

Internal Organization Model as per Lgs. Decree 8 June 2001 no. 231

Approved by the Company Board of Directors, with resolution XXXX

NUOVA PASQUINI & BINI S.P.A.
LOCALITÀ TEI, ZONA INDUSTRIALE "LA
GALEOTTA"

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INTERNAL ORGANISATION MODEL AS
PER LGS. DECREE 8 JUNE 2001
NO.231

APPROVED BY THE COMPANY BOARD OF DIRECTORS WITH RESOLUTION OF 28 JUNE

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1. INTRODUCTION

This model has been created in implementation of Lgs. Decree 231/2001 which establishes, in compliance with international conventions, the administrative liability borne by bodies for specific offences committed in the interest of or to the benefit of same.

In implementation of the powers delegated, pursuant to Art. 11 of Law 29 September 2000 no. 300, on 8 June 2001 Legislative Decree no. 231 (hereinafter also referred to as the "Decree") was issued and entered into force on 4 July 2001, with which the legislator adapted domestic regulations to international conventions vis-à-vis the liability of legal persons, to which Italy had already adhered for some time.

The Decree, containing "Standards governing the administrative liability of legal persons, companies, and associations, including those devoid of legal personality", introduced in Italian law a framework of administrative liability borne by bodies (to be understood as associations, consortia, etc.), hereinafter also referred to as "Bodies" for offences strictly listed and committed in their interest or to their advantage:

- by natural persons in positions of representation, administration or management of the Entities themselves or by an organisational unit of same with financial and operational autonomy, as well as by natural persons with powers, even if de facto, for the management and control of said Bodies;
- by natural persons subject to the management or oversight of one of the aforementioned subjects.

The law in question sets out that the Body's liability is added to that (criminal and civil) of the natural person who materially committed the offence.

The liability of the Body is connected to the circumstances that same has gained an advantage from committing the crime.

Of the sanctions that can be imposed, the most serious for the Body are interdictory measures such as the suspension or cancellation of licences or permits; the prohibition to sign contracts with public administration; prohibition to do business; the exclusion from or withdrawal of financing and contributions; the prohibition to advertise goods or services. The aforementioned liability

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is also implemented with regard to offences committed abroad, provided that they are not suppressed by the state in which said offences were committed.

2. ADOPTION OF THE MODEL BY NUOVA PAQUINI & BINI S.P.A.**2.1 Grounds for implementation of the model.**

The company has created and implemented the model to ensure the conditions of correctness and the transparency of company management, to safeguard its own position and image, the expectations of its shareholders, and the work of its employees.

The company is in fact convinced that implementing the Model, as well as a valid means of raising awareness among all those working on its behalf so that they maintain correct, linear conduct in the performance of their activities, is also an essential means of prevention vis-à-vis the risk of crimes and administrative offences as set down in the laws of reference.

For this purpose, although adoption of the Model is not set down as mandatory by law, the company has put in place a programme of analysis, implemented in the belief that the adoption and effective execution of the Model itself not only makes it possible to benefit from the exemption set out in Lgs. Decree 231/2001, it also improves, within the limits set down by same, its ability to manage company processes, limiting the risk that offences may be committed.

2.2 Objectives and targets of the model

The purpose of the model is to implement an organic system to prevent offences and unlawful actions, with the aim of making all those operating in the name of the company aware that in the event of improper behaviour, they will incur criminal and administrative sanctions.

Specifically, through adoption of the Model, the aim is to achieve the following main targets:

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- to make all those all those who operate on behalf of the company vis-à-vis sensitive activities (those activities within the sphere of which it is possible to commit the offences set down in the Decree), aware that, in case of breach of the provisions set out therein, they will incur disciplinary and/or contractual consequences, as well as the administrative or criminal sanctions applicable to them as well as to the body;
- to stress that these forms of unlawful conduct are strongly condemned, since in any case, they are contrary to law as well as to the ethical principles by which the company intends to abide in the running of its business;
- to allow the company, thanks to control and oversight in the areas of the business at risk, to intervene in good time to prevent or combat offences and to sanction those behaviours contrary to its own Models.

2.3 Preparation of the model

With reference to the areas identified by the legislator in the Decree, the essential points developed during the definition of the Model may be summarised as follows:

- I. detailed mapping of “sensitive” company activities, i.e., those actions which by their very nature may lead to the committing of offences as per the Decree and therefore, which need to be subjected to analysis and oversight;
- II. analysis of potential risks for each of these activities with regard to the potential committing of offences;
- III. assessment of the control systems applied to the prevention of offences and, if necessary, definition or adaptation of the envisaged measures.

For the purposes of preparing the Model, the following activities were performed:

- identification of so-called sensitive activities through prior examination of the documentation (organisation charts, powers of attorney, job descriptions, provisions and organisational communications), as well as a series of interviews with the persons concerned in the different operational sectors of the body (i.e., with the persons in charge of the different functions). The analysis was performed prior to the identification and assessment of the concrete performance of activities in which

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unlawful conduct is possible, with the risk of committing presumed offences. At the same time, existing and preventive control means were assessed, together with any critical issues requiring subsequent improvement;

- to design and implement the actions necessary to improve the control system and adapt same to the aims pursued by the Decree, as well as the essential principles of the separation of tasks and the definition of powers of authorisation, consistently with the responsibilities assigned;

The principle adopted in the construction of the control system is that where the conceptual acceptability threshold is represented by a prevention system that cannot be circumvented unless fraudulently.

The next step was recognition and assessment of the efficiency of existing organisational, management and control systems as used in house, and where necessary, to encode into written documents, the ongoing company practices for the prevention of unlawful conduct as identified in Lgs. Decree 231 2001

At the end of this encoding process, as well as the updates to company procedures/conduct regulations, the body identified the procedures that could be referred back to the Model, collated them in the relevant documents stored with same, making them known to Recipients from time to time, and in any case, available to same, including through publication on the company intranet.

2.4 Organisational Model structure

Lastly, in the interests of clarity, the organisational model of Nuova Pasquini & Bini s.p.a. is substantially broken down into two parts:

- A. one, more general part illustrating the legal prerequisites of reference, institutional conditions and contexts, and the structural aspects of the organisation.
- B. the other, more specialist part, which looks at the the risk of offences and sets out the procedures put in place by the Company for the purposes of preventing said risks.

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The more general content can thus be summarised as follows.

A. GENERAL PART

Specifically:

- A description of the reference framework of laws (principles of Lgs. Decree 231/01);
- Presentation of the system of government at Nuova Pasquini & Bini Spa;
- Presentation of the organisational framework;
- Description of the Supervisory Body;
- Definition of the disciplinary system;
- Indications as to training and communication activities.

B. SPECIAL PART

Specifically:

- Description of the cases of offences named in Lgs. Decree 231/01, identified as potential for the Company;
- Description of the sensitive activities/processes that may present a risk of unlawful action;
- Identification of the sensitive organisational functions and positions, i.e., the roles and positions where there may be a risk of committing offences;
- Identification of specific control protocols, which can be applied to each of the sensitive activities.

*****GENERAL PART*****

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3. REGULATORY FRAMEWORK OF MODEL 231**3.1 Offences set out in Lgs. Decree 231/2001**

The administrative responsibility system for bodies, set out in Lgs. Decree 8 June 2001, no. 231, is set out in specific areas.

First of all, liability is a result of connection with the committing of an offence, including those strictly indicated by the legislator, by a natural person linked to the body by a functional relationship, which may be representation or subordination, without it being necessary to identify same.

Regarding offences that may lead to criminal liability, it is necessary to state that the list has gradually been extended due to the succession of specific regulatory measures.

The current regulatory framework includes the following cases which will be further detailed:

- A. Offences against Public Administration (Arts. 24 and 25 Lgs. Decree 231/01);
- B. Cybercrime and unlawful processing of data (Art. 24- bis Lgs. Decree 231/01) added by Law 18 March 2008 no. 48, Art. 7;
- C. Offences of forging money, public credit cards and tax stamps and instruments or identification marks (Art. 25-bis, D.Lgs. 231/01), subsequently added by Law 25 September 2001 no. 350, Art. 6, Law converted with amendments by Law no. 409 of 23/11/2001;
- D. Offences against industry and commerce (Art. 25-bis.1., Lgs. Decree no. 231/2001);
- E. Corporate offences (Art. 25-ter, Lgs. Decree 231/01) as added by Lgs Decree 11 April 2002 no. 61 subsequently amended by Law 262/2005 and Lgs Decree 109/2012, introducing letter s bis;
- F. Crimes for the purpose of terrorism or subversion of democracy as set down in the criminal code and special laws (Art. 25-quater, Lgs. Decree 231/01), article added by Law 14 January 2003 no. 7, art. 3;
- G. Practice of mutilation of the female genitals (art. 583-bis c.p.) (art. 25-Quater-1, Lgs. Decree 231/01), article added by Law 9 January 2006 no. 7, art. 8;

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- H. Crimes against individuals (art. 25-quinquies, Lgs. Decree 231/01), article added by Law 11/08/2003 no. 228, art. 5;
- I. Crimes of market abuse (art. 25-sexies, Lgs. Decree 231/01) article added by Law 18 April 2005 no. 62, art. 9;
- J. Crimes of voluntary manslaughter or serious or very serious bodily harm due to violations of the workplace health and safety laws (art. 25-Septies, Lgs. Decree 231/01);
- K. Receiving of stolen goods, money laundering and use of the money, goods or benefits of unlawful origin (art. 25- octies, Lgs. Decree 231/01);
- L. Offences involving the breach of copyright law (art. 25-novies, Lgs. Decree no. 231/2001);
- M. Environmental crimes (Art. 25-undecies, Lgs. Decree no. 231/01);
- N. Transnational crimes (Law 16 March 2006, no. 146, Arts. 3 and 10);
- O. Employment of third-country nationals (art. 25 doudecies, Lgs Decree no. 231/2001), added by comma , Art. 2 of Lgs. Decree 16 July 2012, no. 109;
- P. Tax crimes (Art. 25-quinquesdecies, Lgs. Decree no. 231/2001), added by Law no. 157/2019 and Lgs. Decree no. 75/2020.

3.2 The interests or advantage of the Entity

As stated previously, Legislative Decree 231/2001, introduced criminal liability for bodies into Italian law.

The term body applies to any collective organisation with a certain organisational autonomy, such as companies, associations, or consortia.

With regard to the above, "Nuova Pasquini & Bini S.p.A". is therefore also indicated by the terms "Body", "Business" or "Company".

As well as the above, for there to be any offence, it is necessary for it to be committed:

- in the interests of or to the benefit of said bodies;

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- by persons in positions of representation, administration or management of the entity or by an organisational unit of same with financial and operational autonomy, as well as by natural persons, even with de facto powers for the management and control of said body;
- by persons subject to the management or oversight of one of the aforementioned subjects.

The organisation is therefore not answerable if the persons named have acted exclusively in their own interest or in that of third parties.

In other words, the body may be considered liable for the offence if said offence was committed in its interest or to its benefit.

3.3 Adoption of the Organisational Model 231 as exemption

Art. 6 of Lgs. Decree 231/2001 provides for a specific form of exemption from administrative liability in the event the Body can prove that :

- a) the management adopted and effectively implemented, prior to the committing of the offence, organisation and management models suitable to prevent the occurrence of the unlawful offences considered;
- b) appointed an in-house body, specifically created and known as the Supervisory Body, with its own autonomous powers of control and initiative, tasking it with oversight regarding the operation and compliance with the model in question as well as to ensure all updates to same;
- c) the persons who committed the offence acted in disregard of the above Model;
- d) there was suitable control by the Supervisory Body.

In comma 2 of Art. 6, the decree adds that the organisation and management models must satisfy the following requirements:

- i. identify the activities within which it is possible to commit offences (risk mapping);
- ii. provide for specific protocols to plan the training and implementation of the body's decisions with regard to the offences to be prevented (Protocols);

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- iii. identify management models for financial resources suitable to prevent the committing of said offences. Procedures regarding financial flows shall respect the rules of verifiability, transparency and pertinence to the company;s activities;
- iv. set down the obligation for information regarding the entity appointed to oversee the operation and compliance of the model (information flows from and with Supervisory body);
- v. introduce a disciplinary system suitable to sanction failure to comply with the measures stated in the model (Disciplinary System);

Formulation of models and organisation of Supervisory body activities shall aim at assessing the suitability leading to the body's "exemption" from liability.

4. NUOVA PASQUINI E BINI S.P.A.**4.1 Activities**

Nuova Pasquini & Bini S.p.A. has company capital of 1,500,000.00 Euro, fully subscribed and paid up.

The company went into business in the early 1970s, and soon became a point of reference for the plant nursery sector.

Over the years, with the addition of new investors, the Company has continued to develop on an industrial scale, based on investments in new technologies and its own internationalisation.

These investments have made it possible to achieve considerable turnover, which was around 29 million euro in the financial year 2021.

4.2 Company Bodies**a) Administrative body**

Company administration is entrusted to a board of directors with the following members:

- Roberto Giudici President of the Board of Directors

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- Gabriele Silvi Chief Executive Officer
- Piergiorgio Loperfido Chief Executive Officer
- Anna Guglielmi Board Member
- Paolo Bartolani Board Member

b) Management control body

As well as the board of directors, there is a board of statutory auditors with the task of controlling company management, as envisaged in Art. 2403 of the Italian Civil Code.

This body consists of three members and two alternate auditors, as follows:

- Riccardo Barone President of the Board of Statutory Auditors
- Stefania Vercellotti Auditor
- Filippo Carvati Auditor
- Maria Teresa Ieri Alternate Auditor
- Laura Croci Alternate Auditor.

c) External auditing firm

PricewaterhouseCoopers s.p.a performs the statutory audit, pursuant to Art. 2409**bis** of the Italian Civil Code

4.3 Company organisation

The organisational framework within the company is set out as follows:

- a) Chief Executive Officers
- b) Financial Division Director
- c) Administrative Office Director
- d) Business Office Director
- e) Purchasing Division Director;
- f) Warehouse Manager

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- g) Production Manager
- h) Secretary;
- i) Health and Safety Officer

The following activities are outsourced::

- Legal consultancy
- Fiscal consultancy
- IT consultancy
- Marketing consultancy
- Consultancy for subsidised loans
- HSE consultancy.

In general terms, Company business is set out based on the following principles:

- orientation towards customer satisfaction as well as that of employees;
- use of suitable communication tools and means to identify and analyse needs, service quality, and customer satisfaction levels;
- clarity, transparency, advertising, and simplification of procedures;
- making best use of human resources and respect for equal opportunities;
- certain identification of the responsibility of staff and higher executive functions;
- definition of aims and recourse to evaluation system as a strategic element in management and motivation for human resources;
- division of organisational structures regarding projects and aims established during the planning stage;
- flexibility of the organisational structure and rationalisation of its division according to changes within the organisation, management and operations, or recourse to collegiality as a means of coordination;
- attention to internal communication;

Office organisation is based on the following criteria:

- a) coordination and connection of activities through the duty of communication and interconnection also through IT systems;

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- b) transparency and allocation of responsibilities;
- c) permanent professional training for staff;
- d) flexibility for tasks;
- e) equality and equal opportunities between men and women in terms of working conditions and career progress;
- f) correct and proactive trade union relations.

4.4 The internal control system at Nuova Pasquini & Bini S.p.A

This Model does not replace, but rather it adds to the control systems already in place in the Company (and on which the Model itself is based) and together with the Code of Ethics, which is an integral part of same, directs it clearly towards the aim of lawfulness and transparency that the Company implements in every area of its activity.

The system of internal controls consists of:

- company governance rules as stated in the articles of incorporation;
- a system of mandates and internal assignments;
- a detailed organisation chart describing the roles of each area and indicating the responsibilities of same;
- the procedures, process sheets and operational instructions used by the Company;
- the Risk Assessment Document ex Lgs. Decree 81/2008 and the Prevention and Protection Service;
- the Company Code of Ethics;
- quality procedures.

The rules of conduct and procedures listed above include the main aims of controlling the regularity, diligence and lawfulness of the conduct of those who represent or are employed by the Company and therefore, contribute to ensuring the prevention of presumed Offences for the application of Lgs. Decree 231/2001, even those that are not the subject of specific details in the special areas of the Model, since, although taken in consideration during the risk analysis stage have no profiles that require the introduction of specific controls within the Special Part.

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5. SUPERVISORY BODY**5.1 Institutional requirements of the Supervisory Body**

Pursuant to Art. 6, subsection 1, lett. b) and d) of Lgs. Decree 231/2001, exemption from administrative liability depends on the obligation to set up a company body with autonomous powers of control (allowing oversight of the operation and compliance with the Model) and autonomous powers of initiative to guarantee the constant updating of the model itself.

This body is known as the Supervisory Body and will either be referred to as "Supervisory Body" or "Body".

The Supervisory Body is appointed directly by the CEO and must meet the envisaged requirements for integrity, as well as have the knowledge and technical expertise necessary to perform the tasks assigned.

The existence and persistence of these subjective requirements are assessed from time to time by the company director, both before the appointment and during the period in office. Failure to meet the aforementioned requirements during the period of office, will lead to removal from the appointment.

The Supervisory Body is directly answerable to the CEO for its operations and is not linked to the operational structures by any hierarchical link, in order to guarantee full autonomy and independent opinions for the performance of the tasks assigned it.

The Body will govern the rules for its own operation (if it deems it necessary to increase and better record those already in the Model), formalising them in the specific regulations ("Supervisory Body Regulations").

For the purposes of performing the role and function of the Supervisory Body, the CEO has given this entity powers of initiative and control and the prerogatives needed to perform Oversight activities on the operation of and compliance with the Models and the updates to same in compliance with the requirements of the Decree.

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Moreover, for the specific purposes of the performance of oversight and control activities, the administrative body, taking into account the activities of the Supervisory Body, allocates an annual budget to same, which may be used with full management autonomy. This budget will be updated from time to time, according to the specific needs that will arise for the Supervisory Body. Any need to exceed the budget, as a result of specific requirements, will be communicated by the Supervisory Body to the administrative body and approved by this latter.

The Supervisory Body, regularly assessing suitability in terms of organisational structure and the powers granted, will inform the administrative body of any changes and/or additions necessary for optimum operation in compliance with current laws.

The Supervisory Body routinely uses the facilities of the body to perform its oversight functions and, where necessary, the support of other company offices (e.g., the Prevention and Protection Officer) or external consultants.

5.2 Composition of the Supervisory body of Nuova Pasquini e Bini S.p.A.

The body to be tasked with oversight for the operation, effectiveness and compliance of the models, as well as to propose updates to same has been identified by the Company as a monocratic structure.

5.3 Supervisory Body requirements

The Supervisory Body shall have the characteristics needed to ensure the efficient and effective implementation of the organisational model.

For this purposes, it is necessary for it to have the following:

i. Autonomy and independence

The Supervisory Body therefore, does not have hierarchical dependence and consists of subjects without operational tasks and who are not in a position of conflict of interest.

ii. Professionalism

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Members of the Supervisory body shall avail of the means and techniques consistent with the performance of the activities in question, both in terms of performing inspection functions and of the ability to guarantee the dynamism of the Model through proposals for updates to be addressed to the Board of Directors.

iii. Action continuity

It is important for the Supervisory Body to constantly oversee compliance with the Organisational Model, carefully checking the effectiveness and efficiency of same, ensuring continued updates and representing a constant reference for human resources.

5.4 Causes of incompatibility, cancellation and suspension of the Supervisory Body

The appointment of the Supervisory Body is conditional on the subjective requirements of honour, integrity and respectability, as well as the lack of causes of incompatibility with the appointment itself, such as:

- ✓ conflicts of interest with the company - even potential - that could adversely affect the independence required;
- ✓ administration functions – in the three financial periods prior to the appointment of members of the Supervisory Body, i.e., the establishment of relationships of consultancy/collaboration with said Body - of business subject to failure, compulsory winding up, or other insolvency procedures;
- ✓ conviction with sentence passed *res judicata*, i.e., sentence with application of the sanction required (so-called “plea agreement”), in Italy or abroad, for the offences mentioned in Lgs. D. 231/01 or other offences in any case affecting professional morality;
- ✓ conviction, *res judicata*, with a sentence that prohibits, even on a temporary basis, the holding of public office, or the temporary disqualification from managing offices of legal persons or businesses;
- ✓ having already been a member of the Supervisory Body as part of Bodies that have received the sanctions envisaged by Art. 9 of Lgs. Decree 231/01.

The Supervisory Body also undertakes to expressly and duly inform of any changes regarding the absence of these causes of incompatibility.

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The Company reserves the right to put in place specific controls concerning the conditions mentioned above.

The removal of the Supervisory Body and the allocation of powers to another subject may only occur due to just cause and through specific resolution by the Board of Directors.

“Just cause” for repeal include:

- the inability to meet the subjective requirements of honorability, integrity, respectability and independence when appointed;
- the emergence of a reason for incompatibility;
- serious negligence in the performance of tasks connected with the assignment;
- failure or insufficient supervision by the Supervisory Body – according to that set down in Art. 6, comma 1, lett. d), Lgs. Decree 231/01 – resulting from a judgement, passed res judicata and issued to the Body, pursuant to Lgs. Decree 231/01 or judgement applying the sentence on request (so-called plea bargaining);
- conferral of functions and operational responsibilities within the company organisation, which are incompatible with the requirements of “autonomy and independence” and “continuity of action” of the Supervisory Body.

In case of particular severity, the administrative body may decide to suspend the powers of the Supervisory Body and the appointment of an interim Body.

As well as due to repeal, the Supervisory Body will cease its role due to withdrawal or incapacity. In these cases, the administrative body will replace it as rapidly as possible.

5.5 Withdrawal by Supervisory Body

In case a member decides to withdraw from the appointment, they shall provide notification, with grounds, to the administrative body.

5.6 Functions and powers of the Supervisory Body

According to the regulations, the operations attributed to the Supervisory and Control body can be summed up as follows:

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- i. to check compliance with the requirements of the Model, by the subjects concerned, pointing out any failures and the sectors that are seen as being more at risk, in consideration of the breaches found;
- ii. to check the efficiency and effectiveness of the Model in preventing unlawful acts as per Lgs. Decree 231/2001;
- iii. to report any need or opportunity to update the Model to the administrative body, where needs to adapt same are identified, including with regard to changed company conditions;
- iv. to report to the administrative body any breaches of the Model for which the body may become liable in order that suitable measures may be taken.

For the effective performance of the aforementioned functions, the Supervisory Body will have the following tasks and powers:

- to prepare and implement a programme of checks on the actual application of company control procedures in the areas of risk activities and the effectiveness of same;
- to regularly check the map of risk areas in order to adapt it to the changing activities and/or structures;
- to perform control activities on the operation of the model, including through the internal and/or external roles identified;
- to perform specific checks on situations deemed to be particularly at risk;
- to check the suitability of information and training initiatives performed on the principles, values and rules of conduct stated in the Model, as well as the level of knowledge of same;
- to collect all information concerning any breaches of the requirements contemplated by the model and perform any resulting investigations;
- to bring into being or propose to management bodies, according to the relevant areas of competence, the corrective actions necessary to improve the effectiveness of the model;
- to collate, process and store important information pertaining to the model;
- to monitor the suitability of the system of sanctions envisaged for cases of breaches of the rules set out in the Model;

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- to coordinate with other company roles, including through specific meetings, for the best possible monitoring of activities vis-à-vis the procedures set out in the Model, or for the assessment of different aspects pertaining to implementation of the Model;
- to promote initiatives that circulate knowledge and understanding of the Model's principles, and to ensure the in-house preparation of organisational documentation, as required for the operation of same, and containing instructions, clarifications or updates;
- to report back to company bodies.

For this purpose, the Supervisory Body will have the right to:

- ✓ issue a regulation and/or provisions to regulate the activities of the Supervisory Body (if it is deemed necessary to explain or detail the provisions contained in this Model);
- ✓ access, for each and every document of importance for the performance of the functions allocated to the Supervisory Body, pursuant to the Decree;
- ✓ avail, under its direct oversight and responsibility, in agreement with the administrative body, of internal or external subjects to whom performance of the operational checks can be delegated;
- ✓ proceed, at any time, as part of the autonomy and discretion of checks concerning the application of the Model;
- ✓ ask and obtain from company management and, where necessary, the executive body as well as collaborators, consultants, etc. due provision of the information, data and/or news requested of them to monitor the various company activities that they identify pursuant to the Model, or for checks of the actual implementation of same by the company's organisational structures;

The work of the Supervisory Body cannot be judged by any other body.

The Supervisory and Control Body, as a result of checks made, amendments to rules from time to time, and to checks of the existence of new areas of activity

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at risk, highlighting to the company positions the opportuneness of proceeding with the relevant adaptations and updates to the model.

Through its follow-up activities, the Supervisory and Control Body checks that any corrective actions recommended are performed by the competent company functions.

In the event of interpreting problems or questions about the Model, the Recipients can contact the Supervisory and Control Body for the relevant clarifications.

5.7 Relational activities of the Supervisory Body

The Supervisory Body is responsible with regard to the administrative body, for the following:

- regular reports on the progress of the Model, preparing, at least annually, a written report on all activities, on the critical issues that have emerged, and the corrective actions to be undertaken;
- prompt notification, in case of reports of Model breaches *ex*.
Lgs. Decree 231/2001;

The Supervisory and Control Body may be consulted by the Director at any time, to report on the Model's operations or on specific situations or, in case of particular needs, to inform company bodies directly at its own initiative.

5.8 Information flows to the Supervisory Body

The Supervisory Body must be kept constantly informed by the management on those areas that may expose the company to the risk related to the potential committing of crimes as stated in the Decree.

All employees, directors and those cooperating in the pursuit of the Body's aims within the context of different relationships with same, must inform the Supervisory Body in good time, of any breach of the Model or of its general principles and the Code of Ethics, as well as regarding their own unsuitability, ineffectiveness and any other potentially relevant aspect.

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Specifically, all subjects named above are obliged to provide the Supervisory Body in due time with information concerning:

- measures and/or notifications from police authorities or any other authority, indicating enquiries for offences as per the Decree, even if initiated against unknown persons;
- requests for legal assistance sent by management and/or employees in case of legal action brought against us for the offences as per the Decree;
- reports prepared by management of company divisions as part of the control activities performed and from which facts, deeds, events and omissions may emerge of a critical nature with regard to the regulations of the Decree;
- Information concerning the implementation, at all levels within the company, of the Model, highlighting the disciplinary procedures and any sanctions applied, or motivated measures to archive disciplinary procedures;
- update to the system of mandates;
- any communication by the body of audits concerning aspects that may indicate shortcomings in the internal control system, facts subject to criticism, remarks on the financial statement of the body;
- specific communications on the subject of health and safety in the workplace, as listed in the Special Part of the Model.

The Supervisory Body must be provided with all information, including from third parties and relevant to the implementation of the Model in the areas of activity at risk.

The Supervisory Body will assess the information provided and any resulting provisions, at its own discretion and under its own responsibility, also listening, if necessary, to the whistleblower and/or the person responsible for the presumed breach, deciding whether the legally competent body should instate disciplinary proceedings or file the report. In case of giving rise to disciplinary proceedings, the body bringing the action will be obliged to inform the Statutory Body of the development and outcome of the procedure.

In any case, following reports, in compliance with the rules on "whistleblowing", the Supervisory Body will take action to guarantee the protection of the whistleblower against any form of retaliation, discrimination or

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penalisation, also ensuring their confidentiality and anonymity, unless required by law and to safeguard the rights of the Company or of persons incorrectly or unjustly accused.

Anyone in breach of the obligation for confidentiality or who commits acts of retaliation or discrimination against whistleblowers will be subject to disciplinary sanctions.

Dismissal or demotion resulting from the reports as stated in this paragraph are null.

For this purpose, an email address will be made available, specifically for the Supervisory Body, to which no one except the aforementioned will have access.

5.9 General regulations regarding the Supervisory Body

As stated above, due to the principles of autonomy and independence, the Supervisory Body is not subject to any hierarchical limit; the activities of the Supervisory Body cannot be reviewed by any member of the company organisation, without prejudice to the fact that the Administrative Body is competent to assess the suitability of its intervention, since it is ultimately liable for the operation (and effectiveness) of the Organisational Model.

The Supervisory Body, in the performance of its tasks, has limitless access to company information for the purposes of enquiry, analysis and control.

It is therefore obligatory for any company office, manager, employee, and/or member of company bodies, to provide the information in their possession if asked to do so by the Supervisory Body, or at the occurrence of events or circumstances pertaining to the purpose of performing the activities within the remit of the Supervisory Body.

The Body shall guarantee the confidentiality of the information in its possession, especially if concerning reports of possible breaches of the Model. Moreover, it is necessary to refrain from seeking confidential news for purposes outside of those set down in the Decree, unless expressly authorised to do so by the Administrative Body. In all cases, all information received will be processed in compliance with the current privacy laws.

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Failure to comply with the aforementioned obligations will lead to forfeiture of the position to be implemented by ruling of the Administrative Body.

The Supervisory Body has independent powers of initiative and control for the purposes of oversight and for the operation of the Organisational Model; however, it has no coercive powers or powers to modify the Company structure or to enforce sanctions on company staff. These powers remain with the competent subjects and bodies (Administrative Body, President, Vice President).

6. COMMUNICATION, TRAINING AND UPSKILLING ACTIVITIES**6.1 Training and information for employees and collaborators**

The Company undertakes to ensure employees and collaborators are fully aware of the rules of conduct in the Organisational Model and Code of Ethics, as well as of internal procedures, with different levels of detail according to position, role and different level of involvement of the resources in sensitive processes.

The adoption of a Code of Ethics and of this Model is made known to all company staff in writing, and these documents will be circulated through the company website.

The same communication will be delivered to all new employees, who will sign in receipt of same at the time of signing their contract.

The President will regularly agree on training initiatives with the Supervisory Body, which will be graded according to the roles and responsibilities on areas linked to subjects regulated by the Model and Code of Ethics.

These training activities are binding for Company employees with a senior executive role or who are instrumental in the activities at risk.

Training initiatives can be conducted through classroom courses, on-line training, specialist training, participation in events, and newsletters.

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6.2 Information for suppliers and partners

Suppliers and partners must be informed of the Company's implementation of the Organisational Model and Code of Ethics and of the need for their conduct to be compliant with the Code of Ethics and with Lgs. Decree 231 2001

They may find an electronic copy of this model and the Code of Ethics through the website of the Company.

6.3 Updates to the Model and Code of Ethics

The Model and Code of Ethics must be updated and adapted on a regular basis, specifically with regard to the introduction of new laws and standards, breaches of the Model and/or findings emerging during audits of the effectiveness of same, and changes to the organisational structure of the Company.

Updates to the Model and the Code of Ethics are the responsibility of the Administrative Body at the proposal of the Supervisory Body; the completed update is made known to all parties concerned.

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Annexes:

- I. Company Organisation Chart;***
- II. Risk Assessment Document ex Lgs. Decree 81/2008;***
- III. Company Code of Ethics;***
- IV. SISTRI manual.***