FILTREC®

ORGANISATION, MANAGEMENT AND CONTROL MODEL

ORGANISATION, MANAGEMENT AND CONTROL MODEL

pursuant to Legislative Decree No. 231 of 8 June 2001

(Approved by the Board of Directors on 19/09/2025)

FIRST DRAFT rev00	**ACT No. 2025**
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Summary

A. The regulatory framework

1. Introduction

Legislative Decree No. 231 of 8 June 2001 (hereinafter referred to as the Decree), implementing the powers delegated to the Government by Article 11 of Delegated Law No. 300 of 29 September 2000, regulates the "liability of entities for administrative offences resulting from criminal offences" and applies to entities with legal personality and to companies and associations, even those without legal personality.

The Decree has its primary origin in certain international and EU conventions ratified by Italy that require forms of liability for collective entities for certain types of offences: such entities may, in fact, be held "liable" for certain offences committed or attempted with, including in their own interest or to their own advantage, by members of senior management (the so-called "top managers") and by those who are subject to their management or supervision (Article 5, paragraph 1, of Legislative Decree No. 231/2001).

The Decree therefore innovates the Italian legal system in that entities are now directly and independently subject to both financial and disqualification sanctions in relation to offences attributed to persons functionally linked to the entities pursuant to Article 5 of the Decree.

The administrative liability of entities is independent of the criminal liability of the natural person who committed the offence; it does not replace but is added to the personal liability of the individual who committed the offence.

However, it is excluded if the entity involved has adopted and effectively implemented, prior to the commission of the offences, organisational, management and control models pursuant to Legislative Decree No. 231/2001 suitable for preventing such offences; such models may be adopted on the basis of codes of conduct (Guidelines) drawn up by associations representing companies, including Confindustria, and communicated to the Ministry of Justice.

Administrative liability is, in any case, excluded if the senior managers and/or their subordinates acted in their own exclusive interest or in the interest of third parties.

Legislative Decree No. 231/2001 has, in fact, introduced into our legal system a form of 'administrative' liability for entities - in accordance with Article 27 of the Constitution, 'Criminal liability is personal' - but with numerous points of contact with 'criminal' liability.

2. Criteria for attributing liability

The commission of one of the offences indicated in the Decree constitutes the prerequisite for the applicability of the regulations laid down therein.

The Decree provides for objective and subjective criteria for attribution of liability.

Objective criteria for attributing liability

The first objective criterion for attribution is that the offence – or administrative offence – is committed 'in the interest or for the benefit of the entity'.

The entity is only liable if the unlawful act was committed in the interest of the entity or to favour the entity, without it being necessary for the objective to be actually,

ly and concretely achieved. It is, therefore, a criterion that is based on the purpose – even if not exclusive – for which the unlawful act was committed.

The criterion of advantage, on the other hand, relates to the positive result that the entity objectively derived from the commission of the offence, regardless of the intention of the person who committed it.

The entity is not liable if the unlawful act was committed by one of the persons indicated in the Decree 'in their own exclusive interest or that of third parties'.

This confirms that, while the exclusivity of the interest pursued prevents the entity from being held liable, liabi-

lity arises if the interest is shared by the entity and the natural person or is attributable in part to one and in part to the other.

The second objective criterion for attribution is the person who committed the unlawful act. In fact, the entity is liable for the offence committed in its interest or to its advantage only if it was committed by one or more qualified persons, namely:

1) 'persons who hold positions of representation, administration or management of the entity or one of its organisational units with financial and functional autonomy', or those who 'exercise, even de facto, the management and control' of the entity, such as, for example, the legal representative, director, general manager or manager of a branch or subsidiary, or persons who exercise, even de facto, the management and control of the entity (the so-called "senior managers"; Article 5, paragraph 1, letter a) of Legislative Decree No. 231/2001);

2) "by persons subject to the management or supervision of one of the senior managers", such as those who carry out, in the interest of the entity, the decisions taken by the top management under the direction and supervision of the senior managers, i.e. the employees of the entity, as well as all those who act in the name, on behalf or in the interest of the entity, such as, for example, collaborators, quasi-subordinates and consultants (those subject to the management of others; Article 5, paragraph 1, letter b) of Legislative Decree No. 231/2001).

If several persons cooperate in the commission of the offence (giving rise to a conspiracy to commit an offence:

Art. 110 of the Italian Criminal Code; essentially the same applies in the case of administrative offences), it is not necessary for the 'qualified' person to carry out, even in part, the typical action provided for by law. It is necessary and sufficient for them to make a conscious causal contribution to the commission of the offence.

Subjective criteria for attributing liability

The subjective criteria for attribution relate to the entity's culpability. The entity is held liable if it has not adopted or complied with standards of good management and control relating to its organisation and the conduct of its business. The fault attributed to the entity is therefore organisational in nature and depends on the identification of an incorrect company policy or structural and organisational deficiencies that failed to prevent the commission of one of the predicate offences. The entity is not liable if, prior to the commission of the offence, it has adopted and effectively implemented an organisational, management and control model, pursuant to Legislative Decree No. 231/2001, suitable for preventing the commission of offences of the type that has been committed.

3. Exempting effect of the Organisation, Management and Control Model

The Decree excludes the liability of the entity if, prior to the commission of the offence, the entity has adopted and effectively implemented an 'Organisational, Management and Control Model' (hereinafter the 'Model') suitable for preventing the commission of offences of the type that has been committed.

The Model operates as an exemption whether the predicate offence was committed by a senior manager or by a person subject to the management or supervision of a senior manager.

Offence committed by a senior manager

For offences committed by senior managers, there is a sort of presumption of liability on the part of the entity, since its liability is excluded only if it can demonstrate that:

a) 'the management body adopted and effectively implemented, prior to the commission of the offence, organisational and management models suitable for preventing offences of the type that occurred'; therefore, the entity adopted a Model

b) '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'; therefore, the entity has appointed a supervisory body;

c) "the persons committed the offence by fraudulently circumventing the organisational and management models"; that is, knowing the rule, they knowingly violated it;

d) "there was no omission or insufficient supervision by the body with autonomous powers of initiative and control".

The Company must, therefore, demonstrate its non-involvement in the facts alleged against the senior manager by proving

the existence of all the above requirements, jointly and severally, and, consequently, that the commission of the offence did not result from its own "organisational fault".

Offence committed by persons subject to the management or supervision of a senior manager

For offences committed by persons subject to the management or supervision of a senior manager, the entity

may be held liable only if it is established that:

a) 'the commission of the offence was made possible by the failure to comply with management or supervisory obligations'.

The liability of the entity is based on the failure to fulfil the duties of management and supervision, which are assigned by law to senior management or transferred to other persons by virtue of valid delegations.

In any case, a breach of management or supervisory obligations is excluded "if, prior to the commission of the offence, the entity has adopted and effectively implemented an organisational, management, and control model pursuant to Legislative Decree No. 231/2001 suitable for preventing offences of the type that occurred".

In the case of an offence committed by a person subject to the management or supervision of a senior manager, there is a reversal of the burden of proof, as it will be up to the prosecution to prove the failure to adopt and effectively implement a Model suitable for preventing offences of the type that occurred.

Legislative Decree No. 231/2001 specifies the content of organisational and management models, stipulating that they must:

- identify the activities in which offences may be committed; so-called sensitive activities;

- provide for specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the offences to be prevented; the so-called 231 standards;

- identify methods of managing financial resources that are suitable for preventing the commission of offences;

- provide for reporting obligations to the body responsible for monitoring the functioning and compliance with the models; through so-called information flows;

- introducing a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.

The Decree also defines the requirements for the effective implementation of organisational models:

- periodic review and possible modification of the Model when significant violations of the requirements are discovered or when changes occur in the organisation and its activities;

- provision of an appropriate disciplinary system to sanction non-compliance with the measures indicated in the Model.

With regard to health and safety offences that may give rise to the administrative liability of the entity, Legislative Decree No. 81 of 9 April 2008, Consolidated Law on Health and Safety at Work

, in Article 30 (Organisational and Management Models), establishes that the Organisational and Management Model suitable for exempting administrative liability,

adopted and effectively implemented, must ensure

compliance with all legal obligations relating to:

a) compliance with the technical and structural standards laid down by law relating to equipment, facilities, workplaces, and chemical, physical and biological agents;

b) risk assessment activities and the preparation of consequent prevention and protection measures; organisational activities, such as emergencies, first aid, contract management, periodic safety meetings, consultations with workers' safety representatives;

d) health surveillance activities;

e) worker information and training activities;

f) activities related to monitoring workers' compliance with safety procedures and instructions;

g) acquisition of documentation and certifications required by law;

h) periodic checks on the application and effectiveness of the procedures adopted.

This organisational and management model, pursuant to the aforementioned Legislative Decree No. 81/2008, must provide for:

- suitable systems for recording the performance of the above-mentioned activities;

- as required by the nature and size of the organisation and the type of activity carried out, a structure of functions that ensures the technical skills and powers necessary for the verification, assessment, management and control of risk;

- a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model;

- an appropriate system for monitoring the implementation of the Model and ensuring that the measures adopted remain appropriate over time.

The organisational model must be reviewed and amended where significant violations of the rules on accident prevention and occupational health and safety are discovered, or where changes are made to the organisation and its activities in line with scientific and technological progress.

These company organisational models are presumed to comply with the requirements set out in the previous paragraphs if they are defined in accordance with the UNI-INAIL Guidelines for a health and safety management system (SGSL) of 28 September 2001 and the UNI ISO 45001:2018 standard (evolution of OHSAS 18001:2007).

For the same purposes, additional models of business organisation, management and control may be indicated by the Permanent Advisory Commission for Health and Safety at Work.

4. Offences referred to in Legislative Decree No. 231/2001

The offences for which the Entity may be held administratively liable are expressly indicated in the Decree, which initially only covered the offences referred to in Articles 24 and 25, but as a result of subsequent regulatory measures, the range of offences has been significantly expanded.

This is the set of predicate offences

1. Offences relating to public funds (Article 24 of the Decree)

2. Computer crimes and unlawful data processing (Article 24-bis of the Decree)

3. Organised crime offences (Article 24-ter of the Decree)

4. Extortion, undue inducement to give or promise benefits, and corruption (Article 25 of the Decree)

5. Counterfeiting of currency, public credit cards and revenue stamps (Article 25-bis of the Decree)

6. Crimes against industry and commerce (Article 25-bis. 1 of the Decree)

7. Corporate offences (Article 25-ter of the Decree)

8. Offences for the purposes of terrorism or subversion of the democratic order (Article 25-quater of the Decree)

9. Female genital mutilation (Article 25-quater.1 of the Decree)

10. Crimes against the individual (Art. 25-quinquies of the Decree)

11. Insider trading and market manipulation (Article 25-sexties of the Decree)

12. Offences against accident prevention and occupational health and safety regulations (Article 25-septies of the Decree)

13. Offences of receiving stolen goods, money laundering and use of money, goods or benefits of illegal origin (Article 25-octies of the Decree)

14. Offences relating to non-cash payment instruments (Article 25-octies.1 of the Decree)

15. Offences relating to copyright infringement (Article 25-novies of the Decree)

16. Inducement not to make statements or to make false statements to the judicial authorities (Article 25-decies of the Decree)

17. Environmental offences (Art. 25-undecies of the Decree)

18. Offences involving the employment of third-country nationals whose stay is irregular (Art. 25-duodecies of the Decree)

19. Offences of propaganda and incitement to commit crimes on grounds of racial, ethnic and religious discrimination (Article 25-terdecies of the Decree)

20. Fraud in sports competitions, illegal gambling or betting and gambling using prohibited devices (Article 25-quaterdieces of the Decree)

21. Transnational offences (Law No. 146/2006 amended by Law No. 236/2016)

22. Tax offences (Art. 25-quinquiesdecies of the Decree)

23. Smuggling offences (Art. 25-sexiesdecies of the Decree)

24. Crimes against cultural heritage (Art. 25-septiesdecies of the Decree)

25. Offences of laundering cultural property and devastation and looting of cultural and landscape heritage (Art. 25-duodevicies of the Decree)

Please refer to the Special Section of this Model for details of the individual cases included in each category, which will be updated periodically.

5. The penalties referred to in Legislative Decree 231/01

The penalties provided for in the Decree against the entity as a result of the commission or attempted commission of the offences listed above are as follows:

- financial penalties (and preventive seizure as a precautionary measure);

- disqualification sanctions (also applicable as a precautionary measure) which, in turn, may consist of:

• disqualification from exercising the activity;

• suspension or revocation of authorisations, licences or concessions functional to the

• commission of the offence;

• prohibition from contracting with the public administration, except to obtain

• public services;

• exclusion from benefits, financing, contributions or subsidies and the possible revocation of

• those granted;

• prohibition on advertising goods or services;

• confiscation of the proceeds of crime (and preventive seizure as a precautionary measure);

• publication of the sentence (in the event of a disqualification penalty being applied).

The financial penalty is determined by the criminal court through a system based on 'quotas' of no less than one hundred and no more than one thousand, with the amount varying between a minimum and a maximum as provided for by law.

In determining the financial penalty, the judge determines:

- the number of quotas, taking into account the seriousness of the offence, the degree of responsibility of the entity and the activities carried out to eliminate or mitigate the consequences of the offence and to prevent further offences from being committed;

- the amount of each quota, based on the economic and financial conditions of the entity.

The entity is liable for the payment of the financial penalty with its assets or

the common fund (Article 27, paragraph 1, of the Decree).

Disqualification penalties apply only to offences for which they are expressly provided for

and provided that at least one of the following conditions is met:

a) the entity has derived a significant profit from the commission of the offence and the offence was committed by persons in senior positions or by persons subject to the direction of others when, in the latter case, the commission of the offence was determined or facilitated by serious organisational deficiencies;

b) in the event of repeated offences.

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

The sanctions of disqualification from exercising the activity, prohibition from contracting with the public administration and prohibition from advertising goods or services may be applied - in the most serious cases - on a definitive basis.

The judge may allow the entity to continue its activities (instead of imposing the disqualification penalty), pursuant to and under the conditions set out in Article 15 of the Decree, appointing a commissioner for a h

d period equal to the duration of the disqualification penalty.

Pursuant to Article 17 of the Decree, the disqualification sanctions referred to in Articles 13 et seq. shall not apply to the Entity which:

a) has fully compensated for the damage and eliminated the harmful or dangerous consequences of the offence or has in any case taken effective measures to that end;

b) has eliminated the organisational deficiencies that led to the offence by adopting and

implementing organisational models suitable for preventing offences of the type that occurred;

c) has made the profits obtained available for confiscation.

6. Attempted offences

In cases of attempted commission of the offences provided for in the Decree, the financial penalties (in terms of amount) and disqualification penalties (in terms of duration) are reduced by one third to one half.

Penalties shall not be imposed in cases where the entity voluntarily prevents the action or event from taking place (Article 26 of Legislative Decree No. 231/2001). The exclusion of penalties is justified, in this case, by the interruption of any relationship of identification between the entity and the persons acting in its name and on its

behalf, who are the actual perpetrators of the attempted offence.

7. Events affecting the organisation

Articles 28-33 of Legislative Decree No. 231/2001 regulate the impact on the entity's financial liability of changes related to transformations, mergers, demergers and transfers of businesses.

In the event of transformation (in line with the nature of this institution, which implies a simple change in the type of company without determining the extinction of the original legal entity), the entity's liability for offences committed prior to the date on which the transformation took effect remains un

d (Article 28 of Legislative Decree No. 231/2001).

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

In the event of a partial demerger, the demerged company remains liable for offences committed prior to the date on which the demerger took effect. The entities benefiting from the demerger (whether total or partial) are jointly and severally liable for the payment of financial penalties owed by the demerged entity for offences committed prior to the date on which the demerger took effect, up to the actual value of the net assets transferred to the individual entity. This limit does not apply to beneficiary companies to which the branch of activity in which the offence was committed has been transferred, even if only in part. Disqualification penalties relating to offences committed prior to the date on which the demerger took effect shall apply to entities to which the branch of activity in which the offence was committed has remained or been transferred, even in part.

Article 31 of Legislative Decree No. 231/2001 provides for provisions common to mergers and demergers concerning the determination of sanctions in the event that such extraordinary transactions have taken place before the conclusion of the proceedings. The judge must commensurate the financial penalty,

according to the criteria set out in Article 11, paragraph 2, of Legislative Decree No. 231/2001, referring in each case to the economic and financial conditions of the entity originally responsible, and not to those

of the entity to which the penalty should be imposed following the merger or demerger. In the event of a disqualification penalty, the entity that is liable following the merger or demerger may ask the court to convert the disqualification penalty into a financial penalty, provided that: (i) the organisational fault that made it possible to commit the offence has been eliminated, and (ii) the entity has compensated for the damage and made available (for confiscation) any profits made. Article 32 of Legislative Decree No. 231/2001 allows the court to take into account convictions already imposed on the entities participating in the merger or the demerged entity in order to establish recidivism, pursuant to Article 20 of Legislative Decree No. 231/2001, in relation to offences committed subsequently by the entity resulting from the merger or beneficiary of the demerger. In the case of the transfer and contribution of a business, there is a uniform regulation (Article 33 of Legislative Decree No. 231/2001); in the case of the transfer of a business in which the offence was committed, the transferee is jointly and severally liable for the payment of the financial penalty imposed on the transferor, with the following limitations:

• without prejudice to the benefit of prior enforcement against the transferor;

• the transferee's liability is limited to the value of the transferred business and to the financial penalties resulting from the mandatory accounting records or due for administrative offences of which it was, in any case, aware.

On the contrary, the disqualification penalties imposed on the transferor do not extend to the transferee.

8. Offences committed abroad

The entity may also be held liable in Italy for predicate offences committed abroad, provided that the objective and subjective criteria for attribution established by the Decree are met and the following additional conditions exist:

- the State where the offence was committed is not already taking action against the entity;

- the entity has its main office in Italian territory;

- the offence was committed abroad in the interest or for the benefit of the entity by a senior manager or subordinate pursuant to Article 5(1) of the Decree;

- that the conditions for prosecution provided for in Articles 7, 8, 9 and 10 of the Criminal Code are met.

These rules apply to offences committed entirely abroad by senior managers or subordinates.

For criminal conduct that took place even partially in Italy, the principle of territoriality pursuant to Article 6 of the Criminal Code applies, according to which 'the offence is considered to have been committed in the territory of the State when the action or omission constituting it took place there in whole or in part, or when the event resulting from the action or omission occurred there'.

9. Confindustria's 'Guidelines'

Article 6, paragraph 3, of Legislative Decree No. 231/2001 provides that "Organisational and management models may be adopted, ensuring the requirements referred to in paragraph 2, on the basis of codes of conduct drawn up by associations representing the entities, communicated to the Ministry of Justice which, in consultation with the competent Ministries, may, within thirty days, make observations on the suitability of the models to prevent offences".

The Confindustria Guidelines were approved by the Ministry of Justice with Ministerial Decree of 4 December 2003. The subsequent update, published by Confindustria on 24 May 2004,

was approved by the Ministry of Justice, which deemed these Guidelines suitable for achieving the objectives set out in the Decree. These Guidelines were last updated by Confindustria in June 2021.

In defining the Organisation, Management and Control Model, the Confindustria Guidelines provide for the following phases:

- the identification of risks (i.e. the analysis of the business context to highlight in which areas of activity and in what ways the predicate offences may occur

- the identification of control standards (i.e. the establishment of a control system suitable for preventing the risks of offences through the assessment of the existing control system within the entity and its degree of compliance with the requirements set out in Legislative Decree 231/2001);

- the adoption of a Code of Ethics and a disciplinary system;

- identification of the criteria for selecting the Supervisory Body (requirements, tasks and powers, and information obligations).

The most relevant components of the control system outlined in the Confindustria Guidelines to ensure the effectiveness of the Organisation, Management and Control Model are as follows:

– provision of ethical principles and rules of conduct in a Code of Ethics or Conduct;

– a sufficiently up-to-date, formalised and clear organisational system, particularly with regard to the assignment of responsibilities, lines of hierarchical dependence and the description of tasks with specific provision for control principles;

– procedures governing the performance of activities, providing for appropriate controls;

– authorisation and signing powers consistent with the

organisational and management responsibilities assigned by the entity, providing, where appropriate, adequate spending limits;

- integrated control systems which, taking into account all operational risks, are capable of providing timely notification of the existence and emergence of situations of general and/or specific criticality;

- information and communication to staff, repeated periodically, supplemented by an adequate staff training programme, tailored to the levels of the recipients.

The components of the control system described above must comply with a series of principles, including:

- verifiability, traceability, consistency and appropriateness of every operation, transaction and action;

- application of the principle of separation of functions and segregation of duties (no one can manage an entire process independently);

- establishment, execution and documentation of control activities on processes and activities at risk of crime.

In preparing this Model, the Company has mainly drawn inspiration from the aforementioned Confindustria Guidelines, as well as from the codes of conduct of the main representative associations and best practices relating to the various areas of activity.

B. Governance and Organisational Structure of FILTREC S.p.a.

1. Filtrec S.p.a.

FILTREC S.p.a (hereinafter also referred to as "Filtrec" or the "Company") was founded in 1991. In 2006, by deed of notary Salvatore Lombardo, the company was transformed from a limited liability company into a joint-stock company with a corresponding increase in capital and the adoption of new articles of association.

The Company's purpose is the production, export and sale of filters for hydraulic, petrochemical, water treatment, gas and air applications for special applications, both in Italy and abroad.

The share capital is owned by the following shareholders, as specified in the company register: Modina Marino, Modina Giacomo, Modina Matteo, Modina Sergio (usufruct), Carrara Chiara (usufruct), Modina Alessandra (bare ownership), Modina Federica (bare ownership), Bcf srl.

The business is carried out at the registered office in Telgate, Via dei Morenghi 1 (BG) and the secondary office in Villimpenta (MN).

2. Institutional Structure: bodies and entities

Board of Directors

The Company is managed by a Board of Directors composed of a Chairman, Modina Sergio, a Vice Chairman, Modina Marino, and four directors, Favalli Tommaso, Belotti Francesco, Ancelotti Francesco, and Modina Giacomo.

The administrative body has all the powers of ordinary and extraordinary administration.

The Company is represented by the Chairman of the Board of Directors and by the director and general manager Modina Giacomo.

Board of Statutory Auditors

The Board of Statutory Auditors consists of a Chairman and two auditors, as well as two alternate auditors.

Auditing firm

Pwc spa.

3. Filtrec S.p.A.'s governance and control tools

The Company's governance and control tools that ensure its functioning can be summarised as follows:

- Articles of Association - in accordance with current legislation, these include various provisions relating to corporate governance aimed at ensuring the proper conduct of management activities.
- Internal regulations - in accordance with the provisions of the National Collective Labour Agreement for companies in the Confcommercio tertiary sector, as supplemented by the provincial supplementary agreement for the Province of Bergamo - the company has internal regulations aimed at providing all FILTREC SPA personnel with guidance on the rules to be followed in the performance of their work.
- Integrated Quality, Environment and Safety System- is the set of documents that describe the processes that meet quality, environmental and safety requirements.
- The Code of Ethics expresses the ethical and professional principles that FILTREC S.p.A. recognises as its own and which it requires all those who work towards the achievement of the Company's objectives to comply with. FILTREC's Code of Ethics expresses, among other things, guidelines and principles of conduct aimed at preventing the offences referred to in Legislative Decree no. 231/2001 and expressly refers to the Model as a useful tool for operating in compliance with regulations. It is an integral and substantial part of the Model.
- Procedure for the management of reports of illegal activities - is a document which, in compliance with Legislative Decree no. 24/2023, specifies the internal and external reporting channels made available to Filtrec S.p.a., its employees, the management body specifically trained to handle these channels, the timeframes for examining reports, and the protections provided by the Whistleblowing system.
- Company organisation chart - provides a clear and immediate overview of the company's organisational structure, explaining the roles, functional and hierarchical links between people, and the division of tasks and responsibilities of those who work at Filtrec S.p.a.

4. Internal control and risk management system

FILTREC S.p.a. has an internal control system in place to continuously monitor the risks typical of the company's activities.

The internal control system is a set of rules, procedures and organisational structures designed to

purpose of monitoring compliance with strategies and the achievement of the following objectives:

- effectiveness and efficiency of company processes and operations (administrative, commercial, etc.);
- quality and reliability of economic and financial information;
- compliance with laws and regulations, company rules and procedures;
- safeguarding the value of company assets and corporate equity and protection against losses.

In line with the adoption of its own administration and control system, the main individuals

currently responsible for control, monitoring and supervision processes within the Company are:

- Board of Directors;
- Board of Statutory Auditors
- RSPP
- Competent Doctor

- Supervisory Body.

5. Organisational Structure

The Company's organisational structure is of fundamental importance for the implementation of the Model, as it identifies the essential organisational structures, their respective areas of competence and the main responsibilities assigned to them.

FILTREC S.p.A. has prepared an internal organisational document outlining the Company's organisational structure and defining the responsibilities of the Organisational Structures.

The organisational chart and the above documents are published on the company intranet.

C. The organisational, management and control model of Filtrec S.p.a.

1. The reasons

The adoption of an Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001, in addition to representing a reason for exemption from the Company's administrative liability with regard to the commission of certain types of offences, is an act of organisational and social responsibility.

The implementation activities are intended to make the Company's Model:

• consistent with the existing governance and organisational structure;

• compliant with the requirements of Legislative Decree No. 231/2001 and subsequent amendments and additions;

• consistent with the principles already established within the organisation and with the guidelines issued by the main trade associations, first and foremost Confindustria.

In carrying out the updating activities, the following will be taken into account:

• the Company's organisational changes

• legislative changes;

• the evolution of case law and doctrine;

• experiences arising from criminal litigation;

• the results of supervisory activities by the Supervisory Body;

• experience gained in the adoption and implementation of the previous Model;

• results emerging from audits of the Company's Model.

2. Recipients

The recipients of the Model's provisions are the members of the corporate bodies, management and employees, as well as all those who work to achieve the aims and objectives of FILTREC S.p.a. (hereinafter, the "Recipients").

3. The function of the Model

FILTREC S.p.a. intends to establish and promote a corporate culture based on legality and control through the implementation, also integrated with other systems, of a coherent set of principles, organisational, management and control procedures and provisions that give rise to the Model.

The objectives of this Model are to:

- raise awareness among those who collaborate with the Company in various capacities (employees, external collaborators, suppliers, etc.), requiring them, within the limits of the activities carried out in the interest of Filtrec

S.p.a., to adopt correct and transparent behaviour, in line with the ethical values that inspire the Company in the pursuit of its corporate purpose and such as to prevent the risk of committing the offences covered by the Decree;

- make the aforementioned individuals aware that, in the event of a violation of the provisions issued by the Company, they may incur disciplinary and/or contractual consequences, as well as criminal and administrative penalties that may be imposed on them;

- establish and/or strengthen controls that enable FILTREC S.p.a. to prevent or react promptly to prevent the commission of offences by senior managers and persons subject to their management or supervision that involve the administrative liability of the Company;

- enable the Company, through monitoring of areas of activity at risk, to intervene promptly in order to prevent or combat the commission of offences and sanction behaviour contrary to its Model;

- improve the effectiveness and transparency of the management of company activities;

- make the potential perpetrator of the offence fully aware that the commission of any offence is strongly condemned and contrary not only to the provisions of the law but also to the ethical principles to which FILTREC S.p.a. intends to adhere and to the interests of the Company itself, even when it might apparently benefit from it.

4. The Filtrec S.p.a. Model

The Model was developed taking into account the actual activities carried out by the Company, its structure, and the nature and size of its organisation.

In particular, the Model was drafted on the basis of a risk self-assessment activity divided into the following phases:

• preliminary examination of the corporate context through an analysis of the documentation relating to the Company's organisational and operational structure, as well as the roles and responsibilities assigned, as defined in the organisational chart;

• identification of business processes and activities susceptible to criminal offences through interviews with management, as well as detection, analysis and assessment of the adequacy of existing corporate controls;

• identification of areas for improvement in the internal control system and definition of a specific plan for implementing these aspects; this activity will continue over time.

The ultimate goal of the activities described above was to define the Model in all its components and tailor it to the company's specific needs, to be submitted to the Board of Directors for approval.

5. The structure of the Model

The Filtrec S.p.A. Model consists of:

• a General Section, which describes the regulatory framework of reference and governs the overall functioning of the organisation, management and control system adopted to prevent the commission of predicate offences;

• a Special Section, which supplements the content of the General Section with the aim of indicating:

SPECIAL PART A

- the offences covered by the decree
- the criteria and methods for risk assessment
- behavioural models aimed at minimising the risk of offences, the so-called 231 standards

SPECIAL SECTION B

- sensitive areas in consideration of the company's situation and related control standards and their mapping (highlighted and discussed in the macro table in ANNEX 1), which also identifies the areas in which

the offences referred to in the Decree could theoretically be committed, the company structures that oversee these activities, and the assessment of the degree of risk evaluated and highlighted for the various sensitive activities.

6. The Code of Ethics

To supplement the control tools provided for in the aforementioned Legislative Decree 231/2001, FILTREC S.p.a has adopted the Code of Ethics, which reflects a company environment where the primary objective is to satisfy, in the best possible way, the needs and expectations of the Company's stakeholders (e.g. employees, customers, consultants, suppliers).

The Code of Ethics aims to encourage and promote high standards of professionalism, fairness and transparency, with the primary aim of avoiding behaviour that is contrary to the interests of the company or deviates from the law, as well as behaviour that conflicts with the values of the Company.

The Code of Ethics is addressed to the members of the corporate bodies, all employees of all levels and all those who interact with Filtrec S.p.A. on a permanent or temporary basis.

The Code of Ethics therefore incorporates and formalises the principles, ethical and social values and guidelines for conduct that the Group recognises as its own and which it requires to be observed by its corporate bodies and employees, as well as by third parties who, for whatever reason, have dealings with it.

The Model presupposes compliance with the Code of Ethics, forming with it a systematic body of internal rules aimed at spreading a culture of ethics and corporate transparency.

The Code of Ethics, in all its future revisions, is an integral part of the 231 system adopted by the Company and constitutes the essential foundation of the Model (ANNEX 2).

7. Adoption, updating and adaptation of the Model

The Board of Directors has the exclusive power to adopt, amend and supplement the Model.

The Model must be specifically adapted if the opportunity or need arises to update it in response to particular situations, such as, for example:

• violations or circumventions of the provisions of the Model that have demonstrated its ineffectiveness or inconsistency for the purposes of preventing offences punishable under Legislative Decree No. 231/2001;

• significant changes in the Company's organisational structure and/or in the way it conducts its business;

• changes in the regulatory framework relevant to the Company (e.g., introduction of new types of offences relevant under the Decree);

• assessments of inadequacy following the outcome of the checks carried out.

In the cases described above, amendments and/or additions to the Model must be approved by the Board of Directors.

The Supervisory Body is kept constantly informed of updates and the implementation of new operating procedures.

The Supervisory Body, within the powers conferred upon it in accordance with Article 6, paragraph 1, letter b) and Article 7, paragraph 4, letter a) of the Decree, retains, in any case, specific tasks and powers regarding the care, development and promotion of the constant updating of the Model.

To this end, it formulates observations and proposals relating to the organisation and control system, to the company structures responsible for this or, in cases of particular importance, to the Board of Directors.

The Supervisory Body has a duty to report in writing to the Board of Directors in a timely manner, or at least in the annual report, any facts, circumstances or organi-

sational shortcomings found in its supervisory activities that highlight the need or opportunity to modify or supplement the Model.

To this end, the Supervisory Body shall also deliberate on the annual Activity Plan and, where appropriate, the Monitoring Plan, through which it shall plan, in general terms, its activities, providing for:

- a calendar of meetings to be held during the year;
- supervisory activities
- tests and objectives
- information flows
- training.

D. The Supervisory Body

1. Function of the Supervisory Body

Pursuant to Article 6, paragraph 1, letters a) and b) of the Decree, the entity may be exempted from liability for offences committed by qualified persons if the management body has not only implemented a Model and a Code of Ethics, but has also entrusted the task of supervising the functioning and observance of the Model (adopted and effectively implemented) and of updating it to a body of the entity with autonomous powers of initiative and control, namely the Supervisory Body (hereinafter SB).

The task of continuously monitoring the widespread and effective implementation of the Model, its compliance by the recipients, as well as proposing updates to improve its efficiency in preventing crimes and offences, is entrusted to this body appointed by the Company.

2. Requirements

Appointment as a member of the Supervisory Body is subject to the fulfilment of certain requirements.

Honourability

The following constitute grounds for ineligibility or forfeiture of membership of the Supervisory Body, as the requirement of integrity is not met:

- a conviction (or plea bargain), even if not final, for one of the offences provided for in the Decree or, in any case, a conviction (or plea bargain), even if not final, to a penalty involving disqualification, even temporary, from management positions in legal entities or companies;

- the imposition of a sanction by CONSOB for committing one of the administrative offences relating to market abuse, as referred to in the Consolidated Law on Finance.

Any reform of the non-final conviction (or plea bargain) shall remove the cause of ineligibility but shall not affect the forfeiture of office.

Where any of the above grounds for ineligibility are found to apply to an appointed person, as ascertained by a resolution of the Board of Directors, that person shall automatically be removed from office.

Autonomy and independence

The Confindustria Guidelines identify autonomy and independence as among the main requirements of the Supervisory Body.

The Supervisory Body of FILTREC S.p.a. is autonomous and independent from the corporate bodies and other internal control bodies in the exercise of its functions and has autonomous spending powers - on the basis of an annual expenditure estimate, approved by written communication from the Board of Directors, or by a person delegated by it, on the proposal of the Supervisory Body itself – to be used to support the technical verification activities necessary for the performance of the tasks entrusted to it by the legislator.

In any case, the SB may request additional funds if those allocated are not sufficient for the effective performance of its duties, and may extend its spending autonomy on its own initiative in exceptional or urgent situations,

which will be reported to the Board of Directors at a later date.

Furthermore, the activities carried out by the Supervisory Body cannot be scrutinised by any other body or corporate structure.

During audits and inspections, the Supervisory Body is granted the broadest powers to effectively carry out the tasks entrusted to it.

In the exercise of their functions, the members of the SB must not find themselves in situations, even potential ones, of conflict of interest arising from any personal, family or professional reasons. In such cases, they are required to immediately inform the other members of the Body and must refrain from participating in the relevant deliberations.

Furthermore, the Confindustria Guidelines themselves stipulate that 'if the Supervisory Body has a mixed collegial composition, since it also includes persons from within the entity – preferably without operational roles – the latter cannot be expected to be completely independent.

Therefore, the degree of independence of the Body must be assessed as a whole'.

Professionalism

The connotation of professionalism must refer, also in accordance with the Confindustria Guidelines, to the 'range of tools and techniques'.

The Supervisory Body must be composed of individuals with specific expertise in the specialist techniques required to carry out 'inspection' activities, but also in the analysis of control systems and legal matters, and more specifically 'criminal law', necessary to perform the activities of the Supervisory Body effectively, so as to ensure the presence of professionals with the appropriate skills to perform the relevant functions.

Where necessary, the Supervisory Body may also make use of external consultants with regard to the performance of the technical operations necessary for the performance of its control function. In this case, the consultants must always report the results of their work to the Supervisory Body.

Continuity of action

The Supervisory Body must be able to guarantee the necessary continuity in the performance of its functions, including through the scheduling of activities and controls, the recording of minutes of meetings and the regulation of information flows from the Company.

3. Composition, appointment and term of office

The Decree does not provide guidance on the composition of the Supervisory Body.

Therefore, based on its own assessments, the Board of Directors of FILTREC S.p.A. has opted for a monocratic Supervisory Body composed of a person identified on the basis of their professional skills and personal characteristics, such as control skills, independence of judgement and moral integrity.

The only relevant criteria in the selection of members are those relating to the specific professional skills and expertise required to perform the functions of the Body, integrity and absolute autonomy and independence from the Company itself, elements that are disclosed to the Board of Directors thanks to the CVs of the selected candidates.

The Board of Directors appoints and dismisses:

- members of the Supervisory Body;

The Supervisory Body is established by resolution of the Board of Directors, which, at the time of appointment, must acknowledge the assessment of the independence, autonomy, integrity and professionalism of its members.

Upon acceptance of the position, the members of the Supervisory Body undertake to perform the duties as-

signed to them, ensuring the necessary continuity of action, and to immediately notify the Board of Directors of any event that may affect the maintenance of the above requirements.

The loss of the subjective requirements by a member of the SB shall result in their immediate removal from office. In the event of removal, death, resignation or revocation, the Board of Directors shall promptly replace the member who has ceased to hold office.

The member of the Supervisory Body shall in any case remain in office until the Board of Directors has appointed a new Supervisory Body by specific resolution.

4. Dismissal, causes for suspension and temporary impediment

The revocation of members of the Supervisory Body may only take place for just cause, by resolution of the Board of Directors.

Any decision concerning individual members or the entire Supervisory Body is the exclusive responsibility of the Board of Directors.

The following constitute grounds for suspension from the function of member of the Supervisory Body:

- the discovery, after appointment, that the member of the Supervisory Body has held the position of member of the Supervisory Body within companies against which the sanctions provided for in Article 9 of the same Decree have been applied, by means of a non-definitive measure, for offences committed during their term of office;

- the circumstance that the member is the subject of a committal for trial in relation to one of the predicate offences provided for in the Decree or, in any case, for an offence whose commission is punishable by disqualification, even temporary, from management positions in legal persons or companies or in relation to one of the administrative offences relating to market abuse, as referred to in the Consolidated Law on Finance.

Members of the Supervisory Body must notify the Board of Directors, under their full responsibility, of the occurrence of any of the above causes for suspension.

The Board of Directors, in all other cases in which it becomes directly aware

of the occurrence of one of the above-mentioned causes for suspension, shall declare the suspension of the person (or persons) in respect of whom one of the above causes has occurred from their position as a member of the Supervisory Body.

In such cases, the Board of Directors shall assess the advisability of temporarily supplementing the Supervisory Body by appointing one or more members, whose term of office shall be equal to the period of suspension.

If the Board of Directors does not deem it necessary to temporarily supplement the Supervisory Body, the SB shall continue to operate with its reduced composition. In the case of a collegiate SB, the favourable opinion of the Chairman of the Body is required for its resolutions.

The decision on the possible revocation of suspended members must be subject to a resolution by the Board of Directors. Members who are not revoked shall be reinstated in their full functions.

In the event of circumstances that temporarily prevent a member of the Supervisory Body from performing their duties or performing them with the necessary autonomy and independence of judgement, they are required to declare the existence of the legitimate impediment and, if it is due to a potential conflict of interest, the cause from which it derives, refraining from participating in the meetings of the body itself or in the specific resolution to which the conflict refers, until the aforementioned impediment persists or is removed.

By way of example, illness or injury lasting more than three months and preventing participation in the meetings of the Supervisory Body constitutes a cause of temporary impediment.

In the event of a temporary impediment, the Board of

Directors shall assess the advisability of temporarily supplementing the Supervisory Body by appointing one or more members, whose term of office shall be equal to the period of impediment.

If the Board of Directors does not deem it necessary to temporarily supplement the Supervisory Body, the SB shall continue to operate with its reduced composition. In such situations, the favourable opinion of the Chairman of the Body is required for the SB's resolutions.

The Board of Directors shall retain the right, when the impediment lasts for a period exceeding six months, which may be extended for a further six months no more than twice, to revoke the membership of the member or members for whom the aforementioned causes of impediment have occurred.

5. Functions and powers of the Supervisory Body

The Supervisory Body has autonomous powers of initiative, intervention and control, which extend to all sectors and functions of the Company, powers that must be exercised in order to effectively and promptly perform the functions provided for in the Model to ensure effective and efficient supervision of the functioning and compliance with the Model in accordance with the provisions of Article 6 of Legislative Decree No. 231/2001.

The activities carried out by the Supervisory Body cannot be reviewed by any other

body or function of the Company. The verification and control activities carried out by the Body are, in fact,

strictly functional to the objectives of effective implementation of the Model and cannot replace or substitute the Company's institutional control functions.

The Body has the right to appoint a Secretary, choosing from outside its own members and from among the functions of.

In particular, the Supervisory Body is entrusted with the following tasks and powers for the performance and exercise of its functions:

- regulating its own functioning through the introduction of a regulation of its
- its own activities (SB Regulations);
- to supervise the functioning of the Model in order to prevent the commission of the offences referred to in Legislative Decree no. 231/2001;
- verifying compliance with the Model, the rules of conduct, the prevention standards and the procedures provided for in the Model and detecting any behavioural deviations that may emerge from the analysis of information flows and reports that the managers of the various functions are required to submit, and proceeding in accordance with the provisions of the Model;
- carry out periodic inspections and checks, including unannounced ones, taking into account the various areas of intervention or types of activities and their critical points in order to verify the efficiency and effectiveness of the Model. In carrying out this activity, the Body may freely access any function without the need for prior consent to request and acquire information, documentation and data deemed necessary for the performance of its duties; in the event of a reasoned refusal to grant access to the documents, the SB shall, if it does not agree with the reasons given, draw up a report to be submitted to the Board of Directors; or request relevant information or the production of documents, including electronic documents, pertaining to risk activities, from directors, auditors, auditing firms, collaborators, consultants and, in general, all persons required to comply with the Model;
- suggest updates to the Model, making proposals to the Board of Directors, where necessary, for any updates and adjustments to be made through any changes and/or additions that may be necessary;
- managing relations and ensuring the flow of informa-

tion with and to the corporate bodies;

- promoting initiatives to disseminate knowledge and understanding of the Model, the contents of Legislative Decree no. 231/2001, the impact of the legislation on the company's activities and on rules of conduct, as well as initiatives for staff training and awareness-raising on compliance with the Model, verifying their frequency;
- verifying the establishment of an effective internal communication system to enable the transmission of information relevant to Legislative Decree No. 231/2001, ensuring the protection and confidentiality of the reporting person;
- promptly report to the management body, for appropriate action, any violations of the Model that may give rise to liability on the part of the Company and propose any sanctions referred to in this Model;
- verify and assess the suitability of the disciplinary system pursuant to and for the purposes of Legislative Decree no. 231/2001.

The SB has no management or decision-making powers relating to the performance of the Company's activities

of the Company, organisational powers or powers to modify the company structure, nor sanctioning powers.

The members of the SB, as well as the persons whom the Body employs in any capacity, are required to comply with the obligation of confidentiality regarding all information that comes to their knowledge in the performance of their duties and must be appointed as authorised to process personal data in accordance with the provisions of the Data Protection Authority (note ref. 17347 of 12 May 2020 Opinion on the subjective qualification for privacy purposes of the Supervisory Bodies provided for in Article 6 of Legislative Decree No. 231 of 8 June 2001).

All information, reports and communications provided for in the Model are stored by the Supervisory Body in a special archive, in compliance with the regulatory provisions on the processing of personal data.

6. Information flows to and from the Supervisory Body

a. Flows from the Supervisory Body to corporate bodies

The Supervisory Body reports on the implementation of the Model, the emergence of any critical issues, and the need for modifications. Separate reporting lines are provided for by the Supervisory Body, which:

- reports to the Board of Directors, informing it, whenever deemed appropriate, of significant circumstances and events relating to its office. The SB immediately communicates the occurrence of extraordinary situations (e.g. significant violations of the principles contained in the Model, new regulations concerning the administrative liability of entities, etc.) and any urgent reports received;
- submits a written report, at least once a year, to the Board of Directors and the auditor and/or the Board of Statutory Auditors, which must contain the following information: a summary of the activities carried out during the reference period; any issues or critical points that have arisen during the course of the supervisory activity; the reports received, the corrective actions to be taken in order to ensure the effectiveness and/or efficiency of the Model, a description of any new 'sensitive' activities identified; an indication of any conduct found to be inconsistent with the Model, with a simultaneous proposal regarding the most appropriate sanction for the person responsible for the violation or for the function and/or process and/or area concerned; the outcome of the subsequent checks carried out; information on any offences committed that are relevant to the Decree; proposals for additions, corrections or amendments to the Model; reporting of any changes in the regulatory framework and/or significant changes in the internal structure of the Company and/or in the way business activities are carried out that require an update of the Model; reporting of any conflict of

interest, including potential conflicts of interest, involving a member of the Body;

- facts, circumstances or organisational shortcomings identified in the course of supervision that highlight the need or advisability of amending or supplementing the Model.

The Board of Directors and the Board of Statutory Auditors have the right to convene the Supervisory Body at any time to obtain information on the activities within its remit.

Meetings with the corporate bodies to which the Supervisory Body reports must be documented.

b. Information flows between the Supervisory Body, the Board of Statutory Auditors, the Head of the Integrated Management System and the RSPP

In order to ensure the best functioning of the Company's internal control system, it is important to encourage the exchange of information between the parties involved.

Therefore, in addition to receiving information from the Supervisory Body as described above, the Board of Statutory Auditors also provides information to the latter if it detects deficiencies and violations that are relevant to the Model, as well as any facts or anomalies found that fall within the scope of sensitive processes pursuant to Legislative Decree 231/2001.

Similarly, the Supervisory Body may make use of the results of the verification activities carried out by the RSPP (Prevention and Protection Service Manager) that are relevant and/or have an impact pursuant to the Decree.

c. Flows to the Supervisory Body

The Supervisory Body must be promptly informed of any acts, conduct or events that may constitute a violation of the Model or that, more generally, are relevant to the Supervisory Body for the purposes of improving the effectiveness and efficiency of the Model.

All recipients of the Model shall communicate to the Supervisory Body any information useful for facilitating the verification of the correct implementation of the Model.

In particular, departments operating in sensitive areas must proactively provide the Supervisory Body with:

- a list of operations/transactions that fall within the 'sensitive' activities provided for in the Company's Model

- any anomalies or atypicalities found in the available information

- the so-called Information Flows, which each year must concern:

- measures and/or news from the judiciary, judicial police bodies, or any other supervisory authority, from which it can be inferred that investigations are being carried out, even against unknown persons, concerning Filtrec S.p.a.

- news relating to pending criminal proceedings against senior managers, subordinates in the exercise of their duties within the Company and the business;

- information relating to the Company's administrative, tax and civil disputes;

- information relating to the effective implementation, at all company levels, of the Organisational Model, with evidence of disciplinary proceedings carried out and any sanctions imposed (including measures taken against employees);

- information relating to employee accidents; employee reports; reports of non-compliance by supervisors; the list of safety non-compliance reports, the minutes of the periodic meeting, the health surveillance report; the status of training on safety and hygiene at work;

- information relating to participation in tenders; periodic summary reports on the main activities relating to the management of contractual relationships with public entities, on contracts obtained following tenders with public entities or through private nego-

tiations, information relating to contracts awarded by public bodies or entities performing public utility functions;

- information relating to the use of financial resources for the purchase of goods or services or other investment activities;
- the list of sponsorships in favour of third parties or received or promised;
- a list of gifts;
- the list of loans, subsidies, mortgages and/or contributions obtained from public bodies;
- the strategic recruitment plan and the list of new hires;
- the list of merit-based pay increases and approval measures;
- information relating to the assessment of employees by the administration;
- the list of payments made outside the ordinary payment terms (e.g. invoices paid on sight);
- the list of purchase/sale transactions carried out at non-standard market values;
- a copy of the financial statements;
- any other information which, although not included in the above list, is relevant for the purposes of proper and complete supervision and updating of the Model.

The obligation to report any conduct contrary to the provisions contained in the Model is part of the broader duty of diligence and loyalty of the employee. The proper fulfilment of the obligation to report by the employee shall not give rise to disciplinary sanctions.

The Company shall take appropriate and effective measures to ensure that the identity of those who provide the Body with information useful for identifying conduct that deviates from the provisions of the Model, the procedures established for its implementation and the procedures established by the internal control system is always kept confidential, without prejudice to legal obligations and the protection of the rights of the Company or of persons accused erroneously and/or in bad faith.

Any form of retaliation, discrimination or penalisation against those who

make reports to the Supervisory Body in good faith is prohibited. The Company reserves the right to take action against anyone who makes untruthful reports in bad faith.

Reports may also be anonymous and must describe in detail the facts and persons involved in the report.

In order to ensure timely compliance with the provisions of this paragraph, the following channels have been established:

- Oral communication;

- Link to the whistleblowing system: https://whistleblowersoftware.com/secure/9ab869ca-e9d2-4a-7e-8d77-4d534dcd14d3/channel-select

- Registered letter without return receipt addressed to the SB at their offices

Reports are kept by the Supervisory Body in accordance with the procedures set out in the Supervisory Body Regulations.

d. Whistleblowing

On 14 December 2017, Law No. 179 of 30 November 2017 was published in the Official Gazette, containing "provisions for the protection of persons reporting crimes or irregularities of which they have become aware in the context of a public or private employment relationship" (hereinafter the "Whistleblowing Law"), which amended Article 54-bis of Legislative Decree No. 165/2001 and Article 6 of Legislative Decree No. 231/2001.

The legislator introduced specific provisions for entities subject to Legislative Decree No. 231/2001 by inserting

three new paragraphs into Article 6 of Legislative Decree No. 231/2001, namely paragraphs 2-bis, 2-ter and 2-quater.

In particular, following the legislative intervention, Article 6 provided that:

- in paragraph 2-bis, that the Organisation, Management and Control Models must provide for:

- one or more channels allowing the persons indicated in Article 5, paragraph 1, letters a) and b), to submit, in order to protect the integrity of the entity, detailed reports of unlawful conduct, relevant under the Decree and based on precise and consistent facts, or violations of the entity's organisation and management model, which they have become aware of in the course of their duties; these channels guarantee the confidentiality of the identity of the whistleblower in the management of the report;
- at least one alternative reporting channel capable of guaranteeing, by electronic means, the confidentiality of the whistleblower's identity;
- the prohibition of direct or indirect retaliatory or discriminatory acts against the whistleblower for reasons directly or indirectly related to the report;
- in the disciplinary system adopted pursuant to paragraph 2, letter e), sanctions against those who violate the measures to protect the whistleblower, as well as those who make reports that prove to be unfounded with intent or gross negligence;

- in paragraph 2-ter, that the adoption of discriminatory measures against persons who make reports referred to in paragraph 2-bis may be reported to the Labour Inspectorate, for measures within its competence, not only by the whistleblower, but also by the trade union organisation indicated by the whistleblower;

- in paragraph 2-quater, that retaliatory or discriminatory dismissal of the whistleblower is 'null and void'. Any change in duties pursuant to Article 2103 of the Italian Civil Code, or any other retaliatory or discriminatory measure taken against the whistleblower, is also considered null and void.

More recently, with Legislative Decree No. 24 of 10 March 2023 (in Official Gazette No. 63 of 15 March 2023), 'Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019', new general regulations were adopted concerning the protection of persons who report, among other things, unlawful conduct relevant to the regulation of the liability of entities for offences referred to in Legislative Decree No. 231/2001 or violation of the Organisational and Management Model provided for in the same decree.

This new regulation, known as Whistleblowing, replaces the previous one provided for in Article 6, paragraphs 2 bis, 2 ter and 2 quater of Legislative Decree 231/2001, introduced by Article 2 of Legislative Decree No. 179 of 30 November 2017, referred to above.

Paragraph 2 bis of Article 6 of Legislative Decree 231/2001 remains unchanged, but has been amended to stipulate that the MOG must provide for internal reporting channels, a prohibition on retaliation and a disciplinary system, adopted pursuant to paragraph 2, letter e), i.e. a disciplinary system suitable for sanctioning non-compliance with the measures of the MOG.

The new whistleblowing regulations apply to private entities:

a) that have employed, on average, at least fifty employees with permanent or fixed-term employment contracts in the last year;

b) or that operate in sectors regulated at European level and referred to in the specific annex to Legislative Decree 24/2023 (e.g. financial and credit markets, transport safety, environmental protection);

c) or that fall within the scope of Legislative Decree No. 231 of 8 June 2001 and adopt the organisational and management models provided for therein, even if they have not reached an average of 50 employees in the last year.

In order to implement the additions made over time to

Article 6 of Legislative Decree No. 231/2001 and ensure the effectiveness of the whistleblowing system, FILTREC has strengthened its system for managing reports of potential violations of the Model and other matters so that it protects the identity of the whistleblower and their right to confidentiality by defining a regulatory document (The Procedure for the management of reports of illegal acts - ANNEX 3), which specifies the internal and external reporting channels, the management body for these channels, which has been specifically trained, the issue of acknowledgement of receipt, the quarterly deadline for examining and responding to reports, and safeguards, including the prohibition of retaliation. It has then provided adequate information, including publication on its website and advisory communication to trade union representatives.

Recipients are thus made aware of the existence of specific communication channels through which they can submit any reports based on precise and consistent facts, with the confidentiality of the reporter's identity guaranteed, including through IT means.

E. The penalty system

1. General principles

Article 6, paragraph 2, letter e) and Article 7, paragraph 4, letter b) of the Decree indicate, as a condition for the effective implementation of the Organisation, Management and Control Model, the introduction of a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model itself.

Therefore, the definition of an adequate disciplinary system is an essential prerequisite for the exempting value of the 231 system with respect to the administrative liability of entities.

The penalties provided for will be applied to any violation of the provisions contained in the Model, regardless of whether a crime has been committed and regardless of the conduct and outcome of any criminal proceedings initiated by the judicial authorities.

Failure to comply with the confidentiality obligations regarding the identity of the whistleblower provided for by the whistleblowing rules protecting employees or collaborators who report illegal activities, as well as the making of reports with intent or gross negligence that prove to be unfounded, also constitutes a violation of the Model and grounds for the application of sanctions.

The sanctions provided for violations of the provisions contained in the Model are also applicable in cases of violation of the provisions contained in the Code of Ethics.

Where the Supervisory Body receives information about a possible violation, after carrying out the investigations it deems appropriate, it shall formulate a proposal regarding the appropriateness of adopting measures and communicate it to the board of directors, which shall evaluate it independently and, if necessary, activate the organisational structures competent in each case for the effective application of the measures.

In any case, the stages of contesting the violation, as well as those of determining and effectively applying the sanctions, are carried out in compliance with the law and the National Collective Labour Agreements for the tertiary sector in force, and the Company Disciplinary Code and Internal Regulations.

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

As regards the type of sanctions that may be imposed, in the case of employment relationships, any disciplinary measures must comply with the procedures set out in Article 7 of the Workers' Statute, which is characterised not only by the principle of the typical nature of violations, but also by the principle of the typical nature of sanctions, as well as Article 13 'Disciplinary measures', to which extensive reference is made.

FILTREC S.p.a employees are therefore required to comply with:

a) the principles of conduct set out in this Model;

b) the Code of Ethics.

Dismissal and any other disciplinary measures do not prejudice any c

r civil liability for damages incurred by the employee.

2. Measures against employees

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

As regards the type of sanctions that may be imposed, in the case of an employment relationship, any disciplinary measure must comply with the procedures set out in Article 7 of the Workers' Statute, which is characterised not only by the principle of the typical nature of violations, but also by the principle of the typical nature of sanctions.

Filtrec S.p.A. employees are therefore required to comply with:

a) the principles of conduct set out in this Model;

b) the Code of Ethics;

Dismissal and any other disciplinary measures shall not prejudice any civil liability for damages incurred by the employee.

3. Measures against non- e staff

With regard to the measures applicable to non-executive employees, the Company's system of sanctions is primarily based on the National Collective Labour Agreements for the tertiary sector currently in force.

It should be noted that the sanction imposed must be proportionate to the seriousness of the violation committed and, in particular, the following must be taken into account:

- the subjective element, i.e. the intentionality of the behaviour or the degree of fault (negligence, imprudence or incompetence);

- the overall conduct of the employee, with particular regard to the existence or otherwise of previous disciplinary measures;

- the level of responsibility and autonomy of the employee who committed the disciplinary offence;

- the involvement of other persons;

- the seriousness of the effects of the disciplinary offence, i.e. the level of risk to which the company may reasonably be exposed as a result of the alleged violation;

- any other particular circumstances accompanying the offence.

The sanctions that may be applied are those provided for in the current national collective labour agreements applicable to the company's employees

of the Company.

4. Measures against executives

In carrying out their professional activities, the Company's managers are required both to

comply with and ensure that their collaborators comply with the provisions contained in the Model and the Code of Ethics.

The Company applies the National Collective Labour Agreements for the tertiary sector in force to its executive employees.

By way of example, the following unlawful conduct by a manager shall be considered punishable for violation of the provisions contained in the Model:

- fails to supervise the staff under his or her hierarchical authority to ensure compliance with the provisions of the Model for the performance of activities in areas at risk of crime and for activities instrumental to operational pro-

cesses at risk of crime;

- fails to report non-compliance and/or anomalies relating to the fulfilment of the obligations set out in the Model, if he/she becomes aware of them, such as to render the Model ineffective with consequent potential danger for the Company of the imposition of sanctions referred to in the Decree;

- violates the provisions of the Model and the Code of Ethics.

In the event of a violation of the provisions and rules of conduct contained in the Model by

a manager, FILTREC S.p.a., based on the principle of seriousness, recidivism, direct non-compliance, and failure to supervise, shall take the most appropriate measure against them in accordance with the provisions of the applicable contractual and regulatory framework.

If the violation of the Model results in a breach of trust between the Company

and the Manager, the sanction shall be dismissal.

5. Measures against directors of

Upon notification of a confirmed violation of the provisions of the Model, the Supervisory Body shall promptly inform the Board of Directors as a whole, so that the most appropriate and adequate measures may be taken or promoted, in relation to the seriousness of the violation detected and in accordance with the powers provided for by current legislation and the Articles of Association.

In the event of a proven violation of the provisions of the Model by the Board of Directors as a whole, the Supervisory Body shall immediately inform the Board of Statutory Auditors, where present, so that it may take the necessary action.

In particular, in the event of a violation of the provisions of the Model by one or more directors, the Board of Directors may proceed directly, depending on the extent and seriousness of the violation committed, to impose the sanction of a formal written warning or, in the most serious cases, the revocation, even partial, of the delegated powers and powers of attorney conferred, such as to undermine the Company's trust in the person responsible.

6. Measures against business partners, consultants or other parties having contractual relationships with the Company

Violations by business partners, consultants, or other parties with contractual relationships with FILTREC S.p.A. for the performance of activities considered sensitive to the provisions and rules of conduct set out in the Model applicable to them, or the commission of offences covered by Legislative Decree No. 231/2001 by the same, will be sanctioned in accordance with the specific contractual clauses that will be included in the relevant contracts.

These clauses, making explicit reference to compliance with the provisions and rules of conduct set out in the Model, may provide, for example, for the obligation on the part of these third parties

not to take any action or engage in any conduct that would result in a violation of the Model and the Code of Ethics by the Company.

In the event of a breach of this obligation, the Company shall have the right to terminate the contract with the possible application of penalties.

The Company obviously reserves the right to claim compensation for damages resulting from the violation of the provisions and rules of conduct set out in the Model by the aforementioned third parties.

7. Protective measures for whistleblowers pursuant to the Whistleblowing Law

Legislative Decree 24/2023 provides for the following measures to protect whistleblowers:

a) Confidentiality (Article 12, Legislative Decree 24/2023)

All persons involved in any way in the reporting or management of the report must maintain confidentiality regarding the information and identity of the persons involved.

The following rules are also provided for to protect confidentiality:

a) reports of violations falling within the scope of Legislative Decree 24/2023 may not be used beyond what is necessary to follow up on them;

b) it is prohibited to disclose the identity or any other information about the reporting person, without their express consent, to persons other than those competent to receive and follow up on reports;

c) persons acting as the body responsible for handling reports must be expressly authorised to process such data in accordance with Articles 29 and 32(4) of Regulation (EU) 2016/679 and Article 2-quaterdecies of the Personal Data Protection Code referred to in Legislative Decree No. 196 of 30 June 2003;

d) the report is exempt from the right of access provided for in Articles 22 et seq. of Law No. 241 of 7 August 1990, as well as from the civic access referred to in Articles 5 et seq. of Legislative Decree No. 33 of 14 March 2013.

Again for the purposes of protecting confidentiality, in disciplinary proceedings that may be initiated following a report

, the identity of the reporting person cannot be revealed if the disciplinary charge is based on separate and additional investigations to the report, even if they are a consequence of it.

If the charge is based, in whole or in part, on the report and knowledge of the identity of the reporting person is essential for the defence of the accused, it is established that the report may be used for the purposes of disciplinary proceedings only with the express consent of the reporting person to the disclosure of their identity.

In the context of disciplinary proceedings, if confidential data is disclosed, the reporting person must be notified, as well as in internal and external reporting procedures when the disclosure of the identity of the reporting person and the information is also essential for the defence of the person involved.

b) Prohibition of retaliation (Article 17, Legislative Decree 24/2023)

Whistleblowers may not suffer any retaliation, meaning 'any behaviour, act or omission, even if only attempted or threatened, carried out as a result of the report, the complaint to the judicial or accounting authorities or public disclosure, which causes or may cause the whistleblower or the person who made the complaint, directly or indirectly, unfair damage', in the following cases: dismissal, suspension or equivalent measures; demotion or failure to promote; change of duties, change of workplace, reduction in salary, change in working hours; suspension of training or any restriction on access to training; negative performance reviews or negative references; adoption of disciplinary measures or other sanctions, including financial penalties; coercion, intimidation, harassment or ostracism; discrimination or unfavourable treatment; failure to convert a fixed-term employment contract into a permanent employment contract, where the worker had a legitimate expectation of such conversion; failure to renew or early termination of a fixed-term employment contract; damage, including to the person's reputation, in particular on social media, or economic or financial prejudice, including loss of economic opportunities and loss of income; inclusion in improper lists on the basis of a formal or informal sectoral or industrial agreement, which may result in the person being unable to find employment in the sector or industry in the future; early termination or cancellation of a contract for the supply of goods or services; cancellation of a licence or permit; request for psychiatric or medical examination.

Whistleblowers who believe they have been subjected to retaliation may report this to ANAC, for the purposes of protection under Article 19 of Legislative Decree 24/2023, which may inform the National Labour Inspec-

torate, for measures within its competence, or the Supervisory Body.

Any actions taken in violation of the prohibition of retaliation in the manner and circumstances described in Article 17 above are null and void.

Whistleblowers who have been dismissed because of their reporting, public disclosure or complaint to the judicial or accounting authorities are entitled to be reinstated in their job, pursuant to Article 18 of Law No. 300 of 20 May 1970 or Article 2 of Legislative Decree No. 23 of 4 March 2015, No. 23, depending on the specific regulations applicable to the worker.

c) Limitations of liability

The limitations of criminal, civil and administrative liability provided for in Article 20 of Legislative Decree No. 24/2023 shall apply.

The protection of the whistleblower described above is not guaranteed in the case of reports made with intent or gross negligence, which prove to be unfounded. In such circumstances, the whistleblower may be subject to sanctions and may be reported for the offences of defamation and/or slander.

F. The training and communication plan

As emphasised in the Confindustria Guidelines, staff training and information activities (together with periodic checks and the presence of a specific disciplinary system) are one of the pillars of the effective implementation of the Model.

The Company, aware of the importance of training and information in terms of prevention, has defined a communication and training programme aimed at ensuring that all Recipients are informed of the main contents of the Decree and the obligations arising therefrom, as well as the requirements of the Model.

Training and communication are central tools in the dissemination of the Model and the Code of Ethics adopted by the company, constituting an essential vehicle for the regulatory system that all employees are required to know, observe and implement in the performance of their respective duties.

To this end, information and training activities for staff are organised with different levels of detail depending on the degree of involvement of staff in activities at risk of criminal offences. In any case, training activities aimed at disseminating knowledge of Legislative Decree no. 231/2001 and the provisions of the Model are differentiated in terms of content and methods of dissemination according to the status of the recipients, the level of risk of the area in which they operate and whether or not they hold representative and management positions within the Company.

With regard to the dissemination of the Model within the company, the Company undertakes to carry out the following communication activities:

- during the recruitment phase, the Company promotes the dissemination of information
- relating to the Model and the Code of Ethics and guarantees the possibility of consulting them, for example:
- directly online in a dedicated area;
- in any case, for employees who do not have access to the network, this documentation is made available to them by alternative means, such as posting on company notice boards.

The training activity involves all current staff over time, as well as all resources that may be included in the company organisation in the future. In this regard, the relevant training activities will be planned and carried out both at the time of recruitment and in the event of any changes in duties, as well as following updates or amendments to the Model.

The courses are compulsory. Documentation relating to

training activities will be kept by the Company and made available for consultation by the Supervisory Body and any person authorised to view it.

The Company also promotes awareness and compliance with the Code of Ethics and the Model among its commercial and financial partners, consultants, collaborators in various capacities, customers and suppliers, to whom both documents are made available in the manner deemed most appropriate, for example by publishing them on the institutional website.

G. Representation of the entity in court

Article 39 of Legislative Decree 231/01 provides that the entity shall participate in criminal proceedings through its legal representative, unless the latter is charged with the offence on which the administrative offence depends.

The entity that intends to participate in the proceedings shall file a statement with the registry of the judicial authority conducting the proceedings, which must contain the following information, under penalty of inadmissibility:

a) the name of the entity and the details of its legal representative;

b) the name and surname of the defence counsel and an indication of the power of attorney;

c) the signature of the defence counsel;

d) the declaration or election of domicile.

In this case, the Chairman of the Board of Directors and the Managing Director, who are vested with powers for certain matters within the limits of their respective powers of attorney, shall be granted legal representation of the company before any judicial or administrative authority and in relation to third parties, as well as representation in court, with the power to act in any court and at any level of jurisdiction. of their respective delegated powers, shall be granted legal representation of the company before any judicial or administrative authority and in relation to third parties, as well as representation in court, with the power to act in any jurisdiction and at any level of jurisdiction, and to appoint solicitors and attorneys with the power to sign on behalf of the company.

In the event that the legal representative (Chairman of the Board of Directors or Managing Director) is investigated for a crime that is a prerequisite for the administrative offence attributed to the entity, a conflict of interest with the entity will arise; since a managing director and the Chairman have been appointed, both of whom are legal representatives of the company, one of them may take all necessary measures for the ordinary management of the company's activities, taking all measures and performing all acts that may be necessary for reasons of urgency, danger and safety, even if exceeding their powers, with the obligation to report promptly to the Board of Directors; thus, the company will be able to protect its rights of defence by appointing a defence counsel from among persons specifically delegated to this task in cases of possible conflict with criminal investigations against one of the legal representatives.