

ORGANISATION, MANAGEMENT AND CONTROL MODEL

PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/2001

GENERAL PART

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1. THE LIABILITY OF ORGANISATIONS

1.1. The regulatory framework

The Brussels Convention, drawn up on the basis of article K.3 of the Treaty on European Union, adopted by the Council on 26 July 1995, provides that the Member States of the European Union are to take the necessary measures to ensure that the management of undertakings or any person exercising the power of decision or control within an undertaking may be held criminally liable for fraudulent acts affecting the financial interests of the European Communities committed by a person under their authority on behalf of the undertaking.

Similarly, the Brussels Convention, adopted by Council Act dated 26 May 1997 on the basis of article K.3, paragraph 2, letter c) of the Treaty on European Union, on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, provides that each Member State shall take the necessary measures to enable managers of undertakings or any person exercising decision-making or supervisory powers within an undertaking to be held criminally liable in accordance with the principles laid down by national law for acts of active corruption against officials, committed by a person under their authority and on behalf of the undertaking.

The OECD Convention of 17 December 1997 on the Fight against Corruption of Foreign Public Officials in International Economic Transactions requires Contracting Parties to provide for liability of legal persons for such acts of corruption and provides for the obligation to impose effective, proportionate and dissuasive non-criminal sanctions, including pecuniary penalties, against legal persons where the respective laws of the State parties do not provide for the criminal liability of legal persons.

In compliance with the aforementioned international obligations, on 8 June 2001 the Italian Government issued Legislative Decree no. 231 ("Regulations governing the administrative liability of legal persons, companies and associations even without legal status, pursuant to article 11 of Italian Law no. 300 of 29 September 2000"), which entered into force on 4 July of that same year (hereinafter the "Decree"), which for the first time introduced in Italy the liability of organisations for certain specific offences committed in the interest or for the benefit thereof by persons who are representatives, directors or managers of the entity or of one of its organisational units with financial and functional autonomy as well as by persons who exercise the management or control thereof (known as "executives") even in a de facto manner, and finally by persons subject to the management or supervision of one of the aforementioned parties.

The organisation's liability is added to that of the natural person who materially committed the offence, except where the latter acted exclusively in his/her own interest or in the interests of third parties.

The organisation may be held liable for the offence if the offence was committed in its interest or to its benefit. If the interest is completely lacking because the person in question acted to achieve an interest exclusively of his/her own or of third parties, the undertaking shall not be liable.

On the contrary, if an interest of the entity exists, the offence resulting from a crime is constituted even if the undertaking receives no benefit.

The most controversial aspect concerns the interpretation of the terms "interest" and "benefit".

On the meanings to be attributed to the concepts of interest and benefit there is a continuing theoretical and juridical debate, which here will be summarised and simplified in the positions that have found the most support to this point: *“with regard to liability for offences of organisations, the criteria for attribution relating to interest and benefit are legally distinct since, while the former is a subjective criterion to be assessed beforehand, and consisting of the finalistic projection aimed at achieving a profit for the entity regardless of the actual realisation thereof, the latter is an objective criterion, ascertainable after the fact and consisting of the concrete benefit derived from the offence to the entity. (among others, Cass. Criminal Section IV, judgement no. 38363 of 23/05/2018)”*.

Therefore, the difference between the two criteria lies in the fact that the interest concerns the subjective finalisation of the conduct, and can be evaluated by the criminal court beforehand (i.e. prior to or concurrent with the commission of the offence), while the benefit is more objective and requires a judicial assessment to be performed after the event.

Article 4 of the Decree establishes that organisations headquartered in the territory of the State are also liable for offences committed abroad in the cases and under the conditions envisaged in articles 7 to 10 of the Italian criminal code, provided that the country where the act was committed does not take action of its own.

Finally, article 10 of Italian Law no. 146 of 2006, which ratified the United Nations Convention and Protocols against Transnational Organised Crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001, provides for the liability of entities for certain offences of a transnational nature, which have been considered for the purposes of the Model. This is the case if the conditions laid down by the law are met. Specifically: 1. an organised crime group must be involved in the execution of the act; 2. the act must be punished with a penalty of no less than a maximum of 4 years' imprisonment; 3. the illegal conduct must be either: - committed in more than one State; - committed in one State but having substantial effects in another State; - committed in one State, although a substantial part of its preparation or planning or management and control must take place in another State; - committed in one State, but involving an organised crime group active in committing criminal acts in more than one State.

If these conditions are met the offence falls under the Decree regardless of the existence of the above conditions for crimes committed entirely abroad.

According to the provisions of art. 6 of the Decree, the organisation is not liable if it proves that:

- a) Before the offence was committed the governing body has adopted and effectively implemented organisation and management models capable of preventing offences of the type that occurred.
- b) The task of supervising the implementation and observance of the models and their updating was entrusted to a body with independent powers of action and control.
- c) The persons committed the offence by fraudulently eluding the organisation and management models.
- d) There was sufficient supervision by the body referred to in point b).

Art. 6 of the Decree shows that the Organisational Model, if adopted and effectively implemented, represents an effective protective shield for the Company since it provides for the total exclusion of liability (according to criminal language, in this case the Model is grounds for exclusion of guilt) for the crime committed by the natural person functionally linked to it (in this case, therefore, only the natural person responsible will be prosecuted and possibly convicted).

Furthermore, if the Model is adopted after the commission of the offence, in the event of imposition of financial sanctions, this will justify a significant reduction thereof (art. 12). In the event of imposition of restrictive sanctions, such sanctions will not apply if “virtuous” actions are taken such as compensation for damages and/or making available profit, removal of the offender (art. 17).

1.2. Offences pursuant to Italian Legislative Decree 231

The original version of the Decree and its subsequent amendments introduced a comprehensive and extensive series of predicate offences, the commission of which may give rise to the administrative liability of the organisation.

The Decree currently applies to the following offences:

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| Art. 24 <i>Misappropriation of funds, fraud to the detriment of the State or other public entity or for the receipt of public funds and cyber fraud to the detriment of the State or other public entity</i> |
| Art. 24 – bis <i>Computer crimes and illegal data processing</i> |
| Art. 24-ter <i>Organised crime</i> |
| Art. 25 <i>Bribery, undue inducement to give or promise benefits and corruption</i> |
| Art. 25-bis <i>Counterfeiting of coins, credit cards, revenue stamps and identification instruments or signs</i> |
| Art. 25-bis.1 <i>Crimes against industry and trade</i> |
| Art. 25-ter <i>Corporate crimes</i> |
| Art. 25-quater <i>Crimes for the purposes of terrorism or subversion of the democratic order</i> |

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| <p align="center">Art. 25-quater.1</p> <p align="center"><i>Practices of mutilating female genitals</i></p> |
| <p align="center">Art. 25-quinquies</p> <p align="center"><i>Crimes against persons</i></p> |
| <p align="center">Art. 25-sexies</p> <p align="center"><i>Market abuse</i></p> |
| <p align="center">Art. 25-septies</p> <p align="center"><i>Manslaughter or grievous bodily harm committed through violation of the regulations on the protection of health and safety in the workplace</i></p> |
| <p align="center">Art. 25-octies</p> <p align="center"><i>Receiving, laundering and using money, goods or benefits of illegal origin, as well as self-money laundering</i></p> |
| <p align="center">Art. 25-novies</p> <p align="center"><i>Offences related to copyright violation</i></p> |
| <p align="center">Art. 25-decies</p> <p align="center"><i>Inducement not to make statements or to make false statements before judicial authorities</i></p> |
| <p align="center">Art. 25-undecies</p> <p align="center"><i>Environmental crimes</i></p> |
| <p align="center">Art. 25-duodecies</p> <p align="center"><i>Employment of undocumented third-country nationals</i></p> |
| <p align="center">Art. 25-terdecies</p> <p align="center"><i>Racism and xenophobia</i></p> |
| <p align="center">Art. 25-quaterdecies</p> <p align="center"><i>Fraud in sports competitions, illegal gaming or betting and gambling by means of prohibited devices</i></p> |
| <p align="center">Art. 25-quinquiesdecies</p> <p align="center"><i>Tax offences</i></p> |
| <p align="center">Italian Law no. 146 of 16 March 2006</p> <p align="center"><i>Ratification and implementation of the United Nations Convention and Protocols against Transnational Organised Crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001.</i></p> |
| <p align="center">Italian Law no. 9 of 14 January 2013</p> <p align="center">Regulations on the quality and transparency of the virgin olive oil supply chain.</p> |

1.3. The disciplinary system pursuant to Italian Legislative Decree 231

The Decree introduced the liability of organisations into Italian law, accompanied by an extensive and imposing sanction system applied directly to legal persons.

The penalties applied to the organisation fall under four different categories:

- Pecuniary penalties
- Restrictive penalties
- Confiscation
- Publication of the judgement

Pecuniary penalties always apply in the event of a finding of administrative liability arising from an offence, and are imposed on the basis of a share system.

The amount of a share can range from a minimum of €258.23 to a maximum of €1,549.37 and is determined by the judge at the time of the imposition of the fine based on the organisation's economic and financial conditions, in order to ensure the effectiveness of the sanction.

The penalty is initially applicable as a fine for the commission of the offence ranges from a minimum of 100 to a maximum of 1,000. The judge determines the number of shares considering the seriousness of the offence, the degree of liability of the entity as well as the actions taken to eliminate or mitigate the consequences of the offence and to prevent further offences.

Fines can be reduced if:

- The offender committed the fact mainly in his/her own interest or that of third parties and the organisation received little or no benefit.
- The financial damage caused is insignificant.
- The organisation has fully compensated the damage and has eliminated the damaging or dangerous consequences of the offence or has taken effective steps in this regard before the start of the court proceedings.
- An organisational model capable of preventing offences of the type in question was adopted and implemented following the commission of the offence but before the start of the court proceedings.

Restrictive penalties involve limiting particular aspects of the company's activity for a certain period of time.

Unlike pecuniary penalties, which apply in any case where the liability of the organisation is established, contractual penalties are applied in addition to pecuniary penalties when at least one of the following conditions is met:

- The organisation has made a substantial profit and the crime was committed by persons in senior positions or individuals with managerial functions when, in this case, the crime was made possible or facilitated by serious organisational shortcomings.
- In the event of repetition of the offences.

The restrictive penalties envisaged by Decree 231 are as follows:

- Prohibition against continuing operations.
- Suspension or revocation of the authorisations, licences or permits that made committing the offence possible.
- A ban on contracting with the public administration, except for obtaining the performance of a public service.
- Exclusion from public aid, financing, grants and subsidies and the possible revocation of those already granted.
- Prohibition on advertising goods or services.

The judge determines their type and duration, even applying both and considering the seriousness of the offence, the degree of liability of the entity, the actions taken to eliminate or mitigate the consequences of the offence and to prevent further offences, as well as the effectiveness of the individual penalties in preventing offences of the type committed.

Prohibition against continuing operations applies only on a residual basis, i.e. when the imposition of other restrictive penalties would be insufficient.

In any case, they last for at least three months up to a maximum of two years.

The prohibition against continuing operations, against contracting with the public administration or advertising goods or services can be applied definitively in case of recurrence if certain requirements of the Decree are met.

Restrictive penalties do not apply where the following conditions apply prior to the start of court proceedings, to be understood as cumulative:

- The organisation has fully compensated the damage and has eliminated the damaging or dangerous consequences of the offence or has taken effective steps in this regard.
- The organisation has eliminated the structural deficiencies that led to the offence by adopting and implementing organisational models capable of preventing offences of the type that occurred.
- The organisation has made any profits received available for confiscation.

In the event of multiple offences committed by the same organisation, art. 21 of the Decree provides that if they are committed with a single act or omission or committed in the performance of the same activities, pecuniary damages are imposed for the most serious offence and multiplied up to three times, with the maximum amount of penalties applicable for each offence. With respect to restrictive penalties, the penalty envisaged for the most serious offence shall apply.

The publication of the judgement may be ordered when restrictive penalties are applied. It is done at the expense of the organisation by publication on the website of the Ministry of Justice as well as by posting it in the municipality where the organisation has its head office.

The confiscation of the price or profit of the offence is always ordered against the organisation in the judgement. If it is not possible to confiscate the price or product of the offence then sums of money, goods or other benefits of equivalent value shall be targeted.

1.4. Other consequences deriving from the commission of offences in the interest of the organisation

In addition to the forms of liability listed above, there is also the liability envisaged in article 197 of the Italian criminal code under which a legal person, in the event of commission of crimes by those who represent, administer, or are employed by it, is required to pay a sum equal to the amount of the fine imposed if the offender is insolvent and the offence constitutes a violation of the obligations inherent in the position of the offender and has been committed in the interest of the legal person.

In the analysis of the risks deriving from the commission of the predicate offences, as well as in the preparation and implementation of the Model, Endura has taken into account the possible consequences of the offence without limiting itself to the penalties envisaged by the Decree, but including, as far as possible in a predictive manner, other effects that are more significant from a legal and organisational point of view.

2. THE ENDURA S.P.A. GOVERNANCE AND ORGANISATIONAL SYSTEM

2.1. Description of the company's activity and structure

Endura S.p.A. (hereinafter also “Endura” or the “Company”) is a medium-sized company active in the Fine and Speciality Chemicals industry with registered office in Viale Pietramellara 5, 40121 Bologna (hereinafter also “Headquarters”) and a production plant in Via Baiona 107/111, 48100 Ravenna (hereinafter also “Plant”).

The Company was founded in 1980 by Dr. Antonio Tozzi, based on previous business experiences that began in the early 1960s.

Since its foundation, Endura has entrusted the production of its main products (Piperonylbutoxide and Tetramethrin) to a third-party company through an outsourcing contract.

The production was thus carried out by a third-party company at the Pontecchio Marconi (BO) plant, while Endura was involved in the sale of the aforementioned products.

In 2002 the Company began manufacturing the products on its own at its new plant in Ravenna. At the same time, the Company also began the experimentation and production of other fine chemicals and intermediates. The plant is located in the chemical sector of Ravenna (formerly Enichem) and the Company is also a member of the Ravenna Servizi Industriali S.c.p.a. Consortium for the common management of sector services.

Subsequently, other active substances – insecticides and repellents – were added to the Company's portfolio, which distributes them on the market through agreements with leading manufacturing companies in the sector.

From a commercial point of view, the Company sells its products on the domestic market and, to a greater extent, exports them to many countries around the world.

Endura also has a research and development centre located at the Ravenna plant, where, in partnership with various university institutes and external laboratories, it carries out research that has led to numerous patented inventions in the field of insecticides and fine chemicals in general.

Endura is wholly owned by Intosa S.r.l., with registered office in Viale Pietramellara 5, 40121 Bologna and has several investments in industrial and/or commercial companies in Italy and abroad.

The Company has the following quality certifications:

UNI EN ISO 9001:2015

UNI EN ISO 14001:2015

UNI EN ISO 50001:2011

OHSAS 18001:2007

It is also a member of Federchimica's Responsible Care programme.

The industrial operations of the Endura plant in Ravenna are regulated by Directive 2012/18/EU (so-called “Seveso III”) on the control of major accident hazards involving dangerous substances and are subject to the relevant controls by the competent authorities.

According to the by-laws, the Company is based in the Municipality of Bologna and the directors have the right to transfer the registered office, including to a municipality in the national territory other than the one specified above, to set up and close down secondary offices, local operating units like branches, subsidiaries or administrative offices without stable representation. The Company's purpose is the production, import and export, processing, purchase and sale of chemical intermediates, chemical, phytosanitary and pharmaceutical products, both basic raw materials and processed products. The Company also carries out research, patents, development and analysis of products and industrial processes, as well as the provision of technical and regulatory assistance and consulting services for third parties for the main chemical, phytosanitary and pharmaceutical products.

The Company may also carry out any movable property, real estate, commercial, industrial and financial transaction that is instrumental, connected or useful to the achievement of the corporate purpose, including the provision of sureties and guarantees, including mortgage guarantees, the acquisition of equity investments in companies or businesses for the purpose of stable investment and not for the intermediation thereof; all within the limits and in compliance with current law. In particular, activities of a financial nature must be carried out in accordance with the relevant current laws.

The corporate bodies are the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The Ordinary Shareholders' Meeting resolves on the matters reserved to it by law and the by-laws. The Extraordinary Shareholders' Meeting resolves on the following matters:

- Amendments to the by-laws.
- Appointment, replacement and determination of the powers of the liquidators.
- The issue of convertible bonds.
- The adoption of the measures referred to in article 2447 of the Italian civil code.
- The extension of the duration and early dissolution of the Company.
- The appointment of liquidators and the criteria for carrying out the liquidation.
- The approval of the proposal for a composition with creditors or bankruptcy.
- The application for admission to compulsory administration.
- Other matters attributed to it by law and the by-laws.

When resolving on the company's governance, the Ordinary Shareholders' Meeting can decide to appoint a sole director or a Board of Directors composed of three or more members. Currently there is a Board of Directors composed of five members. The Board of Directors is exclusively responsible for the management of the company and carries out the operations necessary for the implementation of the corporate purpose, without prejudice to the need for specific authorisation in the cases required by law or the by-laws. The Chairman of the Board of Directors shall convene the Board of Directors, set the agenda, coordinate its work and ensure that all directors are adequately informed of the matters to be dealt with. The Board of Directors may delegate part of its powers to an executive committee composed of some of its members or to one or more Managing Directors, even severally, determining the content, limits and any procedures for the exercise of the delegation. Currently,

the BoD has delegated the ordinary management of the Company to a Managing Director, defining his/her areas of activity and related powers. The BoD may appoint executives, agents and proxies in general for the performance of certain acts or categories of acts, detailing their powers.

In January 2019 the Company appointed a General Manager with a notarial deed, constituting him/her as special attorney-in-fact, who among other things was entrusted with the task of assisting the Managing Director in the preparation of the proposals for the Company's strategic, economic, financial and organisational plans according to the objectives and parameters set by the Board of Directors, and in chairing and ensuring the implementation of the aforementioned strategic, economic and financial and organisational plans by all corporate structures. The General Management also assists the Managing Director in proposing the annual budget and in chairing and ensuring the implementation of the aforementioned budget by all corporate structures. The General Management also provides for the ordinary management of the Company's various areas relating to the integrated management and quality assurance system, marketing and sales management, personnel and organisation, plant management, research and development, regulatory affairs, purchasing and logistics. Finally, the General Manager coordinates the activities of ordinary administration with subsidiaries and investees.

During 2018, special powers were also conferred via notarial deed on the Director of Administration, Finance and Control, the then Plant Director, the Director of Regulatory Affairs and the Personnel and Organisation Manager. These powers define the areas of activity of those receive them and delimit their powers of representation with respect to third parties.

In January 2020, power was conferred via notarial deed on the Plant Manager appointed to replace the previous Plant Manager, who left office at the end of 2019.

The company organisation, presented graphically in the organisational chart attached to the Special Part, consists of the Board of Directors, General Management, Departments and Functions.

The Administration, Finance and Control Department is responsible for the Administration, Treasury, Budget & Control and Information Systems functions.

The Legal Department, currently consisting of a single resource, is autonomous and reports to the Managing Director, in addition to cooperating with General Management and the Administration, Finance and Control Department.

General Management coordinates and oversees the following Departments: Integrated Management and Quality Assurance System, the Marketing and Sales Department which includes the Customer Service, European Marketing & Sales, Production Programming, Product & Technologies Development functions and coordinates the sales network; the Personnel and Organisation Department; Plant Management which includes the Production and Warehouse functions, Technical Services, Engineering, Health, Safety and Environment ("HSE") functions; the Research and Development Department which includes the Research, Development and Analysis and Quality Control functions; the Regulatory Affairs Department, which includes the Biocides and Risk Assessment functions, Biocides and Pharmaceuticals, Reach and CLP; the Purchasing and Logistics Department. With regard to Plant Management, it should be noted that it also oversees the activities of the Qualified Person in accordance with Good Manufacturing Practice guidelines and is responsible for the management of safety and

the environment for the entire plant, including the Research and Development Department and related functions.

The Chairman of the Board of Directors represents the Company. The power to represent the Company is also granted to the managing director and the proxies, within the limits of the powers conferred on them when appointed.

There is also a Board of Statutory Auditors consisting of three statutory auditors and two alternates, which has the duties and powers referred to in articles 2403 and 2403-bis of the Italian Civil Code.

The statutory audit of the Company's accounts is performed by a statutory auditing firm included in the appropriate register pursuant to art. 2409 bis of the Italian Civil Code. Starting from 2017, the Endura financial statements are certified by the independent auditor PricewaterhouseCoopers S.p.A.

2.2. Introduction to the Endura S.p.A. Organisational Model

With the adoption of this Organisation, Management and Control Model (hereinafter the "Model"), its latest version approved by the Company's Board of Directors on 27 May 2020, Endura SpA intends to establish an effective system for the prevention of unlawful acts in the conduct of its business.

It should hereby be noted that Endura S.p.A. already had organisational and control instruments formalised by specific documents (rules of conduct, organisational procedures, work instructions, audits by the Board of Statutory Auditors and the Independent Auditors, etc.) in place before the adoption of the Model. However, in order to fully implement the Decree, these instruments have been incorporated in this Model, having a broader scope. In any case, it must be noted that in many cases the Model adopted by the Company refers to many different sources and internal company documents (e.g. procedures, manuals, forms, diagrams and workflows, etc.) whose text will not be reproduced here for obvious reasons of brevity and clarity of presentation. In any case, these sources and references are assumed to be an integral part of the system of organisation and management relevant for the purposes of the Decree, as they are useful for the fulfilment of the requirements and the pursuit of the purposes referred to in art. 6 of the Decree. The complete list of company documentation relevant for the purposes of this Model is contained in the Special Part. These sources and references are also available or made available to recipients, as needed.

This Model was prepared on the basis of the provisions of the Decree and taking into account the Guidelines prepared by Confindustria. The task of supervising the updating of the Models where necessary as well as to supervise their implementation and observance is the responsibility of the designated Supervisory Body (hereinafter also referred to as the "SB"), appointed on 27 May 2020 (discussed in detail in Chapter 3 of the Model).

2.3. Model purpose and structure

The main objective of the Model is to establish a structured system of control procedures and activities to:

- Ensure that the Company's activities are carried out in full compliance with the Decree through the implementation of an internal control system that interacts and coordinates with existing internal and external control systems.
- Prevent any attempts to carry out unlawful conduct through the drafting of a series of prescriptions, which are in addition to and coordinated with existing company procedures and regulations, in order to prevent the creation of situations favourable to the commission of crimes in general, and more specifically those envisaged in the Decree.
- Monitor so-called “sensitive activities”, i.e. the areas that are objectively most at risk, the business activities where it is considered most likely that specific crimes under the Decree might be committed.
- Identify procedures for managing financial resources able to prevent the commission of offences.
- Set up a disciplinary system to punish conduct in violation of the Model or otherwise unlawful or dangerous for the purpose of committing the offences envisaged in the Decree.
- Set up and regulate a Supervisory Body with independent powers of action and control in order to supervise the proper operation, effectiveness and observance of the Model, and also to ensure its constant updating.
- Reaffirm that Endura S.p.A. condemns unlawful conduct as contrary to the ethical principles the Company adheres to, regardless of any purpose and even if done for the benefit of the Company.

This Model consists of a General Part, containing the rules and general principles of the Model, a Special Part, which deals initially with the categories of crime contemplated by the Decree, and for each of them identifies the areas concerned, the sensitive processes and the general and specific rules of conduct of each process. The Annexes form an integral part of the Model. The Company's by-laws, the powers granted via notarial deed, the procedures and regulations referred to in the Special Part are an integral part of the Model as they are useful for the pursuit of the Model's purposes.

2.4. Recipients

The provisions of this Model are addressed to the following parties:

- The Board of Directors and its individual members
- The Board of Statutory Auditors and its individual members
- Company employees, temporary workers and contractors
- External consultants of the Company
- Members of the SB

- in general, anyone acting in the name, on behalf or in the interest of Endura S.p.A.

Recipients are required to scrupulously comply with all the provisions of the Model, fulfilling their duties of diligence, good faith and loyalty arising from the relationship established with the Company.

Endura S.p.A. condemns any conduct contrary to the law and the provisions of the Model, even if such conduct is carried out in the alleged interest of the Company, or in any case with the intention of giving it a benefit.

3. MODEL ADOPTION AND IMPLEMENTATION

3.1. Methodological approach

The effective execution of the project and the need to adopt objective, transparent and traceable criteria for the construction of the Organisational and Management Model for the purposes of the Decree required the use of appropriate methodologies and tools integrated with each other.

The activity carried out was based on compliance with:

- The Decree and other legal provisions
- The Guidelines issued by Confindustria on the subject of "organisational and management models"
- The document "Introductory guide to the Organisational models envisaged by Italian Legislative Decree 231/01 for offences in the field of Health and Safety" by Federchimica – series published by the Legal Affairs Committee
- The best practices in the field of controls (CoSO Report)

The adoption and implementation of the Model according to the methodology used involved the following steps:

- Planning and analysis: Appointment of a working group and division of tasks; fact-finding analysis (Data collection - identification of areas and key officers - collection of information); Risk Assessment; Identification of solutions aimed at overcoming the critical issues found; Drafting of a summary document.
- Preparation: Drafting; Adoption.
- Implementation: Dissemination of the Model; Training of personnel.

3.2. Appointment of a working group and division of tasks

To begin with, on 31 October 2018 the Company's Board of Directors entrusted the General Manager with the task of overseeing the Company's implementation and updating of the Organisational Model pursuant to Italian Legislative Decree no. 231/2001, keeping the Board of Directors informed.

Taking note of the need and opportunity to proceed with the drafting of the Model, the General Manager appointed a Working Group composed of an external consultant, the Legal Manager and the company departments and functions concerned from time to time.

In particular, the Directors of Administration, Finance and Control, Personnel and Organisation, Sales and Marketing, Regulatory Affairs, Research and Development, Plant Management, the Integrated Management System Manager, the Information Services Function and the Purchasing Department took part in the work together with the General Manager, the external consultant and the legal manager.

The composition of the Working Group changed based on the area being assessed.

Regular meetings were held to discuss and coordinate the individual parts of the work.

3.3. Fact-finding analysis

1.1.1 Collection of data and information

During this phase, first the documentation useful for understanding the Company's activities and organisational system was collected.

This information concerns:

- The type of activity carried out.
- The Company's size.
- The economic sectors the Company operates in.
- Organisational structure.
- The type of relationships and activities (e.g. commercial, financial, regulatory control, representation, collective bargaining, etc.) in place with third parties and in particular with public administrations, both Italian and foreign.
- The work environment.
- Any past alleged irregularities (incident analysis).
- The internal regulatory and procedural framework (e.g. delegation of functions, decision-making processes, operating procedures, protocols).

The documents acquired:

- The Company's by-laws
- Powers of attorney and proxies
- Minutes of the meetings of the BoD relevant for the purposes of the Decree
- Organisational chart
- Sustainable development policy
- Integrated Management System procedures
- Procedures of the Administration, Finance and Control Area
- Internal rules
- Some contracts relevant for the purposes of the Decree

The collection of information was supplemented with interviews and questionnaires with directors and department managers in order to identify any processes not governed by the official procedures that are already in place, to compare the documentary evidence with the company's everyday practices, and to collect information on any organisational deficiencies and incidents that have occurred in the past.

The list of those interviewed includes:

- General Manager
- AMFC Director

- Regulatory Affairs Manager
- Purchasing Department staff and the Purchasing Department Manager
- Sales and Customer Service managers
- Information Services Manager
- Plant Director
- Technical Services Manager
- R&D Manager
- IMS - HSE Manager
- Human Resources Manager

The information gathered in the questionnaires and interviews regarded the following subjects:

- Description of the internal organisation of the individual area/function.
- Main activities carried out by the function/unit/organisational position.
- The manner in which these activities are carried out.
- Identification of the procedures and regulations applicable to the area's activity.
- Identification of processes that also involve other areas of the company.
- Identification of the people and responsibilities in the area.
- Examination of the procedures and rules in place and comparison with current practices.
- Degree of financial autonomy.
- Training and information activities.
- Problems and incidents.
- Checks carried out on the function/area.
- Management of relationships with external parties.
- Methods of documentation and preservation of records.

1.1.2 Identification of areas and key officers

An analysis of the data collected identified the areas having a potential risk of the crimes envisaged in the Decree being committed and the relevant persons or organisational positions within such areas.

Thus, for example:

- The company functions that usually have significant relationships with Italian, foreign or supranational governments.
- The company functions that take on importance in the administrative and financial areas that, also as per explicit regulatory provisions, are considered areas with a higher risk exposure.

- The company functions responsible for compliance with and implementation of the regulations on occupational safety.

The analysis was expanded to identify those responsible for codified processes, and also the types and frequencies of the controls in place as well as the persons who perform such controls.

3.4. Risk Assessment

The data and information collected were processed and an analysis of the risk of crimes being committed was performed. This activity was carried out in successive phases.

First the potential risks were identified. Starting from an analysis of the business context, all the predicate offences referred to in the Decree were considered.

In carrying out this activity, account was taken of the business risks that depend specifically on the type of activities performed by the Company, the structural risks that are dependent on the organisation, and the cultural risks, i.e. the practices and behaviours of people in the Company.

The risk analysis was structured according to the table of predicate offences.

The risk for each crime was defined on the basis of two factors: the probability of its occurrence and its potential damage.

The probability of the crimes being committed was assessed taking into account several components, each of which has been assigned a specific value.

The components considered include any specific business precedents or those belonging to the same *genus* of severity with respect to the protected legal asset; any situations of irregularities or past deficiencies pertaining to the same area even if not constituting an offence; the relevance to the activity carried out by the Company both institutionally and specifically; the complexity of the management of the area involved in the offence; the presence of existing business procedures; any deficiencies found in these procedures or during interviews/questionnaires with function managers. Within this latter category, the individual factors specific to the parties concerned were also assessed, such as the lack of the function manager, or the high turnover of work positions. The sum of the components identified above clarified the probability of the crime being committed.

The potential damage was determined taking into account all types of sanctions envisaged by the Decree (pecuniary, restrictive, confiscation, publication of the judgement) in addition to the other possible consequences of the offence.

With regard to all the risk components listed above, account was prudentially taken of the discretion of the adjudicating body in their selection and application.

A separate analysis was performed on the restrictive penalties, taking into account the various types and the possibility of application with respect to each type of predicate offence.

Finally, for the purposes of predicting possible damages, account was taken of the possible consequences of offences not included in the Decree but recognised by the legal system as a whole, both their direct financial impact and their impact on the organisation and company reputation.

The specific criteria used in the assessment of potential damages are explained in detail in the Special Part.

For each type of crime, a potential risk value has been identified (see the table), determined by combining the probability of commission with the severity of the possible consequences based on the following chart.

| Probability | Danger | | | | |
|-------------|--------|-------|-------|-------|--------|
| | ≤ 20 | ≤ 40 | ≤ 60 | ≤ 80 | ≤ 100 |
| ≤ 20 | 400 | 800 | 1,200 | 1,600 | 2,000 |
| ≤ 40 | 800 | 1,600 | 2,400 | 3,200 | 4,000 |
| ≤ 60 | 1,200 | 2,400 | 3,600 | 4,800 | 6,000 |
| ≤ 80 | 1,600 | 3,200 | 4,800 | 6,400 | 8,000 |
| ≤ 100 | 2,000 | 4,000 | 6,000 | 8,000 | 10,000 |

The result of the combination of factors made it possible to classify the risk into five categories, as follows:

- Critical
- Significant
- Modest
- Negligible
- Insignificant

The acceptable risk threshold was then defined according to the Confindustria Guidelines.

It follows that negligible risks do not require any corrective actions; negligible risks do not require special corrective actions but are nevertheless subject to periodic monitoring; modest risks must be constantly monitored and are subject to corrective actions, albeit subordinate to the most serious risks; significant risks must be subject to particular attention by the company and the SB and must be subject to appropriate corrective actions; critical risks are absolute priorities and require corrective actions that cannot be postponed.

The potential risks identified according to the method described above were then placed in relation to the controls already in place in the company's organisational system. This procedure was conducted for each predicate offence and for each company area.

The controls in place were thus assessed quantitatively and qualitatively for the purposes of their ability to prevent the risks related to the Decree. The risks of crimes have thus been reassessed in light of the existing controls and reclassified according to the general scheme outlined above.

Risk assessment is a process that must be carried out constantly while the Model is in place, at least annually. Changes to the classification of specific risks may be determined by multiple factors, such as regulatory updates of the Decree with the introduction of new crimes; organisational changes; addition of new products to the portfolio; access to new markets, etc.

Based on the residual risks, the critical areas of the organisational and control system have been identified and described (“gap analysis”).

The verification of the organisational system was performed in light of the following parameters:

- The existence of protocols and formal procedures to govern the activities performed by areas potentially at risk.
- The existence of authorising and signatory powers consistent with the organisational and managerial responsibilities assigned and/or concretely carried out, based on the examination of the proxies issued and internal managerial powers.
- The existence and adequacy of an internal disciplinary system aimed at punishing any violation of the principles and provisions put in place to prevent the commission of crimes, both by the Company's employees – executives and otherwise – and by Directors and external contractors.
- The existence of the opposition of functions.
- The formalisation of the whole system.
- The degree of knowledge, application, communication, updating and control of existing procedures and protocols.

3.5. Identification of solutions aimed at overcoming the critical issues found (Action plan)

Based on the critical issues identified as a result of the gap analysis, the necessary improvement and corrective actions were identified and assessed to reduce the risks associated with the critical issues detected according to the company's capabilities and resources.

It should be noted that for some time at Endura there were already two systems of procedures in place, in addition to a set of company rules. In developing the Model the choice was made to start with the procedures and company rules that were already in place, and following their analysis take action on what was missing, adding further protocols to these rules and procedures in order to comply with the Decree.

The main, general system of procedures prepared for the purposes of quality certification is called the Integrated Management System (“IMS”). The system consists of “Macroprocesses, Process Sheets and Work Instructions”. See the list in the relevant section of the Special Part. The Integrated Management System is subject to internal audits by the IMS function and external audits by certification bodies.

The Administration, Finance and Control Area has developed and implemented its own system of procedures (AMFC Procedures), which constitute a working method for activities involving the functions of that area and other areas, as far as they are concerned. See the list in the relevant section of the Special Part.

The system was controlled by the CFO but not supervised by specific, scheduled checks. However, compliance with the procedures was indirectly verified by the Independent Auditor and the Board of Statutory Auditors. More information on the evolution of the control system is available in the designated section of the Special Part.

Other company and internal rules also apply to the Company.

Based on the critical issues identified and classified according to the risk assessment, the following were identified:

- General corrective or improvement actions, i.e. that apply across the board for the containment of all predicate offences.
- Specific corrective or improvement actions, i.e. aimed at specific needs to contain the risk of certain crimes and/or to make individual business processes more effective or better for the purposes envisaged by the Decree.
- The corrective or improvement actions may consist of: changes and adaptations to existing IMS or AMFC procedures; adoption of new IMS or AMFC procedures; adoption and implementation of specific protocols for the purposes of the Model; implementation of new control bodies (Management Control for AMFC procedures; SB); implementation of new types of controls; training of recipients.
- For each improvement or corrective action, the following have been identified:
 - An action plan
 - The person(s) responsible for the implementation of the action plan
 - A deadline
 - Monitoring of the action plan's implementation

The results obtained from the activities described in the preceding paragraphs formed the basis for the design of the Organisational Model, as specified below.

3.6. Drafting of the Model

After carrying out the previous steps, the following preparatory activities were performed for the drafting of the Model:

- Review of existing operating procedures for areas/activities considered potentially at risk.
- Drafting of organisational procedures for areas identified as potentially at risk.
- Sharing and refinement of new or revised procedures with department managers and/or area managers.
- Definition of the powers, tasks and responsibilities of the Supervisory Body and its relations with corporate offices, and drafting of its rules.
- Development of the internal disciplinary system scaled according to the seriousness of the violations.
- Design of initiatives centred on the communication of the Model and training.

Finally, the previous activities led to the drafting of the Model through the preparation and/or adaptation of the organisational instruments that make it up and that are considered most appropriate to boost the effectiveness of crime prevention actions.

The draft Model was shared with the BoD, General Management and the Administration, Finance and Control Department for appropriate amendments and additions.

3.7. Adoption of the Model

The Decree establishes that the Model is a “document issued by the governing body” (art. 6, paragraph 1, letter a), leaving to each body the task of identifying the body within itself that will perform this task. Consistent with the Confindustria Guidelines, with the law and the by-laws, the Company has identified the Board of Directors as the governing body responsible for adopting the Model. Number At its meeting of 27 May 2020, the Board of Directors adopted the General and Special Parts of the Model, and appointed the members of the SB. The resolution of the BoD approving the Model and appointing the Supervisory Body is attached to the Model.

3.8. Dissemination and preservation of the Model

In order to ensure effectiveness and compliance with the provisions contained in the Model, its adoption and contents are communicated to all recipients by the competent corporate bodies at the direction of the SB.

The General Part of the Model is posted on the bulletin boards of the Company's offices and may also be published on the company website www.endura.it.

The Special Part contains company data and procedures that must not be disclosed to the public, except in case of need. Therefore, without prejudice to the above communication to the recipients, who are required to keep it confidential, consistent with the need to observe its principles and procedures, the Special Part will not be disclosed to third parties except for the need to make it known to competent Authorities.

All recipients will also be notified of the adoption and publication of the Model through personal communication. Employees and contractors will be asked to sign a statement accepting the Model and committing to comply with its provisions by the Company's Personnel and Organisation Manager. For new employees and contractors, the above statement will be required at the time of hiring.

The Model and all its Annexes will be stored digitally in a dedicated folder on the company server, accessible for viewing only to all recipients. Recipients are authorised to extract copies of the Model for professional use in compliance with the confidentiality rules outlined above, but such copies do not in any way constitute official versions having legal value.

3.9. Training of personnel

It is the task of the SB, together with the Personnel and Organisation Manager, to implement the training plan attached to the Model in order to carry out continuous awareness-raising and to disseminate correct information at all company levels, involving them in the implementation of rules of conduct, procedures and company policies.

Endura S.p.A. provides the necessary resources to organise specific information meetings and internal training courses for employees and contractors in order to inform and update them on the Model's contents, procedures and any changes thereto.

The aforementioned courses and meetings are organised and held by the SB.

In particular, the training must provide guidance on the following elements:

- The regulatory framework.
- The general contents of the Model and any changes to it.
- Company controls and protocols already in place and introduced following the adoption of the Model.
- The integrated system of internal and external controls.
- Details about the company area and the activities carried out with respect to the risk of committing specifically relevant crimes.
- Relations of employees and contractors with the SB.
- The disciplinary system.

Participation in the aforementioned training sessions by the identified parties is mandatory. Failure to participate will be punished in accordance with the disciplinary system envisaged in the Model.

The SB assesses the effectiveness of meetings in training courses in terms of planning, timing, content, updating, methods and identification of participants, and reports to the General Management and the Board of Directors.

3.10. Amendments and additions

The Model will be modified and/or updated in response to regulatory changes, changes in the Company's operations and in relation to deficiencies and possibilities for improvement that will prove useful or necessary in the application of the Model to the company's business.

The SB is responsible for the dynamic management of the Model, and in particular:

- The organisation of periodic audits of the Model and its constituent elements.
- The updating of the "map" of areas at risk of crimes, and the actions necessary to preserve the effectiveness of the Model in preventing crime over time.
- The activity of reporting information to corporate bodies for the modification or updating of the Model's substantive elements.

Changes and/or additions to the Model are referred to the Board of Directors by means of a specific resolution, on its own initiative or at the proposal of the SB.

The material modification of the Model and its Annexes in digital form is delegated by the Board of Directors.

4. THE SUPERVISORY BODY

4.1. Introduction

If the offences envisaged are committed, as a condition for the granting of exemption from administrative liability the Decree establishes that a body with independent powers of initiative and control must have been entrusted with the task of supervising the operation of and compliance with the Model, as well as its updating (article 6).

Endura S.p.A. intended to appoint an SB and give it autonomous powers.

4.2. Appointment and composition

The SB is appointed by the BoD. After the first appointment, the SB will be appointed at each first meeting of the Board of Directors and will remain in office for the three years corresponding to the duration of the Board of Directors, until it is replaced by the next Board of Directors. There must be 1 to 3 members of the SB and they can be reconfirmed.

The SB must satisfy requirements of:

- Autonomy
- Independence
- Professionalism
- Continuity of action

The parameters to verify the aforementioned requirements in detail are made explicit in the SB's by-laws, which is an annex to the Model.

The fitness to assume the role of member of the Supervisory Body is determined by the requirements of integrity, autonomy, independence, competence, professionalism and continuity of action required for this function.

4.3. Functions and powers

The SB has the following tasks:

- Monitor the operation of the Model, i.e. its efficacy.
- Monitor compliance with the Model, i.e. its effectiveness.
- Update the Model as needed.

More specifically, the SB:

- Periodically checks and updates the map of areas at risk of crime and sensitive processes.
- Prepares and communicates to the interested parties and to the Board of Directors an annual control plan according to the specifications annexed to this Model.

- Periodically carries out checks aimed at ascertaining the provisions of the Model, in accordance with the control plan put in place. Specifically:
 - o Checks on the most important financial transactions.
 - o Checks on financial management and treasury transactions.
 - o Checks on the management of the Company's funds.
 - o Periodic checks of documentation.
 - o Accounting checks.
 - o Checks and analyses of the financial statements for their approval.
 - o Checks of employees' and management's knowledge of and compliance with the laws and the Model.
 - o In coordination with the Safety Manager, checks on the compliance of protective systems and tools with current legislation.
 - o Checks on employees' compliance with safety regulations.
- Ensures that the procedures, protocols and checks envisaged are implemented by the relevant bodies and documented in a compliant manner.
- Checks that the corrective actions necessary to make the Model adequate and effective are taken promptly and effectively.
- Periodically reports to the Board of Directors regarding the implementation of company policies for the implementation of the Model. Such reports must include:
 - o The SB activity plan at the beginning of each year.
 - o An annual report on the Company's implementation of the Model, at the end of each financial year.
 - o Specific immediate communications regarding the critical issues encountered and violations of the Model.
 - o When necessary, any changes and new regulations that require updating the Model or that are in any case of interest for the purposes envisaged by the Decree.
 - o At the request of the Board of Directors, the status of the SB's activities and the Company's implementation of the Model.
- Immediately informs the Board of Directors in the event of significant violations of the Model by Company employees or contractors.
- Immediately informs the Board of Statutory Auditors if the violation concerns the Company's directors and/or the Board of Directors.

- Together with the Personnel Manager and company managers, schedules information sessions with employees in order to inform and update them on the Model's contents and the rules to be followed.
- If requested or on its own initiative, suggests the imposition of appropriate and proportionate penalties for ascertained violations of the Model, in accordance with the disciplinary system.
- Verifies the imposition of penalties for non-compliance with the Model by the relevant bodies.
- Elaborates updates to the Model and proposes them to the Board of Directors for approval, regarding:
 - o Significant violations of the Model itself.
 - o Changes in the Company's internal structure.
 - o Changes in the activities carried out by the Company or in its procedures.
 - o New regulations.
- Processes and stores all relevant information received under the Model in a special database and/or on paper, and updates the list of information that must be submitted thereto.

In order to achieve its purposes, the SB may:

- Coordinate with other company functions (including through specially organised meetings) to exchange information to keep areas at risk of crime and sensitive activities updated.
- Request information from the Company's management, employees and contractors, as well as from the Board of Statutory Auditors.
- Acquire documentation relating to the possible commission of the offences included in the Decree, and reports with the results of the internal and external investigations performed by the Company's auditors.
- Promote initiatives for training and communications relating to the Model, and prepare the necessary documentation for this purpose.
- Report cases of failure to implement the Model to managers and control personnel within the individual functions.
- Suggest to the relevant bodies the penalties to be imposed for violations of the Model according to the Company's disciplinary system.
- Urge the company bodies responsible to take the necessary actions to implement the Model.
- Specify the corrections and modifications to be made to the Company's activities.

The Company must provide the SB with information regarding:

- The commission of offences covered by the Decree and related to the company's activities.
- Penalties imposed (including measures taken against employees), or the dismissal of such cases with the corresponding reasons.
- Inspections or requests from any public authority.
- Changes in the Company's structure or activities.
- New hires, resignations and dismissals in areas at risk.
- Substantial financial transactions.

To this end, the Supervisory Board must be informed by the management, in particular by the Area Directors and function managers, as well as by all employees and those involved in control activities, of any information relating to situations that may expose the Company to the risk of crime as well as related to violations of the Model.

Persons performing representation, administration or management functions within the Company and persons subject to their direction or supervision may use multiple channels specifically dedicated to protecting the company's integrity to submit detailed reports of illicit conduct related to the Decree and based on factual and consistent evidence, or violations of the company's organisational and management model that they have become aware of in the course of their work.

The Company guarantees the confidentiality of the whistleblower's identity.

It is prohibited to take direct or indirect retaliatory or discriminatory measures against the whistleblower for reasons linked directly or indirectly to the report.

The disciplinary system envisages penalties against those who violate the protective measures put in place for whistleblowers, as well as against those who wilfully or negligently make faulty or unfounded reports.

5. THE DISCIPLINARY SYSTEM

5.1. Introduction

Pursuant to articles 6, paragraph 2, letter e) and 7, paragraph 4, letter b) of the Decree, the Model can be considered effectively implemented only if it includes a “disciplinary system suitable for sanctioning non-compliance with the measures” specified therein.

The Code of Ethics, the protocols of the Model, and the internal procedures of the Company are binding on the recipients, regardless of the actual commission of a crime as a consequence of the conduct.

Endura's intent is to put in place a disciplinary system related to the rules governing the Company's activities, in accordance with the provisions of the Model.

The disciplinary system applies to Company directors, employees, contractors, general managers, executives, auditors and consultants and third parties in any capacity acting in the name, on behalf or in favour of Endura S.p.A., providing for appropriate penalties in order to ensure the effectiveness of the Model.

A prerequisite for the imposition of penalties is the recipients' knowledge of the Model and penalty system. The Company therefore ensures that such knowledge is disseminated among the recipients.

The disciplinary system is subject to constant monitoring and assessment by the SB. The SB must be constantly informed of the penalties imposed on all recipients of the Model.

The general principles underlying the disciplinary system are set out below, while the disciplinary rules relating to specific infringements and the rules of procedure for the imposition of penalties are also annexed to the Model.

5.2. General principles

The application of penalties is completely independent of any criminal or administrative proceedings initiated by the competent authorities against the offender, as well as any damage suffered by the Company and any proceedings brought against it, including the imposition of the penalties envisaged by the Decree.

No penalty may be applied without prior verification of the violation, which must take place in cooperation with the person deemed responsible, who is guaranteed the right to defend himself/herself and who must be allowed to present his/her arguments orally and in writing.

The SB and the person responsible for the imposition of penalties must contribute to the ascertainment of the violation and must act in concert.

No penalty may be applied unless envisaged in the Model for a specific violation described therein.

Penalties are imposed by the competent parties in a timely and specific manner, subject to challenge with an obligation to provide reasons.

5.3. Parties

The procedural rules annexed to the Model specify the party responsible for imposing penalties on each category of offender, specifically:

- For employees, the hierarchical superior is responsible.
- For the General Manager, the Board of Directors is responsible.
- For the individual members of the Board of Directors, the Chairman of the Board of Directors is responsible after a resolution of the Board as a whole.
- For the Board of Directors as a whole, the Shareholders' Meeting is responsible.
- For the individual members of the Board of Statutory Auditors, the Chairman of the Board of Statutory Auditors is responsible.
- For the Chairman of the Board of Statutory Auditors or for the Board of Statutory Auditors as a whole, the Shareholders' Meeting is responsible.
- For the SB, the BoD is responsible.
- For consultants and third parties, the body responsible for signing the relevant contracts with them is generally responsible.

The concrete application of the disciplinary measures outlined here can be implemented with possible notification of the SB.

5.4. Punishable conduct

- a) Violations of the Model that give rise to the application of penalties fall under the following categories:
- b) Failure to comply with the procedures and company rules referred to in the Model, in such a way as to create the risk of the commission of some of the offences included in the Decree.
- c) Failure to comply with the protocols introduced with the Model.
- d) The commission or attempted commission of the predicate offences listed in the Decree, or the violation of other national or European regulations while working that may create the risk of committing the predicate offences referred to in the Model.
- e) Conduct that, while not constituting one of the offences included in the Decree, leads in an unambiguous manner to the commission of one or more offences.
- f) Conduct while performing activities related to the areas at risk that does not comply with the provisions of the Model and that can expose the Company to an objective situation of risk of committing one of the crimes listed in the Decree.

- g) Lack of cooperation with the SB, consisting in particular in the failure to communicate the information and documentation envisaged in the Model or in any case requested by the SB, and the unjustified failure to participate in the checks scheduled by the SB.
- h) Failure by the relevant parties to impose penalties for violations envisaged in the Model.
- i) Failure to attend information and training meetings related to the Decree and the Model.
- j) Taking discriminatory actions against whistleblowers.
- k) Submitting malicious reports of wrongdoing that prove to be unfounded.

5.5. Disciplinary measures

The choice of the type and size of penalties and their imposition must be guided by the principle of proportionality and must take into account the following elements:

- The level of intent.
- The level of reckless, negligent, inexpert conduct.
- Any existence of recidivist conduct.
- The severity of the danger and/or consequences of the violation for those covered by legislation on the protection of health and safety in the workplace, as well as for the Company.
- The foreseeability of the consequences.
- Degree of divergence from the prescribed conduct.
- The timing, manner and circumstances of the violation.
- The overall conduct of the offender, also considering his/her professionalism and work history.
- The role and duties of the person who committed the violation in the exercise of the specific activity in the context of which it was committed.
- The level of responsibility, hierarchical and/or functional position of the offender.
- The level of participation in cases where the violation was committed in collusion with other persons.
- After the violation, any conduct by the responsible party aimed at preventing or mitigating dangerous or harmful effects.

The imposition of penalties is always preceded by an invitation to the offender to endeavour to cease the conduct that caused the violation.

5.6. Measures against employees

Company employees' violation of the measures envisaged in the Model constitutes a breach of the obligations arising from the employment contract pursuant to articles 2104 and 2105 of the Italian Civil Code.

Article 2104 of the Italian Civil Code establishes that the employee must use the diligence required by the nature of the work and must comply with the provisions issued by the employer and hierarchical superiors.

Pursuant to article 2105 of the Italian Civil Code, the employee may not use information about the organisation and the company's methods of production in such a way that may be detrimental to the business.

In the event of non-compliance with these provisions, pursuant to art. 2106 of the Italian Civil Code the employer may take disciplinary measures proportional to the severity of the infringement and in compliance with the types of penalties envisaged by the applicable national collective bargaining agreement.

The Company will apply the penalties in compliance with the procedures set out in article 7 of Italian Law no. 300 of 30 May 1970 (Workers' Statute), ensuring that the employee who has been accused has the right to defend himself/herself.

5.7. Measures against directors and statutory auditors

In the event of conduct in violation of this Model by one or more members of the Board of Directors or one or more Statutory Auditors, the SB shall inform the Board of Directors and the Board of Statutory Auditors, which will take the appropriate measures envisaged by law or by the by-laws, including, for example, the convening of the Shareholders' Meeting in order to take the most appropriate measures permitted by current law.

If the conduct of the statutory auditors also constitutes a disciplinary offence, the Company will also report the conduct to the competent professional bodies.

5.8. Measures against contractors, consultants and third parties

In accordance with the provisions of the individual contractual relationships, any conduct in violation of this Model by contractors, consultants or third parties acting in any capacity in the name, on behalf or in favour of the Company may result in an invitation to comply with the provisions of the Model and/or regulations, the termination of the contractual relationship and possibly a request for compensation for the damages suffered by the Company.

All contracts shall explicitly require third parties to comply with the Model. The Model will be made known to third parties, respecting the confidentiality of the information belonging to the Company.