



**Organization, management, and control model pursuant  
to Legislative Decree 231/2001**

**General Section**

Public Document

*"Public" documents may circulate freely within and outside the company .*

**GENERAL SECTION**

**LIST OF REVISIONS**

REV.	DATE	NATURE OF CHANGES	APPROVAL
00	05/26/2025	Adoption	Board of Directors

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**TERMS AND DEFINITIONS**

**CCNL:** National Collective Labor Agreements and Supplementary Company Agreements

**CDA:** Board of Directors

**Code of Ethics:** document adopted by the Company containing the statement of rights, duties, and respective responsibilities of all individuals and members of bodies operating with and within the Company, aimed at declaring shared and recognized principles, foundations, and ethical and professional conduct, with a view to preventing and combating possible illegal acts;

**Collaborators:** all individuals who collaborate with the Company, by virtue of an autonomous, coordinated, and ongoing collaboration relationship or other similar forms of collaboration of a non-subordinate nature;

**Consultants:** natural persons who, by virtue of their proven experience and specialization and their possible registration in professional registers, collaborate with the Company under consultancy/independent contracts for the performance of qualified professional services;

**Delegation:** the act by which a person (delegator) replaces another person (delegate) in the exercise of activities within their competence.

**Recipients:** all those who are required to be familiar with and comply with the Organization and Control Model (for example, the Board of Directors, the Statutory Auditor, the Board of Statutory Auditors, the Shareholders' Meeting, the members of the Supervisory Body (SB), the Chief Executive Officer, the General Manager, employees, including those in senior positions as defined below, as well as, for the parts relevant to them, collaborators, consultants, and suppliers);

**Employees:** individuals who perform work for the Company, employed by and under the direction of the Company on a permanent or fixed-term contract. Workers with freelance contracts, project-based contracts, temporary workers, and interns are treated as employees with regard to compliance with the provisions of Legislative Decree 231/01

**Legislative Decree 231/2001 or Decree:** Legislative Decree No. 231 of June 8, 2001, containing "Regulations on the administrative liability of legal persons, companies, and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of September 29, 2000," as amended and supplemented

**Suppliers:** entities that supply the Company with goods and/or services under agreements and/or contracts

**Group of companies:** a group of companies that are directly linked to each other financially and economically but are legally independent.

**Interest of the entity:** purpose - even if not exclusive - of the unlawful conduct (predicate offense) consisting in favoring the Company, to be ascertained by ex ante assessment and existing regardless of the actual achievement of the objective;

**SB:** Supervisory Body. This refers to the internal control body responsible for supervising the functioning and compliance with the Model, as well as its updating

**Corporate bodies:** the corporate bodies provided for in the articles of association

**Guidelines:** documents issued by trade associations or authoritative public bodies on the subject of Legislative Decree 231/2001.

**Model:** Organization, Management, and Control Model in accordance with the requirements of Legislative Decree 231/2001

**Risk assessment:** structured methodology for assessing risks and related controls

**Disciplinary System:** document, part of the Organization, Management, and Control Model, which regulates the sanctions that can be imposed on the recipients of the Model itself for non-compliance with the provisions set forth

**Senior management:** persons who hold positions of representation, administration, or management of the Company or one of its organizational units with financial and functional autonomy, as well as persons who exercise de facto management and control of the Company

**Subordinates:** persons subject to the management or supervision of a senior manager

**Stakeholders:** persons with an interest in the Company, whether internal or external to the company

**Internal control system:** set of protocols and actions adopted by the Company in order to prevent the risks of committing the offences referred to in Legislative Decree 231/2001

**Advantage to the entity:** a positive result, not necessarily economic, that the Company has objectively gained regardless of the intention of the person who committed the offense and which must be ascertained ex post.

**Whistleblowing:** the action of someone in a public or private company who detects a danger, fraud (real or potential) or any other risk that could damage the company itself, its employees, customers or reputation. The whistleblower is the person who reports this risk.

**INTRODUCTION**

This document constitutes the General Section of the Organization, Management, and Control Model pursuant to Legislative Decree 231/2001 (hereinafter referred to as the "Model") adopted by ISVAL S.p.A. (hereinafter also referred to as "ISVAL" or the "Company").

The Organization, Management, and Control Model adopted by ISVAL aims to build a structured and organic system of controls, designed to prevent the commission of the offenses referred to in Legislative Decree 231/2001.

The following are considered "Recipients" of this Model and, as such, are required - within the scope of their respective responsibilities and competences - to be familiar with and comply with it:

- members of corporate bodies (shareholders, directors, Statutory Auditor, and Board of Statutory Auditors);
- members of the Supervisory Body;
- employees;
- collaborators;
- suppliers and external consultants;
- anyone else who establishes, for any reason, a working relationship with the Company.

The subjects to whom the Model applies are therefore required to comply with all its provisions, including in fulfillment of the duties of loyalty, fairness, and diligence arising from the legal relationships of a labor law nature established with the Company.

The Company monitors compliance with the provisions contained in the Model, ensuring the transparency of corrective actions taken in the event of a violation thereof. ISVAL undertakes to disseminate the contents of the Model and subsequent updates within its organization and externally in a complete, accurate, and continuous manner.

Pursuant to the provisions of Legislative Decree 231/2001 (Article 6, paragraph 3), the Models may be adopted on the basis of codes of conduct or guidelines drawn up by representative and trade associations and communicated to the Ministry of Justice.

This Model has been drawn up in accordance with the latest version of the Confindustria Guidelines approved by the Ministry of Justice.

**1. LEGISLATIVE DECREE NO. 231 OF JUNE 8, 2001****1.1 The administrative liability of legal persons**

Legislative Decree 231/2001 *"Regulation of the administrative liability of legal entities, companies, and associations, including those without legal personality,"* issued in execution of the delegation referred to in Article 11 of Law No. 300 of September 29, 2000, No. 300, introduced into the Italian legal system the concept of autonomous liability of legal entities, bringing domestic legislation into line with certain international conventions to which Italy had already acceded some time ago.

The aforementioned Decree introduced for the first time in Italy the direct liability of legal entities (companies, associations, entities, etc.) for certain crimes committed in their interest or to their advantage by:

- persons who hold positions of representation, administration, or management of the entity or one of its organizational units with financial and functional autonomy, as well as persons who exercise, in fact, the management and control of the same (so-called senior managers);
- persons subject to the management or supervision of one of the above-mentioned persons (so-called subordinate persons).

This liability, defined as "administrative" by the legislator but characterized by criminal aspects against the entities, is additional to and does not replace the liability of the natural person who committed the offense. The administrative liability of the entity is excluded if the agent committed the act in their own exclusive interest or that of third parties.

The administrative liability introduced by the Decree aims primarily to target the assets of entities that have benefited from the commission of certain criminal offenses. In all cases, therefore, a financial penalty is imposed, the amount of which varies according to the seriousness of the offense and the financial capacity of the entity. For the most serious cases, disqualification measures are also provided for, such as the suspension or revocation of licenses and concessions, the prohibition of contracting with the Public Administration, the disqualification from exercising the activity, the suspension or revocation of financing and contributions, and the prohibition of advertising goods and services.

Articles 6 and 7 of the Decree, however, provide for a form of exemption from liability if the entity demonstrates that it has adopted and effectively implemented organizational, management, and control models suitable for preventing the commission of the offenses in question. The system also provides for the establishment of an internal control body within the entity (Supervisory Body) with the task of supervising the functioning and observance of the Models, as well as ensuring their updating.

The Models must meet the following requirements:

- identify the processes and activities in which offenses may be committed;

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- provide specific "protocols" and procedures to prevent the commission of crimes;
- identify methods of managing financial resources that are suitable for preventing the commission of crimes;
- provide for reporting obligations to the Supervisory Body (SB) responsible for monitoring the functioning and compliance with the Model;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.

### 1.2 "Predicate" crimes

The liability of the entity does not arise from the commission by the above-mentioned persons of all the types of offenses provided for by the Criminal Code or special laws, but is limited to the predicate offenses specifically provided for by Legislative Decree 231/2001.

The offenses provided for by Legislative Decree 231/2001, organized by category, are as follows:

Categories
1. [Art. 24] Undue receipt of payments, fraud against the State, a public body, or the European Union, or for the purpose of obtaining public funds, computer fraud against the State or a public body, and fraud in public procurement
2. [Article 24-bis] Computer crimes and unlawful data processing
3. [Art. 24-ter] Organized crime offenses
4. [Art. 25] Embezzlement, misappropriation of money or movable property, extortion, undue inducement to give or promise benefits, corruption
5. [Art. 25-bis] Forgery of money, public credit cards, revenue stamps, and identification instruments or marks
6. [Art. 25-bis.1] Crimes against industry and commerce
7. [Art. 25-ter] Corporate crimes
8. [Art. 25-quater] Crimes for the purposes of terrorism or subversion of the democratic order
9. [Art. 25-quater.1] Female genital mutilation practices
10. [Art. 25-quinquies] Crimes against the individual
11. [Art. 25-sexies] Market abuse offenses
12. [Art. 25-septies] Manslaughter and serious or very serious negligent injury, committed in violation of workplace safety regulations).
13. [Art. 25-octies] Receiving stolen goods, money laundering and use of money, goods or benefits of illegal origin, as well as self-laundering
14. [Art. 25-octies.1] Crimes relating to non-cash payment instruments and fraudulent transfer of assets
15. [Art. 25-novies] Crimes relating to copyright infringements
16. [Art. 25-decies] Inducement not to make statements or to make false statements to the judicial authorities
17. [Art. 25-undecies] Environmental crimes
18. [Art. 25-duodecies] Employment of third-country nationals whose stay is irregular
19. [Art. 25-terdecies] Racism and xenophobia



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Categories
20. [Art. 25-quaterdecies] Fraud in sports competitions, illegal gambling or betting, and gambling using prohibited devices
21. [Art. 25-quinquiesdecies] Tax offenses
22. [Art. 25-sexiesdecies] Smuggling
23. [Art. 25-septiesdecies] Crimes against cultural heritage
24. [Art. 25-duodevicies] Money laundering of cultural property and devastation and looting of cultural and landscape heritage
26. [Art. 12, Law No. 9/2013] Liability of entities for administrative offenses resulting from crimes [These are prerequisites for entities operating in the virgin olive oil supply chain]
27. [Law 146/06] Transnational crimes
28. [Art. 187-quinquies TUF] Other cases of market abuse
29. [Article 25-octies.1, paragraph 2] Other cases relating to non-cash payment instruments

The complete list of individual types of offenses and penalties is attached to the Model (Annex 1).

### 1.3 Sanctions

The Decree identifies a series of penalties deriving from administrative liability for offenses. In summary:

- **financial penalties** (Articles 10 to 12 of Legislative Decree 231/2001), the amount of which is determined by the number and value of the shares, taking into account the seriousness of the offense, the degree of responsibility of the entity, and the activities carried out to counteract or mitigate the consequences of the offense or to prevent further offenses from being committed. The amount of the fine is determined on the basis of the economic and financial conditions of the entity, in order to ensure the effectiveness of the sanction;
- **disqualification sanctions** (Articles 13 to 17 of Legislative Decree 231/2001):
  - disqualification from exercising the activity;
  - suspension or revocation of authorizations, licenses, or concessions functional to the commission of the offense;
  - prohibition from contracting with the public administration, except to obtain public services;
  - exclusion from benefits, financing, contributions, or subsidies and possible revocation of those granted;
  - prohibition from advertising goods or services.
- **confiscation of the price or profit of the offense** (Article 19 of Legislative Decree 231/2001);
- **publication of the judgment** (Article 18 of Legislative Decree 231/2001).

It should be noted that the determination of the entity's liability, as well as the determination of *the nature* and *amount* of the penalty, are assigned to the criminal court competent to judge the offenses on which administrative liability depends, in proceedings against the natural person.

#### 1.4 Criteria for attributing liability to the entity

The prerequisites for the liability of the entity are divided into objective criteria and subjective criteria.

##### A) Objective criteria (Article 5 of Legislative Decree 231/01)

- commission by senior managers or subordinates of one of the offenses provided for in the Decree;
- commission of the offense (in whole or in part) in the interest or to the advantage of the entity.

##### B) Subjective criterion (Article 6 of Legislative Decree 231/01)

The offense must be an expression of company policy or must derive from an "organizational fault." It follows that if no "fault" can be attributed to the entity, it is not subject to the penalties provided for by Legislative Decree 231/2001.

The legislation provides that "organizational fault" - and, consequently, the liability of the entity - is excluded if, prior to the commission of the offense, the entity has adopted and effectively implemented organizational models suitable for preventing offenses of the type that occurred.

In this regard, two scenarios must be distinguished:

1. For crimes committed by persons in "senior" positions, Legislative Decree 231/01 introduces a sort of relative presumption of liability on the part of the entity, since its liability is excluded only if it can demonstrate:

- that *"the governing body adopted and effectively implemented, prior to the commission of the offense, organizational and management models suitable for preventing offenses of the type that occurred"*;
- that *"the task of supervising the functioning and observance of the Models and ensuring their updating has been entrusted to a body within the entity with autonomous powers of initiative and control"*;
- that *"the persons committed the offense by fraudulently circumventing the organizational and management models"*;
- that *"there was no omission or insufficient supervision by the body with autonomous powers of initiative and control."*

The conditions listed above must be met jointly in order for the entity's liability to be excluded.

2. If the offense was committed by persons in a "subordinate" position, there is no presumption of liability on the part of the entity: therefore, in order for the entity to be held liable, it will be incumbent upon the prosecution during the trial to prove that the commission of the offense was made possible by a failure to comply with management or supervisory obligations.

In this case, Legislative Decree 231/01 attributes liability to a breach of management and supervision duties, which typically fall on senior management (or persons delegated by them).

Failure to comply with management or supervisory obligations does not apply *"if, prior to the commission of the offense, the entity has adopted and effectively implemented an organizational, management, and control model suitable for preventing offenses of the type that occurred."*

### **1.5 The prerequisite for exclusion of the Entity's liability: the adoption and effective implementation of the Organization, Management, and Control Model**

In the event of offenses committed by senior managers or subordinates in the interest or to the advantage of the Company, to which these individuals are functionally connected, Articles 6 and 7 of the Decree stipulate that the Company shall not be liable if, prior to the commission of the offense, it had adopted and effectively implemented organizational models suitable for preventing offenses of the same type as those that occurred.

Without prejudice to the adoption of the Model, the legislation in question also provides that:

the Company has appointed an internal control body (Supervisory Body) with autonomous powers of initiative and control, with the task of supervising the functioning, effectiveness, and compliance with the Model, as well as ensuring its updating;

the Control Body is not guilty of omitted or insufficient supervision regarding the implementation and compliance with the Model;

the perpetrator of the offense acted by fraudulently circumventing the Model.

Legislative Decree 231/2001 does not regulate the nature and characteristics of the Organizational Model in detail: it merely lays down some general principles tailored to the different subjects who could commit an offense.

The purpose of the Model is to implement a prevention system that cannot be circumvented except intentionally, in full accordance with the concept of fraudulent circumvention provided for in Article 6 of the Decree.

The Model is not intended to be a static tool, but must instead be considered a dynamic apparatus that allows the Company to eliminate, through its correct and targeted implementation over time, any shortcomings that could not be identified at the time of its adoption.

### **1.6 Legal representation and appointment of a defense attorney for the Company**

With regard to the representation of the Entity in any legal proceedings against it, and bearing in mind the case law on this point, the Company undertakes to adopt appropriate measures to avoid situations of incompatibility that could lead, for example, to rulings of inadmissibility or nullity of procedural acts.

In fact, a situation of incompatibility would arise between the position of the legal representative and that of the entity represented by him if the former were under investigation or charged with the offense on which the administrative offense attributed to the entity depends; this incompatibility would result in a general and absolute prohibition on representation by the legal representative under investigation or charged, who, as a result, would be absolutely and without exception unable to appoint the defense counsel of the entity under investigation or charged.

The reason for this is the possible occurrence of a conflict of interest between the strategic choices of the entity's defense, which could clash with the defense strategies of the legal representative under investigation/charged.

In light of the above, the legal representative of the Company under investigation or charged with the predicate offense cannot represent the Company, nor, as a result, appoint its defense counsel.

Therefore, it is envisaged that, should the Company find itself in the situation of incompatibility provided for in Article 39 of Legislative Decree 231/2001, an extraordinary meeting of the Board of Directors may be promptly convened, which will appoint a legal representative with powers limited and restricted to participation in the proceedings (attorney *ad litem*) and, therefore, to the appointment of a defense attorney.

### **1.7 Integrated compliance**

In compliance with the provisions of trade associations, the Company recognizes the fundamental importance of an integrated compliance system that goes beyond the mere adoption of Model 231 and extends to all regulations and ethical principles relevant to the Company's activities. In this context, Model 231 is designed as an integral part of a broader risk management system, which includes the following key points:

- **Regulatory compliance:** compliance with all applicable laws and regulations, with particular attention to industry regulations relating to health and safety at work, environmental protection, privacy protection, and anti-corruption.
- **Business ethics:** promotion of a corporate culture based on integrity, transparency, and social responsibility, including through the adoption of a Code of Ethics and Conduct.
- **Risk management:** identification, assessment, and mitigation of non-compliance risks through a risk-based approach involving all business processes and functions.
- **Sustainability:** integration of environmental, social, and governance (ESG) principles into corporate strategies and processes.

The Company is committed to ensuring that the integrated compliance system is effective, dynamic, and up to date through training, monitoring, and control activities, as well as through the promotion of a culture of reporting and open dialogue. The goal is to create a work environment in which compliance and ethics are shared values and an integral part of the company.

ISVAL is committed to ensuring an integrated compliance system through the adoption of a Model 231, which incorporates the procedures relating to the corporate governance of companies listed on regulated markets, in addition to the procedures of the ISO 9001 certified quality system.

The Company is committed to ensuring the dissemination of corporate principles, including through training for all staff, and to ensuring its participation in the dissemination of ethical culture, including through the provision of whistleblowing systems that guarantee open dialogue and secure communication.

The role of supervisory bodies in integrated compliance systems is fundamental to ensuring the effectiveness and adequacy of the preventive measures adopted. In the case of ISVAL, these are the Board of Statutory Auditors, the Statutory Auditor, and the Supervisory Body.

## 2. ISVAL S.P.A.'S ORGANIZATIONAL, MANAGEMENT, AND CONTROL MODEL

### 2.1 Company profile and historical overview

Founded in 1952 in Lumezzane (Brescia) as a forging company called "L'Artigiana," the company adopted the name ISVAL in 1969 and moved to Marcheno (Brescia), subsequently expanding into the European and US markets in the 1980s and 1990s.

ISVAL manufactures brass and aluminum components, produced by hot forging and mechanical processing, ranging from solenoids and fluid control valves to components for the automotive sector and arc components. The company has machinery and tools that allow it to keep the entire production process in-house, from the processing of metal bars to the finished product, with the main objective of meeting the highest quality standards required by customers, paying great attention to processes, methodologies, and specific market needs, with each stage of the process subject to rigorous control procedures.

Customer satisfaction is a fundamental part of the company's mission, which is why it has obtained UNI EN ISO 9001:2015 certification for quality.

### 2.2 Objectives and purposes of the Model

By adopting the Model, ISVAL aims to equip itself with a set of principles of conduct and procedures, to supplement its internal organizational and control tools, which meet the objectives and requirements of the Decree.

The adoption and effective implementation of the Model is not only a tool for preventing possible crimes, but also improves the Company's corporate governance as a set of rules with which company representatives are required to comply.

Therefore, the purpose of this Model is to build a structured and organic system of procedures and control activities, to be carried out mainly in a preventive manner and in such a way that it cannot be violated except by fraudulently circumventing its provisions.

To this end, the Model performs the following functions:

- promoting and enhancing an ethical culture within the company, with a view to fairness and transparency in the conduct of business;
- make all those who work in the name and on behalf of the Company aware of the need for strict compliance with the Model, the violation of which will result in financial and disciplinary sanctions;

- condemning any behavior that, inspired by a misguided social interest, conflicts with laws, regulations, or, more generally, with the principles of fairness and transparency that inspire its activities;
- inform them of the serious consequences that could arise for the Company (and, consequently, for all its employees, managers, and executives) from the application of the financial penalties and disqualifications provided for in the Decree and the possibility that these may also be imposed as a precautionary measure;
- allow the Company to constantly monitor and carefully supervise activities, so that it can intervene promptly if risks arise and, if necessary, apply the disciplinary measures provided for in the Model itself.

### 2.3 Methodology and activities for the construction and updating of the Model

For the purposes of preparing the Model, the following steps were taken:

1. identify and map sensitive processes: the objective of this phase was to analyze the business context in order to identify in which area/sector of activity and in what ways crimes could be committed. This resulted in a representation of the areas at risk and sensitive processes, existing controls, and any critical issues;
2. assessing the risks and the preventive control system: based on the existing situation, as ascertained above, the risks were assessed and the initiatives necessary to adapt the internal control system and the essential organizational requirements indicated in the Confindustria Guidelines to the objectives pursued by the Decree were subsequently identified;
3. define the procedures and protocols that are an integral part of the control system capable of preventing risks: ISVAL has approved and implemented within its organization a structured system of procedures and operating instructions aimed at monitoring company processes and preventing the commission of the offenses provided for in the Decree. The Company has also obtained certification of compliance with the UNI EN ISO 9001:2015 standard.
4. designing and implementing the Organization, Management, and Control Model: this phase involved defining an internal regulatory system aimed at planning the formation and implementation of the Company's decisions in relation to the risks/offenses to be prevented; this system consists of the Code of Ethics, which sets out the general guidelines and principles that constantly inspire the Company's operations; an Organization, Management, and Control Model specifically aimed at preventing the offenses provided for in the Decree;
5. essential for the practical application and compliance with the Model is the activity of raising awareness among all company structures and levels of compliance with the rules and procedures set

out in the Model itself, as well as the establishment of a Supervisory Body with the task of supervising the functioning and compliance with the Model and proposing updates to it.

## 2.4 Constituent elements and structure of the Model

This Model is based on the following constituent elements, which are integrated with each other:

- Code of Ethics;
- Disciplinary System designed to sanction violations of the provisions contained in the Model;
- *Governance* and organizational structure (company registration and organizational chart);
- Authorization and signing powers and methods of managing financial resources;
- Mapping of risk areas and controls, which consists of the process of identifying company activities in which the offenses referred to in Legislative Decree 231/01 may be committed;
- Control procedures and protocols in relation to the sensitive activities identified;
- Training and information for employees and other individuals who interact with the Company;
- Supervisory Body and information flows;
- Reporting or *whistleblowing*.

The above-mentioned constituent elements are represented in the following documents:

- **Code of Ethics** as a charter of the Company's guiding principles.
- **Disciplinary System** as a tool for sanctioning any violations of the Model.
- **General Section**, which sets out the fundamental elements of Legislative Decree 231/01, the structure of the Model, and its main elements.
- **Special Section**, divided into sections, each referring to a category of offense in which the following are described:
  - the types of offenses referred to in Legislative Decree 231/01 and the conduct that the Company has decided to take into consideration due to the nature of its business;
  - sensitive processes/activities and related controls.

Annexes to the Model:

- List of predicate offenses (Annex 1);
- Risk Assessment (Annex 2);
- Information flows to the Supervisory Body (Annex 3);
- Organizational document for reporting violations pursuant to Legislative Decree 24/2023 (Annex 4);

## 2.5 Approval, amendment, and implementation of the Model



The Model is approved and adopted by the Board of Directors. The Board of Directors is responsible, also on the basis of the recommendations provided by the Supervisory Body, for updating or supplementing the Model, following:

- regulatory updates;
- significant changes in the company's organization;
- changes in company processes and activities or business areas;
- the occurrence of extraordinary events (serious violations, disputes, sanctions, etc.).

Any amendments or additions to the Model, including those proposed by the Supervisory Body, to the Model documents are the sole responsibility of the Board of Directors, which is also responsible for allocating an adequate *budget* to the Supervisory Body for the proper performance of its duties.

Amendments/additions to the operating procedures or dynamic documents referred to or attached to the Model must also be approved by the Board of Directors. These documents constitute control measures for sensitive activities and any substantial amendments thereto must also be communicated to the Supervisory Body.

In any case, the Model must be reviewed annually to verify its adequacy and the need for updates, in order to maintain its effectiveness over time. The following persons participate in the review:

- Internal project manager;
- Supervisory Body.

### 3. THE SUPERVISORY BODY

#### 3.1 Requirements of the Supervisory Body

Legislative Decree 231/2001, paragraph 1, provides that one of the essential elements for the exemption of entities from administrative liability is the establishment of an internal body (**Supervisory Body**) with autonomous powers of initiative and control, tasked with supervising the functioning of the Model and ensuring its updating.

The Supervisory Body, in accordance with the Decree and the Confindustria Guidelines, must meet the following requirements:

- **autonomy:** the SB must be guaranteed complete autonomy, understood as freedom and decision-making capacity, self-determination, and action. This autonomy must be exercised above all with respect to the company's top management, in the sense that the Body must remain free from any form of interference and pressure from the top management itself. The Supervisory Body establishes its own rules of conduct in a Regulation adopted by the Body itself;

- **independence:** the SB must have the position of a third-party body, hierarchically placed at the top of the chain of command, free from ties of subordination to senior management, capable of adopting unquestionable measures and initiatives;
- **professionalism:** the requirement of professionalism takes on purely subjective connotations, which must be verified for each member, with a preliminary analysis of their *curriculum vitae* and concrete work experience. In particular, the SB must be composed of individuals with specific knowledge of legal matters, control methodologies and activities, risk assessment and management, corporate organization, finance, auditing and management, etc., as well as specific skills in relation to inspection and consulting activities;
- **continuity of action:** continuity of action must be understood in terms of the effectiveness of the supervisory and control activities and in terms of the consistency over time of the performance of the SB's functions;
- **integrity:** given the role they are called upon to perform, the members of the Supervisory Body must necessarily have an ethical profile of unquestionable value.

### 3.2 Appointment, composition, and term of office of the Supervisory Body

The Supervisory Body is appointed by the Board of Directors at the same time as the Model is adopted. The number, qualifications, and remuneration of the members of the SB and the duration of their appointment are decided by the Board of Directors.

The appointment to the Supervisory Body must be communicated to each appointed member and formally accepted by them. Subsequently, the appointment of the SB will be communicated to all levels of the organization, highlighting its responsibilities, powers, and supervisory tasks.

### 3.3 Causes of ineligibility and incompatibility

The following are considered causes for ineligibility:

- the presence of any of the circumstances referred to in Article 2382 of the Italian Civil Code;
- a final conviction for committing one of the offenses punishable under Legislative Decree 231/2001.

By accepting their appointment, each member of the SB implicitly acknowledges that none of the above grounds for ineligibility apply. The above rules also apply in the event of the replacement of one or more members of the SB itself.

In cases where a conviction has been handed down, the Board of Directors - pending the final judgment - may, after consulting with the Statutory Auditor and the Board of Statutory Auditors, suspend the powers of the member of the SB concerned.

### 3.4 Revocation of appointment

The revocation of the appointment of a member of the SB is the exclusive responsibility of the Board of Directors, after consulting with the Statutory Auditor and the Board of Statutory Auditors.

Members of the Supervisory Body may not be removed except for just cause.

Just cause for revocation includes, but is not limited to:

- loss of the subjective requirements highlighted above;
- the occurrence of a reason for incompatibility, as highlighted above;
- serious negligence in the performance of the duties of the Supervisory Body;
- failure to comply with the Model and/or Code of Ethics adopted by the Company.

Each member of the SB may resign at any time, providing reasons to the Board of Directors, with at least 30 days' notice.

### 3.5 Powers and functions of the Supervisory Body

The main tasks entrusted to the SB concern:

- **supervision of the Model:**
  - verifying the suitability of the Model to prevent the occurrence of unlawful conduct, as well as highlighting any such conduct that may occur;
  - verifying the effectiveness of the Model, i.e., the correspondence between actual conduct and that formally provided for in the Model itself;
  - verify compliance with the principles of conduct and procedures set out in the Model and identify any deviations;
- **updating the Model:**
  - overseeing its updating, proposing adjustments to the Board of Directors if necessary;
- **information and training on the Model and the Decree:**
  - promoting and monitoring initiatives aimed at facilitating communication, information, and training on the Model for all parties required to comply with its provisions (recipients);
- **providing clarifications on the Model** at the request of company departments, the Board of Directors, the Statutory Auditor, and the Board of Statutory Auditors;
- **report periodically to the control bodies** on the status of implementation and operation of the Model.

### 3.6 Reporting by the Supervisory Body to corporate bodies and senior management

The Supervisory Body must report the results of its activities periodically to the Board of Directors, the Statutory Auditor, and the Board of Statutory Auditors.

The SB may be convened at any time by senior management and the above-mentioned bodies and may, in turn, request to be convened in order to report on the functioning of the Model or on specific situations relating to the implementation of the Model.

### **3.7 Information flows to and from the Supervisory Body**

Information flows to and from the SB, as provided for in Article 6 of Legislative Decree No. 231/2001, which expressly refers to "information obligations," are one of the tools available to the SB to monitor the effectiveness and efficiency of the Model.

Information flows can be of different types:

- Event-based flows: which occur when a specific event or situation arises that must be reported to the SB;
- Periodic flows: defined on a periodic basis and agreed with the company departments;
- Reports: which may come from any company employee who detects a danger, possible fraud, or other behavior that may constitute a violation of the Model (whistleblowing).

The information flows are detailed in the information flows attachment.

The Company shall set up a dedicated email address for the Supervisory Body which, in addition to traditional means of communication, allows employees to report to the Supervisory Body any conduct that is not in line with the Model.

### **3.8 Confidentiality**

The SB is obliged not to disclose the news and information acquired in the exercise of its duties, ensuring absolute confidentiality and refraining from using the information for purposes other than those inherent in its role as Supervisory Body.

All information coming into the possession of the SB is processed in accordance with current privacy legislation (Legislative Decree 196/2003 and subsequent amendments and European Regulation No. 679/2016).

#### 4. WHISTLEBLOWING

From July 15, 2023, the provisions of Legislative Decree No. 24 of March 10, 2023, implementing Directive No. 1937 of October 23, 2019, concerning the protection of persons who report violations of Union law and containing provisions concerning the protection of persons who report violations of national regulatory provisions, which has led to a significant change in the institution of whistleblowing for companies that adopt the Organizational Models pursuant to Legislative Decree 231/001.

Legislative Decree 24/2023 repealed Article 6, paragraphs 2-ter and 2-quater, of Legislative Decree No. 231 of June 8, 2001, and amended Article 6, paragraph 2-bis, which was replaced by the following: *"The Models referred to in paragraph 1, letter a) provide, pursuant to the legislative decree implementing EU Directive 2019/1937 of the European Parliament and of the Council of October 23, 2019, for internal reporting channels, the prohibition of retaliation, and the disciplinary system, adopted pursuant to paragraph 2, letter e)."*

In line with *best practices*, the Company has identified a specific entity to receive and manage reports through an outsourced service. The Company has also prepared a specific organizational document, attached to the Model, which has been brought to the attention of all interested parties, both inside and outside the Company.

Reports must be detailed and may concern, by way of example and without limitation:

- any violation, even potential, of the Code of Ethics and the Model or internal regulations, procedures, or other company provisions;
- actions or omissions, committed or attempted, that may cause harm to employees working for the Company;
- information relating to proceedings or investigations into alleged crimes referred to in Legislative Decree 231/01 and the results of internal investigations that have revealed violations of the Model;
- information from any source concerning the possible commission of crimes or violations of the Model;
- other violations of national or EU regulations that harm the public interest or the integrity of the Company, which the whistleblower has become aware of in the workplace pursuant to Legislative Decree 24/23.

Reports must contain the following elements:

- a clear and complete description of the facts;

- if known, the circumstances of time and place in which the facts were committed;
- personal details allowing the identification of the person(s) who committed the reported acts;
- indications of any other persons who may be able to report on the facts reported;
- any other information that may provide useful feedback or any documents that may confirm the existence of the reported facts.

The Company guarantees the confidentiality of the identity of the reporter. Reporters are also protected against any form of discrimination, penalization, or retaliation for reasons directly or indirectly related to the report. At the same time, the protection of the reported person is guaranteed.

It is the responsibility of the aforementioned person to carry out the necessary investigations as quickly as possible and, if necessary, to carry out further checks, in accordance with the procedure adopted by the Company.

If the investigations carried out reveal serious violations of the Model and/or the Code of Ethics, or if the person responsible for managing reports has developed a well-founded suspicion that a crime has been committed within the meaning of Legislative Decree 231/01, they shall immediately notify the Supervisory Body of the report and their assessments to the Board of Directors.

All information is also processed in accordance with current privacy legislation (Legislative Decree No. 196/2003 and subsequent amendments and European Regulation No. 679/2016).

## 5. COMMUNICATION AND DISSEMINATION PLAN

For the purposes of the effective implementation of the Model, the Company promotes training and information activities regarding the Model; to this end, a specific communication and training plan is drawn up, structured by type of recipient, with the aim of ensuring the dissemination of the contents of the Model and the Decree.

The Model is communicated to the Supervisory Body, which receives an authorized copy. The Model is also communicated to employees by:

- delivery of an extract of the documentation to employees and new hires (Code of Ethics, Disciplinary System, General Section);
- informative meetings on the purposes and contents of the Model (specifically provided for senior management or area managers);
- posting the Code of Ethics and Disciplinary System on the company notice board.

ISVAL also promotes the full disclosure of the Model externally, to third parties, by publishing the Code of Ethics and the General Section of the Model on the company website.

The communication plan must be developed with the aim of ensuring widespread, clear, and comprehensive communication, providing for periodic updates following changes or additions to the Model or in response to regulatory developments.

To ensure effective knowledge of the Model and its constituent elements at all levels, the Management, in collaboration with the Supervisory Body, annually plans and implements training activities for staff and external collaborators.

The training plan provides for two different types of training:

- general training aimed at all levels of the organization;
- specific training for senior management or staff employed in activities at risk of criminal offenses.

General training must provide basic knowledge of Legislative Decree 231/01, the contents and purposes of the Model, and the tasks/powers of the Supervisory Body.

Specific training must provide knowledge and awareness of the risks associated with company activities, the control measures to be implemented, and risk assessment techniques, so as to provide concrete elements for the identification of any anomalies or non-conformities.

The requirements that the Company's training plan must meet are as follows:

- participation in training courses is mandatory;
- the speaker must be a competent person;
- attendance must be functional to the company's activities;
- training activities must be recorded and verified.

Training, as provided for in the relevant guidelines, is delivered in person and/or with the support of *e-learning* platforms.