed to be implemented also as a preventive measure.

The identification of risk areas and the proceduralisation of activities enables the Company to: (i) raise awareness among employees and management about the areas and specific aspects of company operations that require heightened attention; (ii) clearly express the Company's firm condemnation of any conduct constituting an offence; and (iii) establish a continuous monitoring and control system for these areas, allowing for prompt intervention in the event of offences being committed.

3.3.2 Periodic Checks and Updating

This Model is subject to continuous monitoring by the Company's Supervisory Board, as defined and identified below. The Board verifies its functionality by detecting any violations, identifying shortcomings, and suggesting opportunities for improvement or amendments.

In particular, the Supervisory Board of the Company:

- The Supervisory Board periodically submits a report to the Board of Directors on the state of implementation and effectiveness of the Model within the Company. This report includes details on the tools used for its dissemination, any violations that have occurred, the type and frequency of offences committed, and the conduct that resulted in the commission of such offences;
- based on the above, the Supervisory Board formulates proposals for amendments to the Model, which are submitted to the Board of Directors for approval;
- The Supervisory Board is responsible for monitoring the effective updating of the Model to it.

It is the responsibility of the Supervisory Board to monitor the actual updating.

3.3.3 Relationship with the Code of Ethics

The Model is a legally distinct and autonomous document separate from the Code of Ethics, which is adopted by the Company alongside the Model and annexed to it, pursuant to a resolution of the Board of Directors. The Code of Ethics is an integral component of the organisation, management, control, and prevention system implemented by the Company.

In particular:

- the Code of Ethics is a tool adopted by the Company that defines the entity's rights, duties, and responsibilities towards employees, customers, suppliers, and, more broadly, all stakeholders with an interest in the Company. Its purpose is to recommend, promote, or prohibit specific behaviours, regardless of, and even beyond, the provisions of the Decree or applicable regulations;
- this Model is a tool adopted in accordance with the specific regulatory provisions of the Decree, designed to mitigate the risk of offences covered by the Decree being committed by the Company's senior management and their subordinates.

3.3.4 Management of Financial Resources

Without prejudice to the provisions of the previous paragraph, and considering that, pursuant to Article 6, letter c) of Legislative Decree No. 231/2001, one of the requirements the Model must fulfil is the identification of methods for managing financial resources to prevent the commission of offences, the Company has adopted specific protocols outlining the principles and conduct to be followed in the management of these resources.

CHAPTER 4 - DISSEMINATION OF THE MODEL

4.1 Recipients

To ensure the effective implementation of the Model, Foroni S.p.A. guarantees the proper dissemination of its contents and principles, as well as those of the Code of Ethics, both within and outside its organisation.

To this end, the adoption of this Model will be communicated to all company personnel, who will receive a copy (in paper or digital format, which may also be transmitted electronically), with particular attention to Senior Executives and Persons in Charge. The Model must be posted in an accessible place or made public on the Company's website.

The Company promotes the communication and appropriate involvement of the recipients of the Model, within the scope of their respective roles, functions, and responsibilities, in matters related to occupational health and safety (OSH), with particular attention to the following aspects:

- health and safety risks related to the company's activities;
- the prevention and protection measures and activities adopted;
- the specific risks to which each worker is exposed in relation to the activity carried out;
- the dangers associated with the use of dangerous substances and preparations;
- procedures concerning first aid, fire fighting, evacuation of workers;
- the appointment of persons entrusted with specific OSH tasks.

4.1.1 Employees

In different ways, depending on their degree of involvement in the activities identified as sensitive under Legislative Decree 231/2001, every employee is required to:

- i) acquire awareness of the contents of the Model made available to them;
- ii) know the operational modalities by which their activities must be carried out.

Employees must be guaranteed the opportunity to be informed of any changes to the Model and the related company procedures, ensuring they remain updated and compliant with the latest requirements. Furthermore, to facilitate understanding of the Model, employees are required to participate in specific training activities promoted by the Company through the Supervisory Board.

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

Participation in training programmes is mandatory for all training recipients and must be properly documented.

4.2 Personnel Information and Training Management

In addition to taking care of the information and dissemination aspects related to the Model, the Supervisory Board has the task of taking care of training activities aimed at disseminating adequate knowledge of the regulations set out in the Decree and of the consequences of violating the rules contained therein.

In particular, it is envisaged that the principles of the Model, and in particular those of the Code of Ethics that forms part of it, are illustrated to company resources through appropriate training activities (e.g. courses, seminars, questionnaires, etc.), in which participation is mandatory.

The courses and other training initiatives on the principles of the Model are further tailored based on the role and responsibilities of the individuals involved. Specifically, more comprehensive and in-depth training is provided to individuals classified as 'apical' under the Decree, as well as to those operating in areas identified as 'at risk' within the Model.

The Company also promotes the education and training of recipients, within the scope of their respective roles, functions, and responsibilities, on matters related to OSH, ensuring they are fully

aware of the importance of complying with the Model and the potential consequences of any violations. In this respect, particular importance is attached to the education and training of those responsible for OSH tasks.

For these purposes, a periodic education and training programme is defined, documented, implemented, monitored, and updated by the Company for the recipients of the Model – with particular attention to newly hired workers, for whom specific qualifications are required – on:

OSH, with specific reference to corporate security and the various risk profiles (e.g., fire-fighting team, first aid, safety officers, etc.). In particular, it is envisaged that education and training be tailored to the specific workplace and tasks assigned to workers and provided upon hiring, transfer or change of tasks, or the introduction of new work equipment, technologies, dangerous substances, or preparations.

The Company aims to ensure that recipients are thoroughly informed about the contents of the Decree and the obligations it entails.

The primary methods for conducting the training and information activities necessary for compliance with the provisions of the Decree include providing specific information at the time of recruitment, as well as additional activities deemed necessary to ensure the proper implementation of the Decree's requirements.

In particular, the plan includes:

- an initial communication. In this regard, the adoption and/or updating of this Model is communicated to all company personnel using the most appropriate tools available. New employees are informed about the existence of the Code of Ethics and the Model. They are also required to sign a form acknowledging that both the Code of Ethics and the General Part of the Model of Foroni S.p.A. are available on the company's website and committing to comply with the contents of these regulations. In addition, Senior Persons and/or Persons in Charge operating in Offence Risk Areas are informed about the Special Part(s) related to their respective Area.
- a specific training activity. This 'continuous' training activity is compulsory and developed through IT tools and procedures(update *e-mail* , company *intranet* , self-assessment tools, etc.), as well as regular training and refresher meetings and seminars. This activity is tailored in terms of content and delivery methods based on the recipients' qualifications, the risk level of the area in which they operate, and whether they hold a representative function within the Company.

4.3 Information to Third Parties and Dissemination of the Model

The Company also provides for the dissemination of the Model to individuals engaged in non-subordinate collaborative relationships, consultancy agreements, agency arrangements, commercial representation agreements, or other professional, non-subordinate services, whether continuous or occasional (including individuals acting on behalf of suppliers and partners, including those in the form of temporary business associations or joint ventures) (referred to as '**Third Parties**').

In particular, the corporate functions involved, as necessary, provide third parties in general, as well as the service companies with which they interact, with appropriate information regarding Foroni S.p.A.'s adoption of the Model pursuant to Legislative Decree No. 231/2001. The Company also encourages third parties to review the contents of the Code of Ethics and the General Part of the Model available on its website.

The respective contractual texts include specific clauses aimed at informing Third Parties of the Company's adoption of the Model. These clauses state that Third Parties acknowledge having read and understood the Model, are aware of the consequences of non-compliance with the principles outlined in the General Section of the Model and the Code of Ethics, and commit to refraining from, and ensuring that their senior management or subordinates refrain from, committing any of the offences outlined therein.

CHAPTER 5 - THE SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

5.1 *The Foroni S.p.A. Supervisory Board*

According to the provisions of Legislative Decree no. 231/2001 - Article 6(1)(a) and (b) - the entity may be exempted from liability arising from offences committed by individuals identified under Article 5 of Legislative Decree no. 231/2001, if the management body has, among other things:

- adopted and effectively implemented organisation, management and control models suitable for preventing the offences in question;
- entrusted with the task of supervising the functioning of and compliance with the model and ensuring that it is updated¹ to a body of the entity endowed with autonomous powers of initiative and control.

The responsibility for continuously monitoring the effective implementation of the Model, ensuring its compliance by the recipients, and proposing updates to enhance its efficiency in preventing offences, is assigned to a dedicated body established within the company.

The assignment of the aforementioned tasks to a body with autonomous powers of initiative and control, along with the proper and effective execution of these tasks, is therefore an essential prerequisite for exemption from liability under Legislative Decree No. 231/2001.

The Confindustria Guidelines² recommend that this body possess the following key characteristics:

- (i) autonomy and independence;
- (ii) professionalism;

¹ The Explanatory Report to Legislative Decree. 231/2001 states, in this regard: “*To this end, and to ensure the maximum effectiveness of the system, it is established that the company must rely on an internally established structure. This approach is intended to prevent any easy manipulation aimed at pre-arranging a justification for the company's actions through the use of compliant external bodies, and, above all, to establish genuine accountability on the part of the entity.*”

² Confindustria Guidelines: “*...the necessary requirements to effectively fulfil the mandate and be identified as the body required by Legislative Decree 231/2001 can be summarized as follows:*

- **Autonomy and independence:** *these requirements are ensured by granting the Body an autonomous and impartial position, as well as by providing for it to report directly to the company's highest operational level, namely the Board of Directors.*
- **Professionalism:** *this refers to the set of tools and techniques that the body must have at its disposal to effectively perform its assigned activities. These include specialised techniques specific to those engaged in 'inspection' activities, as well as expertise in consultancy related to the analysis of control systems, legal matters, and, more specifically, criminal law. As for the inspection and analysis of the control system, the reference to:
- for example: statistical sampling; techniques for analysing and assessing risks; measures for their containment (authorization procedures; mechanisms for juxtaposing tasks; etc.); flow-charting procedures and processes for identifying weak points; interview techniques and questionnaire processing; elements of psychology; methodologies for detecting fraud; etc. These techniques can be used a posteriori, in order to ascertain how an offence of the species under consideration could have occurred and who committed it (inspection approach); or preventively, in order to adopt - at the time of the design of the Model and subsequent amendments - the most appropriate measures to prevent, with reasonable certainty, the commission of such offences (consultancy approach); or, again, currently to verify that day-to-day conduct actually complies with those codified.*
- **Continuity of action:** *to guarantee the effective and constant implementation of a model as detailed and complex as the one outlined, especially in large and medium-sized companies, a dedicated structure is necessary - one that works exclusively and full-time on supervising the Model, without operational tasks that could lead to decisions with economic and financial effects.*

- (iii) continuity of action;
- (iv) respectability.

The requirements of autonomy and independence require: the absence of operational tasks for the Supervisory Board, which would jeopardize its objectivity by making it a participant in operational decisions and activities; the provision of reports from the Supervisory Board to the highest corporate management; and the allocation of financial resources for the Supervisory Board's functioning within the annual budgeting process.

Moreover, the Confindustria Guidelines state that "*in cases of mixed composition or where the Body includes internal members, since complete independence from the entity cannot be expected of internal members, the degree of independence must be assessed for the Body as a whole.*"

The requirement of professionalism refers to the theoretical and practical knowledge of a technical-specialist nature necessary to perform the Supervisory Board's functions effectively, specifically the specialized techniques essential for conducting inspection and advisory activities.

The requirement of continuity of action necessitates a Supervisory Board with an internal structure dedicated to continuous Model supervision.

Regarding the requirement of respectability, participants must not have pending proceedings or criminal records for predicate offences, or for any offences that could cast doubt on their professional ethics.

To ensure effective fulfilment of the described requirements, these persons should possess, beyond the aforementioned professional skills, formal subjective requirements that further guarantee the autonomy and independence required for the task (e.g., respectability, absence of conflicts of interest and family relationships with corporate organs and senior management, etc.).

With regard to the identification of the supervisory body and its composition, the Decree only specifies that:

- in small entities, the tasks of the supervisory body may be performed directly by the management body (Art. 6(4));
- in corporations, the board of auditors, supervisory board and management control committee may perform the functions of the supervisory body (Article 6(4a)).

The Company has chosen a solution that ensures effective controls by the Supervisory Board while maintaining compliance with the previously outlined requirements - including autonomy and independence - in proportion to its size and organizational complexity.

Within this framework, the Company's Supervisory Board (hereinafter 'SB') is a monocratic body selected based on professional skills and personal characteristics, including strong control capabilities, independent judgement, and moral integrity.

The Supervisory Board possesses autonomous powers of initiative and control, with adequate resources (including an appropriate budget provided by the Board of Directors and authority to utilize company employees either occasionally or regularly in executing its functions). Board members are protected from any prejudice resulting from their performance of official duties.

To fulfil the supervisory tasks required by Legislative Decree 231/2001, appropriate professional figures are selected based on defined qualification criteria, which are verified through submitted CVs (including, for example: knowledge of Health and Safety and Environmental regulations, inspection and investigation skills, and systems management qualifications).

The Supervisory Board has full access to all Company documents and premises to effectively perform its duties.

Employees must provide all requested information to the Supervisory Board, either upon its request or when relevant events occur.

Employees and associates must report any Model violations to their direct supervisor, who is then obligated to inform the Supervisory Board. In urgent cases, direct reporting is permitted.

Reports may be submitted confidentially, and those who report violations are protected from discrimination and retaliation.

All high-risk situations, accidents, and occupational diseases must be reported to the Supervisory Board, even when they do not constitute Model violations.

The Supervisory Board maintains confidentiality of all received information, reports, and data, which may not be disclosed.

The Board of Directors, in the same resolution that appointed the Supervisory Board, established its remuneration for the assigned duties.

The Supervisory Board establishes its own internal procedures and develops an annual activity plan with regular updates.

5.2 Qualifications Required for Supervisory Board Members

A Supervisory Board member must demonstrate integrity and be free from conflicts of interest, family relationships, and business connections, as detailed below.

The following individuals may not serve on the Supervisory Board:

- 1) individuals who perform managerial or operational roles within the Company that are subject to supervision;
- 2) individuals who have ongoing consulting or paid work relationships with the Company, or whose circumstances could compromise their independence;
- 3) spouses, relatives, and in-laws up to the fourth degree of kinship with members of the Company's Board of Directors or Board of Auditors;
- 4) individuals who have direct or indirect conflicts of interest with the Company.

Additionally, the following individuals cannot serve on the Supervisory Board:

- Individuals subject to ineligibility or disqualification under Article 2382 of the Civil Code;
- Individuals who have been convicted of predicate offences through either a court judgement (final or pending) or plea bargaining agreement;

5.3 Duration of Appointment and Grounds for Termination

The Supervisory Board serves for the duration specified in its appointment resolution and is eligible for reappointment.

The appointment of a Supervisory Board member may terminate for any of the following reasons:

- expiration of term;
- removal by the Board of Directors;
- written resignation submitted to the Board of Directors;
- occurrence of any disqualification grounds specified below.

The Board of Directors may remove Supervisory Board members only for just cause, including but not limited to:

- when a member becomes involved in criminal proceedings;

- breach of confidentiality obligations by a Board member;
- gross negligence in performing assigned duties;
- company involvement in criminal or civil proceedings resulting from inadequate or negligent supervision.

Individual Board members may also be removed for just cause, including but not limited to:

- A member's involvement in criminal conduct that compromises their professional integrity or competence;
- repeated, unexcused absences from Supervisory Board meetings;
- violation of confidentiality regarding information or data obtained during official duties.

Removal requires a Board of Directors' resolution and approval from the Board of Auditors.

Upon expiration, removal, or resignation, the Board of Directors shall promptly appoint a new Supervisory Board member. The outgoing member shall continue to serve until their replacement takes office.

5.4 Grounds for Ineligibility and Disqualification

The following conditions disqualify individuals from serving or continuing to serve on the Supervisory Board:

- a) disqualification, incapacitation, bankruptcy or conviction (including non-final judgements) for offences specified in the Decree, or any penalty resulting in temporary or permanent disqualification from public office or executive positions;
- b) relationships of kinship, marriage or affinity up to the fourth degree with members of the Board of Directors, Board of Statutory Auditors, or external auditors;
- c) financial relationships with the Company that could compromise the member's independence.

Should a disqualifying condition arise during the term of office, the Supervisory Board member shall immediately notify the Board of Directors.

5.5 Resignation and Succession

A Supervisory Board member who resigns must provide written notice to the Managing Director and the Board of Auditors.

Renunciation takes effect immediately. The Board of Directors shall promptly appoint a new member, subject to the Board of Auditors' approval.

Newly appointed Supervisory Board members shall serve for the remainder of their predecessor's term.

5.6 Conflicts of Interest and Competition

If a Supervisory Board member identifies an actual or potential conflict of interest regarding specific transactions or categories of transactions while performing supervisory duties, they must immediately notify the Managing Director, Board of Statutory Auditors, and other Supervisory Board members (if applicable).

The existence of a situation of potential or current conflict of interest determines, for that person, the obligation to refrain from carrying out acts connected with or relating to that transaction in the exercise of its supervisory functions; in such a case, the Supervisory Board shall:

- solicit the appointment of a deputy to perform supervisory functions for the specific transaction or category of transactions, or
- in case of a multi-member Supervisory Board where the conflict of interest affects only one member, delegate supervision of the specific transaction or category of transactions to the other Board members.

For example, a conflict of interest exists when a person has connections to others involved in a transaction through: corporate positions, marriage, kinship or affinity up to the fourth degree, employment, consulting or paid work, or other financial relationships that compromise independence as defined in Article 2399(c) of the Italian Civil Code.

Each Supervisory Board member is subject to the non-competition provisions under Article 2390 of the Italian Civil Code.

5.7 Remuneration and Reimbursement of Expenses

The Board of Directors shall determine any remuneration for Supervisory Board members at the time of appointment or by subsequent resolution, subject to the Board of Auditors' consultation.

Supervisory Board members are entitled to reimbursement for expenses incurred while performing their duties.

5.8 Rules of Operation

Following its establishment, the Supervisory Board shall adopt internal regulations governing its operational procedures. In particular, the following general rules must be observed:

- The Supervisory Board shall meet at least quarterly, with a minimum of four meetings per year. Meetings may, however, be held when the Board of Directors, the Model Management Delegate (if appointed), or the Shareholders' Meeting or a majority of the members so request;
- Decisions will be taken by majority vote of the members; in the event of a tie, the President's vote will prevail;
- the method of convening meetings and the means of communication to and from the company (with preference to be given to electronic mail) must be provided for.
- the Model's rules on ineligibility, disqualification, revocation and termination of office must be expressly referred to and accepted.

5.9 Spending Powers and Appointment of External Consultants

The Supervisory Board may spend within its allocated budget without prior Board of Directors' approval (excluding spending on structural company changes), subject to compliance with the Company's internal procedures regarding pre- and post-expenditure reporting to relevant functions, including for annual and interim budget preparation and final expenditure estimates.

The Supervisory Board may avail itself - under its direct responsibility - of the cooperation of all the functions and structures of the Company or of external consultants in the performance of the tasks entrusted to it.

At the time of the appointment, the external consultant must make a declaration stating:

- they have no conflicts that would make them ineligible or prevent their appointment, including but not limited to: conflicts of interest; kinship relations with members of the board of directors, top management in general, members of the Board of Statutory Auditors of the Company and auditors appointed by the auditing firm, etc.);

- they have been fully informed of the Model's provisions and rules of conduct and commit to comply with them.

5.10 Functions and Powers

The Supervisory Board has the following responsibilities:

- monitor the effective implementation of the Model and verify that Company conduct complies with its requirements;
- implement a monitoring plan to verify that all Addressees comply with the Organizational Model;
- evaluate the Model's effectiveness as a crime prevention tool;
- monitor the Model's continued effectiveness and proper functioning over time;
- report to the relevant governing bodies on the Model's implementation status;
- oversee and promote continuous Model updates by submitting written proposals to management for Model amendments aimed at (i) addressing identified deficiencies or operational issues, as may emerge from time to time; (ii) adapting the Model to significant changes in Company structure or operations; or (iii) incorporating regulatory changes;
- ensure regular updates to the system for identifying, mapping and classifying sensitive and instrumental activities;
- submit proposals to relevant governing bodies for implementing or enhancing Model procedures;
- verify the implementation and effectiveness of Model changes (follow-up).

In performing these duties, the Supervisory Board shall:

- propose and promote initiatives to ensure awareness of the Model both internally and externally;
- maintain constant communication with the auditing firm, respecting their independence, and with other consultants and associates involved in implementing the Model;
- monitor Company functions' activities by reviewing relevant documentation and specifically verifying the existence, proper maintenance, and effectiveness of documentation required by the Special Section for each type of offence addressed therein;
- conduct targeted audits on specific operational areas or procedures and perform internal investigations to verify potential Model violations;
- identify potential misconduct through analysis of information flows and reports submitted by department heads;
- verify that elements specified in the Special Part for each type of offence (system procedures, operating instructions, technical documents, forms, standard clauses, etc.) remain adequate and compliant with Decree requirements, proposing updates where necessary;
- coordinate with other corporate functions to analyse risk area mapping, monitor Model implementation status, and develop enhancement actions regarding coordinated Model execution (implementation instructions, inspection criteria, standard clauses, personnel training, disciplinary measures, etc.);
- access any Company premises or summon any Company personnel - without prior consent - to obtain information, documentation, and data necessary for performing Decree-mandated tasks from all management and employees;
- collect, process and store data and information relating to the implementation of the Model;
- initiate disciplinary proceedings and recommend appropriate sanctions as specified in the Model;
- serve as liaison during regulatory inspections, investigations, or information requests from authorities verifying Model compliance with Decree requirements, providing necessary support

to inspection teams;

- establish operating procedures through internal regulations that specify inspection schedules, analysis criteria, and evaluation methods;
- implement a semi-annual activity plan, focusing on scheduled audits, and report results to management and supervisory bodies. The Board of Directors shall ensure prompt communication of the Supervisory Board's authority and responsibilities to all corporate units, establishing specific penalties for non-cooperation as detailed in subsequent sections.

Regarding EHS (Health, Safety and Environment), the Company shall initially provide the Supervisory Board with the following information:

- current Chamber of Commerce certificates, including administrative bodies, control boards, proxies, and local units (updated semi-annually and upon corporate changes);
- current organizational chart showing safety-related roles and reporting lines, including confirmation of no changes when applicable;
- workplace accidents and their duration resulting in work absences since last report (reported when incidents occur);
- medical treatments administered during the previous year;
- serious incidents or near-misses with potential for severe injury (previous period);
- occupational disease reports and their types, known to the Company (previous period);
- minutes pursuant to Art. 35 of Legislative Decree no. 81/08 and its annexes (referring to the last year);
- regulatory inspections, administrative proceedings, and EHS sanctions by oversight bodies (previous period and when events occur);
- internal health, safety, and environmental sanctions (previous period) and analysis of their causes;
- a copy of the accident register (previous period), as well as accident statistics (every six months) and the results of analytical monitoring in the environmental field;
- DVR [risk assessment document] update status, modifications made and their rationale (annually and when significant changes occur);
- schedule and implementation of safety assessments for equipment, facilities, and environmental monitoring;
- environmental incidents, significant events that could constitute environmental violations, and monitoring results indicating potential regulatory breaches;
- environmental risk assessment report;
- regular status reports submitted by delegated managers to the Employer;
- current approved version of the Organizational Model, Code of Ethics, and related procedural documentation.

For critical incidents (injuries with prognosis exceeding 40 days or permanent injuries, significant environmental incidents), information must be reported within 24 hours of occurrence.

Upon Supervisory Board request, the Company will provide these documents (non-exhaustive list), if not previously submitted:

- general risk assessments and their updates;
- EHS audits;
- industrial hygiene surveys that could indicate occupational health risks;
- safety assessments that identify hazards with potential accident risks;
- environmental analyses.

5.11 Supervisory Board Resources

The Board of Directors provides the Supervisory Board with adequate human and financial resources to fulfil its mandate. The Supervisory Board has independent spending authority and can engage, modify, or terminate contracts with qualified external professionals as needed to effectively execute its duties.

5.12 Privacy Status of the Supervisory Board

On 12 May 2020, the Data Protection Authority issued its opinion on the Supervisory Board's privacy status .

The ruling clarified that the Supervisory Board, as an integral part of the entity and regardless of its members' internal or external status, is authorized to process data. Therefore, it is not an independent data controller.

Article 29 of the GDPR (2016/679) states that” The processor and any person acting under the authority of the controller or of the processor, who has access to personal data, shall not process those data except on instructions from the controller, unless required to do so by Union or Member State law." In Art. 2-quaterdecies of Leg. 196/2003, amended by Leg. 101/2018, it is further specified that: "The controller or processor may provide, on their own responsibility and within the framework of their organisational set-up, that specific tasks and functions in relation to the processing of personal data are entrusted to specifically designated natural persons acting under their authority. The controller or processor shall identify the most appropriate means of authorising persons acting under its direct authority to process personal data'.

For this reason, the Supervisory Board must receive from the Company, for the performance of its duties, operating instructions pursuant to Article 29 GDPR and Article 2-quaterdecies of Legislative Decree No. 196/2003 (as amended), so that data is processed in accordance with privacy legislation principles and organizational policies. The Company, as Data Controller, is responsible for providing these instructions.

The Supervisory Authority's specifications apply to data processing performed by the Supervisory Board in executing its duties and functions, particularly regarding information flow management.

This excludes the Body's new and distinct role regarding the management of whistle blowing reports under Law 179/2017 ("Provisions for the protection of authors of reports of offences or irregularities learned within public or private employment relationships"), concerning violations of the Organisational Model (i.e. Whistle blowing).

All the above notwithstanding, the Supervisory Board's requirements of autonomy and independence remain unaffected in performing its verification activities.

5.13 Rules of Conduct

The activity of the Supervisory Board must be guided by the principles of integrity, objectivity, confidentiality and competence.

These rules of conduct can be expressed in the following terms:

- Integrity: the members of the SB must operate with honesty, diligence and a sense of responsibility.
- Objectivity: the members of the Supervisory Board do not take part in any activity that might prejudice the impartiality of their assessment and, if they do, abstain from the relevant assessments and deliberations within the scope of the Supervisory Board's activities. They must report all significant facts of which they have become aware and whose omission might give an altered and/or incomplete picture of the activities analysed.

- Confidentiality: the members of the SB must exercise all appropriate caution in the use and protection of the information acquired. They must not use the information obtained either for personal gain or in a manner that is contrary to the law or detrimental to the Company's objectives. All data held by the Company must be processed in full compliance with Legislative Decree No. 196/2003 (as amended by Legislative Decree 101/2018) and European Data Protection Regulation No. 2016/679 (GDPR).

Information may be disclosed only as authorized by this Model and to authorized recipients.

5.14 Operations

The Supervisory Board establishes the program, methods and timeline for executing its assigned activities.

Supervisory activities are conducted through dedicated meetings at the Company's registered office as well as outside official meetings, involving review of documents, correspondence, data analysis and information. Minutes of each Supervisory Board meeting shall be prepared and signed by all attendees.

The minutes of the meetings are collected, both in electronic and paper form, in a special register kept at the Company's registered office.

In performing specific activities and audits, the Supervisory Board may utilize external consultants and Company resources.

Detailed operational procedures of the Supervisory Board are established in the Board-adopted Regulation.

In particular, this document specifies and validates the methods by which the body executes its responsibilities.

5.15 Information Flows of the Supervisory Board.

5.15.1 Information Obligations Towards the Supervisory Board

To ensure effective Model supervision, the Supervisory Board must receive specific reports from Addressees (and where applicable, Third Parties) regarding events that could create liability for Foroni S.p.A. under Legislative Decree no. 231/2001.

Reports may be submitted in writing, including anonymously, to:

odv@foronisp.com

Information flows to the Supervisory Board comprise **general information** and **specific mandatory information**.

For general information, these requirements apply:

- Addressees must report to the Supervisory Board any actual or suspected offences or non-compliant practices with Foroni S.p.A.'s procedures and conduct rules;
- Third parties must report actual or suspected offences as contractually specified;
- Third parties must submit all reports directly to the Supervisory Board.

The Supervisory Board evaluates received reports, interviewing the reporter and/or alleged violator when necessary, documenting in writing any decision not to investigate, and communicating significant findings to the Board of Directors.

Whistle-blowers acting in good faith are protected against retaliation, discrimination or penalties, with guaranteed confidentiality, subject to legal obligations and protection of Company rights or wrongly/maliciously accused persons.

In addition to the reports on violations of a general nature described above, information concerning the following must also be mandatorily and promptly forwarded to the Supervisory Board:

- measures and/or information from judicial police bodies, or any other authority, concerning the conduct of investigations involving Foroni S.p.A. or members of the corporate bodies;
- any reports prepared by the heads of other bodies (e.g. Board of Statutory Auditors) as part of their control activities and from which facts, acts, events or omissions with critical profiles may emerge with respect to compliance with Legislative Decree No. 231/2001;
- news concerning investigations and criminal proceedings against Company attorneys and corporate officers in general for facts relating to the role attributed to them;
- news of disciplinary proceedings as well as any sanctions imposed, or of the dismissal of such proceedings with the relevant reasons, if they are related to the commission of offences or violation of the rules of conduct or procedures of the Model;
- commissions of enquiry or internal reports/communications from which responsibility for the offences referred to in Legislative Decree No. 231/2001 emerges;
- any changes to the internal structure or organisational structure of the company or changes in the company's areas of activity;
- updates to the system of delegations and powers;
- particularly significant operations carried out in Offence Risk Areas;
- changes to existing or potentially emerging Risk Areas for Offences;
- any communications from the Board of Auditors regarding potential internal control system deficiencies, concerning matters, or observations on Company financial statements;
- decisions concerning applications for, disbursement and utilization of public funds;
- declarations confirming the truthfulness and completeness of corporate communications;
- results of periodic control activities (including reports, monitoring, etc.);
- reports on Organisational Model implementation and internal rules compliance, including details of disciplinary proceedings, imposed sanctions, or dismissal orders with justifications;
- regular reports on occupational health, safety and environmental matters;
- copies of Board of Directors and Board of Auditors meeting minutes.

The Supervisory Board must also be informed of (illustrative list):

- a) inspection body findings that may relate, even indirectly, to Organisational Model rule violations;
- B) commencement of investigations or legal proceedings under Decree 231/01;
- c) sanctions imposed for Organisational Model violations;
- d) disputes arising from matters governed by the Organisational Model;
- e) disciplinary proceedings related to Organisational Model violations;
- (f) incident reports including accidents and other notable events;
- g) evidence and information regarding organizational changes significantly impacting Model-governed matters (e.g., L.D. delegate appointment, medical officer changes, new facility openings, etc.)

5.15.2 Whistle blowing: Reporting of Unlawful Conduct Under Legislative Decree 24/2023 - Protection of Persons Reporting Legal Violations

Law No. 179 of 30 November 2017, "Provisions for the Protection of Whistle-blowers Reporting Crimes or Irregularities Discovered During Public or Private Employment," first extended whistleblower protection to the private sector by establishing specific organizational, management, and control model requirements for entities. This legislation mandated that organizational and management models must establish multiple communication channels ensuring reporter confidentiality, enabling detailed reports of unlawful conduct relevant under Decree 231/2001, discovered through entity duties (per Article 6(2)(a) of the Decree). These channels must include protective measures against discrimination or retaliation resulting from reports.

Legislative Decree No. 24 of 10 March 2023, implementing EU Directive 1937/2019 on "Protection of Persons Reporting Union Law Breaches" and "National Law Violations," has substantially reformed whistle blowing regulations through two key modifications:

Firstly, it expands the scope of objective application, extending beyond matters governed by Decree 231/2001 to encompass conduct that compromises public interest or the integrity of public administrations and private entities. This includes violations related to European Union or national legislation in areas such as public procurement, financial services and markets, prevention of money laundering, terrorist financing, EU competition and state aid rules, corporate taxation, and other matters specified in Article 2 of Legislative Decree 24/2023.+

Secondly, it broadens the definition of eligible whistle-blowers beyond those previously identified in sectoral regulations (Law 190/2012 and Legislative Decree 231/2001). Article 3 of Legislative Decree 24/2023 now extends protection to additional categories of individuals external to public or private entities, including self-employed professionals, freelancers, consultants, shareholders, volunteers, and both paid and unpaid trainees.

Both the existing and new regulations establish the following protective measures for whistle-blowers:

- protection against any retaliatory actions, whether directly or indirectly connected to the reporting;
- the right to report retaliatory treatment to external public authorities (specifically the Labour Inspectorate and ANAC);
- the automatic nullification of any retaliatory measures (such as dismissal, demotion, etc.), with a legal presumption (subject to rebuttal) that any detriment suffered by the whistle-blower is a direct consequence of their report or complaint;

Given the extensive and significant changes introduced by Legislative Decree No. 24/2023 to the whistle blowing framework, the legislation establishes a graduated implementation timeline. This phased approach allows both public and private entities sufficient time to adapt their procedures to the new requirements. During this transitional period, the provisions of the previous regulations remain in force.

In compliance with these regulations, Foroni S.p.A. has implemented the following measures:

- established a confidential reporting channel through a dedicated email address (odv@foronispacom) where reports of offences and irregularities can be submitted to the Supervisory Board;
- informs Model recipients that they may report any discriminatory measures taken against them as a consequence of their whistle blowing to the National Labour Inspectorate (and optionally to their affiliated trade unions);
- advises Model recipients that any dismissals or other retaliatory/discriminatory measures implemented in response to their whistle blowing reports are legally void. In any subsequent employment law proceedings, there exists a rebuttable presumption in favour of the whistle-blower that any adverse measures taken against them were motivated by their report

Flow Management and Reporting

Foroni S.p.A. has established a dedicated email channel

- : odv@foronispacom

- Ensure confidential communication flow to the Supervisory Board
- maintain whistle-blower identity protection throughout communication management.

The Supervisory Board carefully and responsibly evaluates all reports it receives, in accordance with its established Rules of Procedure. The Board may conduct interviews with the person who submitted the report and/or the individual accused of the violation. If the Board decides not to pursue the matter further, it must provide written justification for this decision. In any case, whistle-blowers shall be guaranteed against any form of retaliation or penalization, and they shall be assured the utmost confidentiality, without prejudice to legal obligations, the need to protect the Company, persons wrongly accused or accused in bad faith.

It is forbidden to retaliate or discriminate, directly or indirectly, against a whistle-blower for reasons directly or indirectly linked to the report (so-called "whistle blowing"). 'whistle-blower protection

measures').

The Supervisory Board carefully and responsibly evaluates all reports it receives, as specified in its Rules of Procedure.

Report Recipients

The Supervisory Board will receive reports of offences under this method.

The Supervisory Board will receive the reports, determine their admissibility for further analysis, keep the whistle-blower informed of the reports' management and outcome, and provide regular updates to the Board of Directors, at least semi-annually, on all received reports.

The Supervisory Board will handle all reports in accordance with established whistle-blower protections.

Upon the Supervisory Board's confirmation of offences, the Board of Directors will hold sole responsibility for restoring company integrity, including the implementation of disciplinary measures as deemed necessary.

Assessment of Report Substantiation

Preliminary analysis

The Supervisory Board (SB) will conduct a preliminary analysis of all received reports to ascertain the presence of sufficient data and information for a thorough assessment of their merit.

Should the preliminary analysis reveal a lack of sufficiently detailed information or determine the reported facts to be unsubstantiated, the report will be filed accordingly, along with a justification for this decision. The Supervisory Board will inform the reporter of the report's filing. The Supervisory Board, at its discretion, may inform the Board of Directors if a report is deemed demonstrably unfounded and indicative of malicious intent or gross negligence on the part of the whistle-blower.

Conversely, should the preliminary analysis indicate a need for further investigation, the Supervisory Board will engage the relevant functions—ensuring whistle-blower confidentiality throughout—and inform the Board of Directors of the preliminary analysis outcome. For reports concerning a majority of Directors and/or the Chairman, the Supervisory Board will inform the Board of Auditors.

Upon initiating an investigation, the Supervisory Board will inform the whistle-blower of the report's acceptance.

Investigation

For each report where the preliminary analysis reveals sufficient and relevant information to merit further assessment, and without prejudice to the reported person's right to due process, the Supervisory Board shall:

- a) initiate targeted analyses, potentially engaging corporate functions relevant to the report;
- b) terminate the investigation at any time if, during its course, the report is determined to be unsubstantiated;
- c) engage internal or external experts as required.

During the investigation, the Supervisory Board may request clarification and additional supporting evidence from the reporting party.

The Supervisory Board may utilize the support and cooperation of relevant company structures, particularly in conducting specific audits. With company approval, the Board may also engage specialized external consultants as needed.

Corporate structures participating in the verification process will ensure prompt and comprehensive cooperation, adhering to the same confidentiality and impartiality obligations as the Supervisory Board.

The Supervisory Board will determine the verification methodology on a case-by-case basis, selecting the most effective approach based on the nature of the event and prevailing circumstances. These approaches may include interviews, document analysis, on-site inspections, technical consultations, public database research, company equipment checks, and other relevant methods.

The Supervisory Board will keep the whistle-blower informed of the anticipated timeline for both the investigation and the overall process.

Conclusion of the Process

Upon concluding the investigation, the Supervisory Board will submit a final report to the Board of Directors. Based on this report, the Board of Directors may:

- a) collaborate with the Function responsible for the reported area to determine and oversee the implementation of necessary control procedures and action plans;
- b) confer with the relevant Functions to determine appropriate initiatives for safeguarding company interests, which may include legal action or supplier suspension/termination;
- c) in cases of demonstrably bad faith or defamatory reports, potentially evidenced by the report's groundlessness, request the initiation of disciplinary proceedings against the whistle-blower;

Should the report implicate a majority of the Board of Directors, the Supervisory Board will inform the Board of Auditors to determine the appropriate course of action.

Retention of Documentation

To ensure proper management and traceability, the Supervisory Board will archive all reports and supporting documentation for a period of two years from the report's receipt. However, if the report pertains to potential disciplinary or criminal offences, the data will be archived for a duration commensurate with the statute of limitations for those offences.

Forms of Whistle-blower Protection

Confidentiality Obligations on the Identity of the Whistle-blower and Removal of the Whistle-blower's Right of Access

The identity of the whistle-blower must remain strictly confidential. All individuals who receive or handle reports are obligated to safeguard the confidentiality of all related information.

Any breach of confidentiality will result in disciplinary action, without prejudice to further legal liabilities as defined by law.

In criminal proceedings, the whistle-blower's identity is protected to the fullest extent permissible under the Code of Criminal Procedure

Within the context of disciplinary proceedings, the whistle-blower's identity cannot be disclosed if the basis of the disciplinary charge arises from investigations that are distinct from and supplemental to the whistle-blower report, even if those investigations were initiated as a result of the report. However, if the disciplinary charge is founded, in whole or in part, solely on the whistle-blower report, and knowledge of the whistle-blower's identity is deemed absolutely necessary for the accused's defence, the report may only be utilized in the disciplinary proceedings if the whistle-blower provides explicit written consent to disclose their identity. It is essential to emphasize that this consent must be given freely and without any form of consequence or prejudice to the whistle-blower, regardless of their decision to disclose or withhold their identity.

Prohibition of Direct or Indirect Discriminatory or Retaliatory Acts Against The Whistle-blower for Reasons Directly or Indirectly Related to the Report

No form of retaliation or discriminatory measure, whether direct or indirect, which negatively impacts working conditions for reasons directly or indirectly linked to the whistle-blowing, shall be allowed or tolerated against any employee who submits a report under this procedure.

Discriminatory measures include, but are not limited to: dismissal, disciplinary sanctions, transfer, demotion, change of job, or any other organizational measure that could have direct or indirect negative effects on working conditions.

In the event that measures deemed to be retaliatory are adopted, the whistle-blower may report this directly to the Supervisory Board, which will handle the information with appropriate discretion to protect the whistle-blower.

However, the burden of proof will be on the employer to demonstrate that the discriminatory or retaliatory measures taken against the whistle-blower are motivated by reasons entirely separate from and unrelated to the report itself. Discriminatory or retaliatory acts taken are considered null and void.

Whistle-blower Responsibilities

The protections described above cannot be guaranteed if it is determined that a whistle-blower submitted a false and/or defamatory report with malicious intent or gross negligence. Such actions will be subject to disciplinary measures.

Any form of abuse of the whistle blowing system, including but not limited to reports that are clearly opportunistic, intended solely to harm others, or represent any other misuse or intentional manipulation of this procedure, will also result in liability.

Should a report prove to be demonstrably untrue, submitted in bad faith, unfounded, or intended to harass other employees, the Supervisory Board will compile all investigative documentation and submit it to the Board of Directors for the potential initiation of disciplinary proceedings within their purview. This is without prejudice to any legal consequences that may arise from the act of making false and/or defamatory statements.

Without prejudice to the aforementioned disciplinary measures, if the Supervisory Board, upon completion of its investigation and based on the evidence gathered, concludes that a report was unfounded and intentionally false, it reserves the right to disclose relevant documents to the reported individual to allow them to take steps to protect their reputation.

Furthermore, if the Supervisory Board determines that the whistle blower's report constitutes an act of defamation and/or slander against the reported individual, the latter will be granted access to the records of the concluded internal investigation upon request. This access is intended to enable the reported individual to exercise their legal rights.

The Company retains the right to pursue legal action, through all means available by law, in the event of criminal or civil offences committed by the whistle-blower.

5.15.3 Information Obligations of the Supervisory Board

Given that the Company's Board of Directors holds the ultimate responsibility for adopting and effectively implementing this Model, the Supervisory Board plays a crucial role in reporting on the Model's implementation and any critical issues that arise.

Specifically, the Supervisory Board is accountable to the Board of Directors for the following:

- Annual Reporting: Submitting a comprehensive information report on the activities carried out by the Supervisory Board. This report will be presented to the Board of Directors and, for informational purposes, to the Board of Auditors.
- Immediate Communication: In the event of ascertained violations of the Model, particularly those involving alleged offences, the Supervisory Board will immediately notify the Board of Directors.
- Annual Activity Plan: At the beginning of each financial year, the Supervisory Board will communicate its planned activities for fulfilling its assigned tasks. This plan requires approval from the Board of Directors.
- Periodic Progress Reports: The Supervisory Board will provide regular updates on the progress of its program, including any modifications made.
- Prompt Issue Communication: Any issues pertaining to the Supervisory Board's activities will be communicated promptly to the relevant parties.
- Regular Implementation Reports: The Supervisory Board will deliver reports, at least semi-annually, on the overall implementation of the Model.

Contents of the annual report:

- controls and checks conducted by the Supervisory Board, along with their outcomes;
- the status of any ongoing or planned projects related to the implementation or revision of the control system (e.g., adoption of new procedures);
- any legislative innovations or organisational changes requiring updates to the Organisational Model;
- an assessment of the disciplinary system's effectiveness in ensuring compliance with the control protocols outlined in the Model;
- evaluation of the functionality of the information flow system to the Supervisory Board;
- any other information deemed significant;
- a summary evaluation of the Model's adequacy in relation to the provisions of Legislative Decree no. 231/2001.

The Supervisory Board will be required to periodically report to the Board of Directors on its activities.

The Supervisory Board reserves the right to request a meeting with the Board of Directors or other relevant governing bodies to discuss the Model's functionality or address specific situations. Meetings with the entity's bodies to which the Supervisory Board reports must be documented in minutes. Copies of these minutes shall be retained by the Supervisory Board and the respective bodies involved as appropriate.

Without prejudice to the foregoing, the Supervisory Board may also communicate, on a case-by-case basis:

(i) the results of its findings to the heads of functions and/or processes if the activities identify aspects that could be improved. In this case, the Supervisory Board must obtain from the persons in charge of the processes an action plan, including a timetable, for implementing activities subject to improvement, as well as the results of such implementation.

(ii) report to the Board of Directors and the Board of Auditors (if any) any conduct or actions not in line with the Model in order to:

- a) acquire from the Board of Directors all necessary elements to make any communications to the structures responsible for assessing and applying disciplinary sanctions;
- b) provide directions for the remediation of deficiencies to prevent their recurrence.

Finally, the Body is obliged to promptly inform the Board of Auditors if the breach involves members of the Board of Directors.

5.15.4 Checks

This Model is subject, among others, to the following checks, which will be conducted by the Supervisory Board in collaboration with the competent corporate functions:

(i) Verification of documents: The Supervisory Board conducts a six-monthly review of the main corporate documents and significant contracts entered into by the Company in areas of activity at risk, in accordance with the criteria it has established.

(ii) Checks on procedures: The Supervisory Board continuously verifies the effective implementation and functioning of the Model. On a six-monthly basis, the Supervisory Board evaluates all reports received during the period, the actions taken in response to these reports, and the events deemed risky, with the cooperation of the relevant functions as necessary.

The Supervisory Board provides a detailed account of the aforementioned checks, specifying the methods adopted and the results obtained, in its periodic report to the Company's Board of Directors.

CHAPTER 6 - DISCIPLINARY SYSTEM

6.1 *Function of the Disciplinary System*

Foroni S.p.A. acknowledges and declares that the establishment of an adequate penalty system is an essential condition for ensuring the effectiveness of the Model.

In this respect, Article 6(2)(e) of the Decree states that organisational and management models must "*introduce a disciplinary system capable of penalising non-compliance with the measures indicated in the model.*" The application of sanctions is independent of the outcome of any criminal proceedings, as the rules of conduct imposed by the Model and the Procedures are adopted by the Company in full autonomy and regardless of the type of offence under Legislative Decree 231/2001 that the violations in question may entail.

More precisely, failure to comply with the rules contained in the Model and the Procedures inherently damages the relationship of trust with the Company and results in disciplinary action, regardless of whether criminal proceedings are initiated in cases where the violation also constitutes a crime.

This complies with the principles of timeliness and immediacy in raising disciplinary charges and imposing sanctions, in accordance with the applicable legal provisions.

Sanctions must range from precautionary measures in the case of minor infringements to measures capable of terminating the relationship between the agent and the entity in the case of more serious violations. Disciplinary power must always adhere to the principles of proportionality (the sanction must be commensurate with the violation) and adversarial process (ensuring the involvement of the person concerned).

Reward mechanisms may also be considered for those who contribute to the effective implementation of the Model. Often, in fact, when the aim is to promote compliance with rules, highlighting the benefits of compliance can be more effective than the threat of negative consequences for violations. All employees, managers, administrative staff, and associates of Foroni S.p.A., as well as all those who have contractual relationships with the Company (such as agents, consultants, and suppliers in general), are subject to the sanctioning and disciplinary system outlined in this Model, within the scope of their respective relationships and based on the appropriate clauses included in the contractual agreements.

The disciplinary system, outlined below, also applies to those who

- violate the protection measures provided for workers who have submitted reports, such as, by way of example, the prohibition of retaliatory acts and measures to safeguard the identity of the reporter;
- make malicious or grossly negligent reports that are found to be unfounded;
- or, in any event, violate the rules and provisions set out in the whistle blowing procedure.

6.2 *Definition of "Violation" for the Purposes of the Operation of this Sanctions System*

By way of a general and illustrative example, a '**Violation**' of this Model and its Procedures constitutes:

- the implementation of actions or behaviours that fail to comply with the law and the prescriptions outlined in the Model and the relevant Procedures, creating a mere risk of committing one of the offences covered by Legislative Decree No. 231 of 2001;
- The omission of actions or conduct prescribed in the Model and the relevant Procedures, resulting in a mere risk of committing one of the offences covered by Legislative Decree No. 231/2001;
- The implementation of actions or conduct that do not comply with the specific 'whistle-blower protection measures,' as well as actions or conduct carried out with wilful misconduct or gross

negligence, aimed at submitting reports that are found to be unfounded.

6.3 Disciplinary System

6.3.1 Employees in Non-Management Positions

Conduct by employees that violates the rules contained in this Model and in the Company Procedures is defined as a *disciplinary offence*.

The sanctions that may be imposed on such employees fall within the scope of those established by the National Collective Labour Agreements (hereinafter referred to as the "CCNLs"), in full compliance with the procedures set forth in Article 7 of Law No. 300 of 1970 (hereinafter referred to as the "**Workers' Statute**") and any other applicable special regulations.

Since the rules of conduct set out in this Model are adopted by the Company in full autonomy, independent of any potential unlawfulness arising from the conduct itself, the application of disciplinary sanctions is not contingent upon the outcome of any criminal proceedings initiated against employees.

Violations by employees, pursuant to the preceding paragraph of this Model, may result, depending on the seriousness of the violation, in measures determined in accordance with the principles of proportionality and the criteria of correlation between the offence and the sanction, and, in any case, in compliance with the form and procedures prescribed by the legislation in force.

In particular, failure to comply with and/or violation of the rules of conduct established by the Organisational Model, the Code of Ethics, and company procedures by Company employees constitutes a breach of the obligations arising from the employment relationship and a disciplinary offence (Article 2106 of the Civil Code) and, as such, may result in the imposition of sanctions provided for by the regulations in force.

Without prejudice to the obligations of Foroni S.p.A. arising from the Workers' Statute and any applicable special provisions, the conduct subject to sanctions against employees for the purposes of this Disciplinary System includes:

- Violation, infringement, avoidance, or imperfect or partial application of the prescriptions contained in the Code of Ethics, the Model, or the internal procedures provided for in the Model, which have not resulted in consequences or do not constitute criminal offences.
- Violation, infringement, avoidance, or imperfect or partial application of the prescriptions contained in the Code of Ethics, the Model, or the internal procedures provided for in the Model, unequivocally aimed at the commission of one or more of the offences referred to in Legislative Decree No. 231/2001.
- Violation, infringement, avoidance, or imperfect or partial application of the prescriptions contained in the Code of Ethics, the Model, or the internal procedures provided for in the Model itself, unequivocally aimed at the commission of one or more of the offences referred to in Legislative Decree No. 231/2001, which have resulted in the involvement of the Company in proceedings for the administrative liability of entities.

The disciplinary system is subject to continuous monitoring by the Supervisory Board.

6.3.2 Managers

In the event of: (a) breach of the above-mentioned provisions, or (b) the adoption, during the performance of activities in Offence Risk Areas, of conduct that does not comply with the prescriptions of the above-mentioned documents by executives, the most appropriate disciplinary measures shall be applied to those responsible, in accordance with the provisions of the National Collective Labour Agreement for Executives.

The Supervisory Board must always be informed of any procedure for the imposition of sanctions on

Managers for breaches of the Model.

6.3.3 Directors

The Company assesses with particular strictness any breaches of the Code of Ethics and the Model committed by individuals representing the top management of the Company, as they reflect its image towards institutions, employees, and the general public.

In the event of any violation of the laws in force, the Organisational Model, or the Code of Ethics by members of the Company's Board of Directors, the entire Board of Directors must be informed, along with the Board of Statutory Auditors for their information. The Board of Directors will take the appropriate initiatives in accordance with the law, involving the Shareholders' Meeting if necessary. The recipients of the Supervisory Board's report, after evaluating the validity of the report and conducting the necessary checks, may, in accordance with the provisions of the Articles of Association, take the appropriate actions, including, if necessary, convening the Shareholders' Meeting to adopt the most suitable measures provided for by law.

It is specified, by way of example, that the following constitute breaches of directors' duties:

- the commission, even in the form of an attempt, of an offence provided for in Legislative Decree 231/01 in the performance of their duties;
- non-compliance with the rules prescribed by the Organisational Model;
- failure to supervise the Company's employees or partners with regard to compliance with the Model and the rules referred to therein;
- tolerance of irregularities committed by employees or partners of the Company.

Every act relating to the sanctioning procedure must be communicated to the Supervisory Board for any evaluations and monitoring within its competence. In the event that one or more Directors, alleged perpetrators of the offence from which the administrative liability of the Company derives, are indicted, the Chairman of the Board of Directors of Foroni S.p.A. (or, in their place, another councillor) shall convene the Board to deliberate on the revocation of the mandate.

6.3.4 Statutory Auditors-Auditors

Upon receiving notification regarding any breach of the Model's provisions, rules of conduct, or Code of Ethics committed by one or more auditors, the Supervisory Board shall promptly communicate such information to both the entire Board of Auditors and the Board of Directors. The recipients of the information from the Supervisory Board, after evaluating the basis of the report and conducting the necessary checks, may take appropriate actions in accordance with the provisions of the Articles of Association and the Law. These actions may include, for example, convening a Shareholders' Meeting to adopt the most suitable measures prescribed by law.

6.3.5 Measures against the Supervisory Board

In the event of a violation of the rules established in the Model by the Supervisory Board, the Board of Directors shall adopt appropriate measures in accordance with the procedures prescribed by the applicable laws, which may include revoking the appointment, without prejudice to any claims for damages.

6.3.6 Third parties: Associates, consultants and External parties

In the event of a breach of the rules outlined in the preceding paragraph by external collaborators or consultants, or more broadly by Third Parties, the Company shall, depending on the severity of the breach: (i) remind the parties involved of the strict obligation to comply with the provisions set forth therein; or (ii) depending on the type of contract, terminate the existing relationship for just cause or dissolve the contract due to non-performance by the aforementioned parties.

To this end, Foroni S.p.A. has included specific clauses in these agreements, which :

- a) require Third Parties to be informed of the Company's adoption of the Model and the Code of Ethics, which they acknowledge having read, committing to comply with its contents and

refraining from any conduct that could result in a violation of the law, the Model, or the commission of any Offences;

- b) Afford the Company the right to withdraw from the relationship or terminate the contract (with or without the application of penalties) in the event of non-compliance with these obligations.

Through these clauses, the Third Party commits to adhering to the principles outlined in the Company's Code of Ethics and to acting in a manner that prevents the commission, including any attempted commission, of the offences stipulated in Legislative Decree No. 231/2001.

The Supervisory Board is notified of any charges and measures taken against collaborators, consultants, agents, and third parties in general as a result of the breach of the aforementioned clause.

6.4 Sanctions

For the purposes of determining the penalty to be imposed, the following qualifying elements will be considered:

- the seriousness of the act or conduct committed;
- the type of infringement;
- the repetition of the conduct over time;
- the subjective element of intent or guilt.

Sanctions against Employees

Compliance with the provisions and rules of conduct outlined in the Model constitutes fulfilment by the company's employees of their obligations under Article 2104(2) of the Civil Code, with the content of the Model forming a substantial and integral part of these obligations.

As stated above, any violation of the individual provisions and rules of conduct outlined in the Model by company employees shall always constitute a disciplinary offence.

Non-management employees are subject to the CCNL applied in the company.

Disciplinary measures may be imposed on employees in accordance with the procedure set out in Article 7 of Law No. 300 of 20 May 1970 (commonly referred to as the "Workers' Statute") and any applicable special regulations.

If it is established that a violation of the Model has occurred, the sanctions provided for in the applicable collective agreements shall be enforced, **which are hereby fully referenced.**

If the alleged infringement is deemed serious enough to warrant dismissal, the employee may be suspended from work as a precautionary measure pending the imposition of the sanction.

Sanctions against Senior Management

Upon notification of a breach of the provisions and rules of conduct outlined in the Model by the top management body, the Supervisory Board (or other control body) shall promptly notify the Board of Statutory Auditors and the Shareholders' Meeting. The recipients of the information must take appropriate measures in accordance with the provisions of the Articles of Association, including, for example, convening the Shareholders' Meeting to adopt the most suitable measures provided for by law, such as:

- a formal reminder,
- a warning to comply with the provisions of the Model
- revocation of the assignment.

If directors are linked to the company through an employment relationship as an employee or manager, the aforementioned sanctions shall be applied in addition to those established for employees or managers.

If it is established that a breach has been committed by a senior manager linked to the company through an executive contract, the sanctions provided for in the applicable CCNL will be imposed, in accordance with the procedure set out in Article 7 of the Workers' Statute.

- a verbal warning;
- a written warning;
- a fine, to the maximum extent provided for in the collective agreement applicable to the specific case;
- suspension from service and pay, up to the maximum extent provided for in the collective agreement applicable to the specific case;
- dismissal with notice;
- dismissal without notice.

In the event that the breach is contested against another senior manager, the sanctions applicable to the top management body shall apply, insofar as they are compatible, such as:

- a formal reminder,
- warning to comply with the provisions of the Model,
- revocation of the assignment or termination of the existing contract.

Sanctions against Third Parties

With regard to ascertained violations involving individuals entrusted with control activities (Supervisory Board, Board of Statutory Auditors), the rules governing proceedings against the top administrative body and the imposition of sanctions shall apply, such as:

- a formal reminder,
- warning to comply with the provisions of the Model,
- revocation of the assignment.

The rules laid down in this model in the paragraph "*Ineligibility, forfeiture, revocation, termination*" regarding the members of the Supervisory Board also remain valid, insofar as they are applicable, in addition to the other specific provisions of law.

With regard to ascertained violations involving persons who perform activities in the name of or on behalf of the company, based on contracts that do not establish an employment relationship (e.g., agents, consultants, collaborators), the following sanctions shall apply:

- a formal reminder,
- warning to comply with the provisions of the Model,
- revocation of the assignment.

The following sanctions will be applied: in the event of established violations involving third parties such as suppliers and customers:

- a warning to ensure strict compliance with the rules of the Organisational Model and the Code of Ethics, under penalty of contractual penalties or termination of the relationship;
- the application of a penalty (to be contractually determined as a percentage of the amount due to the business partner);
- immediate termination of the contractual relationship.

Third-party suppliers, in particular, are required to comply with the Code of Ethics, the applicable Model rules, and to fully commit to the goal of ensuring the highest level of protection for health, safety, and the environment in the areas where they perform work for the company.

To this end, in the context of relationships with third parties (suppliers and customers), the Company includes specific clauses aimed at ensuring the application of the measures outlined above in the event of a violation of the Model.

7. Information and Training on the Model

As previously stated, the company actively promotes the broadest dissemination of the principles and provisions outlined in the Code of Ethics and the Model, both internally and externally to the organization.

The Code is made available on the company website, along with an extract of the Organisation and Management Model.

Third parties are provided with a copy of the Code or are informed of where it can be accessed (e.g., the company website).

Communication and training for the primary recipients of the Model (including new recruits) are therefore encouraged, taking into account their respective roles, functions, and responsibilities. Particular attention is given to topics such as administrative liability, the principles of the Code of Ethics, sensitive activities, and the procedures and protocols governing these activities.

On this matter, the Supervisory Board will oversee the process by promoting the necessary information and training activities it deems appropriate.

8. Adoption, Updating and Adaptation of the Organisation Model

The Board of Directors is responsible for approving updates to the Model and its adaptation in response to changes and/or additions that may become necessary due to:

- changes in the internal structure of the Company and/or in the methods by which business activities are conducted;
- changes in business areas;
- regulatory changes;
- reports of attempted or committed offences covered by the model;
- the emergence of new potential ways of committing the offences contemplated by the Model;
- audit findings;
- significant violations of the provisions of the Model.

The Model will, in any case, undergo a periodic review procedure at least every three years and whenever regulatory changes occur that require timely adaptation.

The auditing activities carried out are formal, and records of these activities are properly maintained. The Board of Directors, through the Managing Director, shall promptly inform the Supervisory Board of any amendments or updates to the Model.