



# **ORGANIZATION, MANAGEMENT AND CONTROL MODEL**

(Pursuant to Legislative Decree 231 of 8 June 2001)

Approved by the Board of Directors

of Fedegari Autoclavi S.p.A. on 3 December 2018

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## Definitions and Abbreviations

**Sensitive Activities:** Company activities where the occasions, conditions and instruments for committing the crimes may exist.

**NCLC:** The National Collective Labor Contract applicable to Fedegari Autoclavi S.p.A. employees, i.e. the National Collective Labor Contract for the workers in the private metal-mechanical industry and plant installation sector.

**Code of Ethics:** The Code of Ethics adopted by the Company.

**Board of Directors (hereinafter also 'BoD' or the 'Managing Body'):** The Board of Directors of Fedegari Autoclavi S.p.A.

**Cooperators, agents and business prospectors:** The subjects that have relations of cooperation with the Company without bonds of employment or sales representation, and other relations taking the form of a professional provision without the characteristics of employment, either on a continuous or occasional basis as well as all people who represent the Company towards third parties by virtue of special mandates and powers of attorney.

**Decree or Legisl. D. 231/2001:** The Italian Legislative Decree 231 of 8 June 2001 containing the "Discipline of administrative liability of artificial persons, companies and associations even if deprived of legal personality, pursuant to Art. 11 of Law 300 dated 29 September 2000", and its contents as in force from time to time.

**Recipients:** The subjects to whom the provisions of this Model apply.

**Employees:** The natural persons under the direction or supervision of subjects holding representative, administrative or managerial positions in the Company, i.e. all those who have an employment relationship of whatever nature with the Company.

**Suppliers:** Those who supply goods or services to Fedegari Autoclavi S.p.A.

**Person entrusted with a public service:** A person who, for whatever reason, provides a public service, i.e. an activity regulated by the same rules applicable to civil service, but without the powers usually associated therewith (Art. 358 It. Crim. C.).

**Organization, Management and Control Model (hereinafter also the 'Model'):** This Organization, Management and Control Model adopted pursuant to articles 6 and 7 of Legisl. D. 231/2001.

**Supervisory Body (hereinafter also 'the SB'):** The Body of the Company vested with autonomous powers of initiative and control, with the tasks of monitoring the functioning and observance of the Model and of notifying the need for updates to the Board of Directors.

**Public Administration, PA or Public Entities:** The public administration, including its officials and the subjects entrusted with providing public services.

**Public Official:** A person that exercises a legislative, judicial or administrative function (Art. 357 It. Crim. C.).

**Offences or Crimes:** The types of wrongdoings to which applies the discipline provided for in Legis. D. 231/2001, as subsequently amended and supplemented.

**Company (hereinafter also 'Fedegari'):** Fedegari Autoclavi S.p.A. with legal office in Albuzzano, province of Pavia, Italy, SS 235 km 8.

**Seniors:** Persons that hold representative, administrative or managerial positions in the Company or one of its units having financial and operating autonomy as well as persons who in fact manage and control them.

**Subordinates:** Persons under the direction or supervision of any of the subjects mentioned in the previous point.

## Structure of the Document

This document structure is divided into in two parts, namely a General Part and a Special Part.

The **General Part** includes the examination of the discipline contained in Legis. D. 231/2001 (hereinafter also the 'Decree') and details:

- The organizational structure of the Fedegari Group and of Fedegari Autoclavi S.p.A., its corporate governance and internal control system;
- Model recipients;
- The process for the adoption of the Model by Fedegari Autoclavi S.p.A. (hereinafter also the 'Company');
- Sensitive activities and the offences relevant for the Company;
- The Supervisory Body (hereinafter also the 'SB');
- Obligations of Model communication and personnel training;
- The sanctioning system applicable to the violations of the Model and Code of Ethics.

The **Special Part** identifies the sensitive activities relevant for the Company in accordance with the Decree, the behavioral principles and the control methods applicable to the aforesaid activities, in view of preventing or mitigating the wrongdoings.

In addition to what is expressly established here below, the following are integral parts of this document:

- The Code of Ethics that defines the principles and rules for corporate behavior;
- All company provisions, internal measures and operating procedures that implement this document (ex. powers of attorney, delegations, organization charts, articles of associations and procedures). These deeds and documents are available according to the modes foreseen for their distribution within the Company.

## GENERAL PART

## 1 Legislative Decree 231 of 8 June 2001

### 1.1 General principles

Legislative Decree 231 of 8 June 2001 (hereinafter the 'Decree' or 'Legis. D. 231/2001') introduced administrative liability of artificial persons, companies and associations into the Italian legal system, even if these are devoid of legal personality (hereinafter the 'Entities'), should some types of administrative crimes or offences be committed or attempted in the interest or to the advantage of the Entity by:

- Subjects holding representative, administrative or managerial positions within the Entity or one of its organizational units having financial and operating autonomy as well as by natural persons who in fact manage and control them (so-called 'Seniors');
- Subjects under the direction or supervision of the persons mentioned in the previous point.

Even if the legislator defines it as administrative liability, this liability has some features of criminal liability because:

- It is consequential to the commission of crimes;
- It is ascertained by a criminal judge (during proceedings where trial provisions relating to the offender apply to the Entity, if compatible).

The Decree is meant to adjust the Italian legislation on corporate liability to international conventions to which Italy has adhered since a long time.

According to the Decree, the liability of the Entity adds to and does not replace the (criminal) liability of the perpetrator of the crime: therefore, both the natural person and the artificial person are tried in a criminal court.

### 1.2 Administrative offences and wrongdoings relevant to the purposes of the Decree

The liability of the Entity subsists exclusively for committed or attempted crimes that are expressly specified by the legislator.

In particular, they include the following administrative offences and wrongdoings:

#### Crimes against the public administration and its property (Articles 24 and 25 of the Decree)

- Misuse of public money to the detriment of the State or of another public entity (Art. 316-*bis* It. Crim. C.);

- Undue reception of funds to the detriment of the State, another public entity or the European Communities (Art. 316-*ter* It. Crim. C.);
- Fraud to the detriment of the State, another public entity or the European Communities (Art. 640 (2.1) It. Crim. C.)
- Aggravated fraud to obtain public funds (Art. 640-*bis* It. Crim. C.);
- Computer fraud to the detriment of the State or of another public entity (Art. 640-*ter* It. Crim. C.);
- Corrupt payment (Art. 317 It. Crim. C.)
- Bribery in the performance of one’s duties (Articles 318 and 321 It. Crim. C.);
- Bribery for an action against office duties (Articles 319, 319-*bis* and 321 It. Crim. C.);
- Aggravating circumstances (Art. 319-*bis* It. Crim. C.)
- Bribery in judicial actions (Articles 319-*ter* and 321 It. Crim. C.);
- Undue inducement to give or promise valuable items (Art. 319-*quater* It. Crim. C.);
- Bribery of a person entrusted with a public service (Art. 320 It. Crim. C.);
- Penalties for the briber (Art. 321 It. Crim. C.);
- Solicitation to bribery (Art. 322 It. Crim. C.)
- Embezzlement of public money, corrupt payment, undue inducement to give or promise valuable items, bribery and solicitation to bribery of members and officials of the European Community bodies and of foreign Countries (Art. 322-*bis* It. Crim. C.);

Computer crimes and illegal data processing (Art. 24-*bis* of the Decree)

- False statements in public computer documents or documents having evidential effectiveness (Art. 491-*bis* It. Crim. C.);
- Unauthorized access to a computer or telematic system (615-*ter* It. Crim. C.);
- Unauthorized possession and/or diffusion of access codes to computer or telematic systems (615-*quater* It. Crim. C.);
- Diffusing equipment, devices or computer programs meant to damage or interrupt a computer or telematic system (615-*quinquies* It. Crim. C.);
- Unlawfully intercepting, preventing or interrupting computer or telematic communications (Art. 617-*quater* It. Crim. C.);
- Installing equipment suitable to intercept, inhibit or interrupt computer or telematic communications (Art. 617-*quinquies* It. Crim. C.);
- Damaging computer information, data and programs (Art. 635-*bis* It. Crim. C.);
- Damaging computer information, data and programs used by the State or another public Entity or in any case used in the public interest (Art. 635-*ter* It. Crim. C.);
- Damaging computer or telematic systems (Art. 635-*quater* It. Crim. C.);
- Damaging computer or telematic systems used in the public interest (Art. 635-*quinquies* It. Crim. C.);
- Computer fraud of the subject providing electronic signature certification services (Art. 640-*quinquies* It. Crim. C.).

Crimes by organized crime (Art. 24-ter of the Decree)

- Criminal conspiracy (Art. 416 It. Crim. C.);
- Mafia-type conspiracy, even foreign (Art. 416-bis It. Crim. C.);
- All crimes committed using the conditions provided for in Art. 416-bis It. Crim. Code to assist the activities of the conspiracies specified in the same Article (L. 203/91);
- Electoral trade-off between politicians and the mafia (Art. 416-ter It. Crim. C.);
- Kidnapping of person/s for robbery or extortion purposes (Art. 630 It. Crim. C.);
- Criminal conspiracy aimed at selling narcotic or psychotropic drugs (Art. 74 Pres. D. 309/1990);
- Unlawfully producing war weapons or their parts, explosives, clandestine weapons as well as common firearms, introducing them in the Country, putting them on sale, assigning, possessing, and carrying them to a public or open place (Art. 407 (2) letter a], no. 5], It. Crim. C.).

Crimes of counterfeiting money, public credit titles, revenue stamps and instruments or signs of identification (Art. 25-bis of the Decree)

- Counterfeiting money, spending and introducing counterfeit money in the Country as a concerted action (Art. 453 It. Crim. C.);
- Altering money (Art. 454 It. Crim. C.);
- Spending and introducing counterfeit money in the Country without acting in concert (Art. 455 It. Crim. C.);
- Spending counterfeit money received in good faith (Art. 457 It. Crim. C.);
- Counterfeiting revenue stamps, introducing counterfeit revenue stamps in the Country, purchasing, possessing or putting them in circulation (Art. 459 It. Crim. C.);
- Counterfeiting watermarked paper used to produce public credit titles or revenue stamps (Art. 460 It. Crim. C.);
- Producing or possessing watermarks or tools meant for the counterfeiting of money, revenue stamps or watermarked paper (Art. 461 It. Crim. C.);
- Using counterfeit or altered revenue stamps (Art. 464 It. Crim. C.);
- Counterfeiting, altering or using marks or distinctive signs or patents, models and drawings (Art. 473 It. Crim. C.);
- Introducing in the Country and marketing products bearing false signs (Art. 474 It. Crim. C.).

Crimes against industry and trade (Art. 25-bis.1 of the Decree)

- Disruption of the freedom of industry or trade (Art. 513 It. Crim. C.);
- Unlawful competition using threatens or violence (Art. 513-bis It. Crim. C.);
- Frauds against national industries (Art. 514 It. Crim. C.);
- Trading fraud (Art. 515 It. Crim. C.);
- Selling non genuine foodstuff as if genuine (Art. 516 It. Crim. C.);
- Selling industrial products marked with mendacious signs (Art. 517 It. Crim. C.);
- Manufacturing and trading goods made by infringing industrial property titles (Art. 517-ter It. Crim. C.);

- Counterfeiting geographical indications or origin designations of agri-food products (Art. 517-*quater* It. Crim. C.).

Corporate crimes (Art. 25-*ter* of the Decree)

- False corporate communications (Art. 2621 It. Civil C.);
- Minor facts (Art. 2621-*bis* It. Civil C.);
- False corporate communications of listed companies (Art. 2622 It. Civil C.);
- Impediment of control activities (Art. 2625 It. Civil C.);
- Undue restitution of contributions (Art. 2626 It. Civil C.);
- Unlawful sharing of profits and reserves (Art. 2627 It. Civil C.);
- Unlawful operations using shares or quotas of the company or of a controlling company (Art. 2628 It. Civil C.);
- Operations to the detriment of creditors (Art. 2629 It. Civil C.);
- Missing communication of conflict of interest (Art. 2629-*bis* It. Civil C.);
- Fictitious formation of the capital stock (Art. 2632 It. Civil C.);
- Undue sharing of company assets by liquidators (Art. 2633 It. Civil C.);
- Bribery between private parties (Art. 2635 It. Civil C.);
- Solicitation to bribery between private parties (Art. 2635-*bis* It. Civil C.);
- Unlawful influence on the Shareholders' Meeting (Art. 2636 It. Civil C.);
- Agiotage (Art. 2637 It. Civil C.);
- Hindering public supervisory authorities in the performance of their duties (Art. 2638 It. Civil C.).

Crimes for terrorist purposes or to disrupt the democratic order (Art. 25-*quater* of the Decree)

- Subversive conspiracy (Art. 270 It. Crim. C.)
- Conspiracy for terrorist purposes, even at international level, or to disrupt the democratic order (Art. 270-*bis* It. Crim. C.);
- Assisting conspiracy members (Art. 270-*ter* It. Crim. C.);
- Recruitment for terrorist purposes, even at international level (Art. 270-*quater* It. Crim. C.);
- Training and activities for terrorist purposes, even at international level (Art. 270-*quinquies* It. Crim. C.);
- Misappropriation of property or money under seizure (Art. 270-*quinquies* 2 It. Crim. C.);
- Conducts for terrorist purposes (Art. 270-*sexies* It. Crim. C.);
- Attack for terrorist or subversive purposes (Art. 280 It. Crim. C.);
- Terrorist act using lethal devices or explosives (Art. 280-*bis* It. Crim. C.);
- Nuclear terrorism act (Art. 280-*ter* It. Crim. C.);
- Kidnapping person/s for terrorist or subversive purposes (Art. 289-*bis* It. Crim. C.);

- Solicitation to commit any of the crimes specified in sections 1 and 2 (Art. 302 It. Crim. C.);
- Political conspiracy by agreement (Art. 304 It. Crim. C.);
- Political conspiracy by association (Art. 305 It. Crim. C.);
- Forming and taking part in an armed band (Art. 306 It. Crim. C.);
- Assisting conspiracy or armed band members (Art. 307 It. Crim. C.);
- Funding conducts for terrorist purposes (Law 153/2016, Art. 270-*quinquies* 1 It. Crim. C.);
- Seizing, hijacking and destroying an aircraft (Law 342/1976, Art. 1);
- Damaging ground installations (Law 342/1976, Art. 2);
- Penalties (L. n. 422/1989, Art. 3);
- Active repentance (Legis. D. 625/1979, Art. 5);
- Convention of New York of 9 December 1999 (Art. 2).

Crime of practicing mutilation of female genital organs (Art. 25-*quater*.1 of the Decree)

- Practices resulting in the mutilation of female genital organs (Art. 583-*bis* It. Crim. C.).

Crimes against the individuals (Art. 25-*quinquies* of the Decree)

- Placing or keeping a person in slavery or servitude (Art. 600 It. Crim. C.);
- Child prostitution (Art. 600-*bis* (1 and 2), It. Crim. C.);
- Child pornography (Art. 600-*ter* It. Crim. C.);
- Possession of pornographic material (Art. 600-*quater* It. Crim. C.);
- Virtual pornography (Art. 600-*quater* 1 It. Crim. C.);
- Tourist initiatives aimed at the exploitation of child prostitution (Art. 600-*quinquies* It. Crim. C.);
- Human trafficking (Art. 601 It. Crim. C.);
- Selling and purchasing slaves (Art. 602 It. Crim. C.);
- Unlawful brokerage activities and labor exploitation (Art. 603-*bis* It. Crim. C.);
- Child solicitation (Art. 609-*undecies* It. Crim. C.).

Crimes of market abuse

Offences (Art. 25-*sexies* of the Decree):

- Abuse of privileged information (Art. 184, Legis. D. 58/1998 - Consolidated Law on Finance);
- Market manipulation (Art. 185, Legis. D. 58/1998 - CLF).

Administrative wrongdoings (Art. 187-*quinquies* CLF):

- Abuse of privileged information (Art. 187-*bis*, Legis. D. 58/1998 - CLF);
- Market manipulation (Art. 187-*ter*, Legis. D. 58/1998 - CLF).

Crimes of involuntary manslaughter and serious or very serious injuries committed in breach of the regulations protecting health and safety in the workplace (Art. 25-septies of the Decree)

- Involuntary manslaughter (Art. 589 It. Crim. C.);
- Involuntary bodily injuries (Art. 590 It. Crim. C.).

Crimes of dealing in stolen goods, laundering and using property or valuable items from unlawful origin as well as self-laundering (Art. 25-octies of the Decree)

- Dealing in stolen goods (Art. 648 It. Crim. C.);
- Laundering (Art. 648-bis It. Crim. C.);
- Using money, goods or valuable items from unlawful origin (Art. 648-ter It. Crim. C.);
- Self-laundering (Art. 648-ter.1 It. Crim. C.).

Crimes in breach of copyrights (Art. 25-novies of the Decree)

- Criminal law protection of the rights to both gainful and non-gainful use (Art. 171, (1), letter a]-bis and (3), Law 633/1941);
- Criminal law protection of software and databanks (Art. 171-bis, (1), Law 633/1941);
- Criminal law protection of audiovisual works (Art. 171-ter, Law 633/1941);
- Criminal liability relating to storage media (Art. 171-septies, Law 633/1941);
- Criminal liability relating to audiovisual transmissions with conditional access (Art. 171-octies, L. 633/1941).

Crime of inducement not to make statements or to make false statements to judicial authorities (Art. 25-decies of the Decree)

- Inducement not to make statements or to make false statements to judicial authorities (Art. 377-bis It. Crim. C.)

Environmental crimes (Art. 25-undecies of the Decree)

These crimes are covered in the criminal code and special laws.

- Environmental pollution (Art. 452-bis It. Crim. C.);
- Environmental disaster (Art. 452-quater It. Crim. C.);
- Involuntary crimes against the environment (Art. 452-quinquies It. Crim. C.);
- Trafficking and abandoning highly radioactive material (Art. 452-sexies It. Crim. C.);
- Aggravating circumstances (Art. 452-octies It. Crim. C.);
- Killing, destroying, trapping, abducting and possessing examples of protected animal or plant species (Art. 727-bis It. Crim. C.);
- Destroying or deteriorating the habitat in a protected site (Art. 733-bis It. Crim. C.).

- Importing and exporting protected species, possessing and using them for financial gain, purchasing, selling, displaying or possessing them for sale or commercial purposes (Law 150/1992, Articles 1, 2, 3-*bis* and 6);
- Discharging industrial waste waters containing dangerous substances; discharging on the ground, underground and in underground waters; discharging in seawater from ships or aircraft (Legis. D. 152/2006, Art.137);
- Unauthorized waste management (Legis. D. 152/2006, Art.256);
- Site reclaiming (Legis. D. 152/2006, Art.257);
- Infringing obligations of communication, mandatory log keeping and filling out of forms (Legis. D. 152/2006, Art.258 (2), 2<sup>nd</sup> paragraph);
- Unlawful waste trafficking (Legis. D. 152/2006, Art.259 (1));
- Organized activities meant to unlawful waste trafficking (Art. 452-*quaterdecies* It. Crim. C.);
- Computer system for waste traceability control (Legis. D. 152/2006, Art. 260-*bis*, (6) and (7), 2<sup>nd</sup> and 3<sup>rd</sup> period and (8) 1<sup>st</sup> and 2<sup>nd</sup> period);
- Crimes relating to emissions (Legis. D. 152/2006, Art.279 (5));
- Involuntary pollution caused by ships (Legis. D. 202/2007, Art. 8);
- Involuntary pollution caused by ships (Legis. D. 202/2007, Art. 9);
- Discontinuing and reducing use of ozone-depleting substances (Law 549/1993, Art.3).

Crime of employing citizens from third countries who do not hold a permit of stay (Art. 25-*duodecies* of the Decree)

- Provisions against clandestine immigration (Art. 12, (3), (3-*bis*), (3-*ter*) and (5), Legis. D. 286/1998);
- Employing citizens from third countries who do not hold a permit of stay (Art. 22, (12-*bis*), Legis. D. 286/1998).

Crimes of racism and xenophobia (Art. 25-*terdecies* of the Decree)

- Propaganda and solicitation to commit crimes based on racial, ethnic and/or religious discrimination (Art. 604-*bis* It. Crim. C.).

Transnational crimes (Art. 10 – L. 146/2006)

If committed at transnational level, the following crimes are a preliminary condition for administrative liability of the entities:

- Criminal conspiracy (Art. 416 It. Crim. C.);
- Mafia-type conspiracy, even if foreign (Art. 416-*bis* It. Crim. C.);
- Criminal conspiracy for smuggling tobacco products manufactured abroad (Art. 291-*quater* of the Consolidated Law under Pres. Decree 43 of 23 January 1973);

- Criminal conspiracy for unlawful trafficking in narcotic or psychotropic substances (Art. 74 of C.L. under Pres. D. 309 of 9 October 1990);
- Provisions against clandestine immigration (Art. 12, (3), (3-bis), (3-ter) and (5) of C.L. under Legis. D. 286/1998);
- Inducement not to make statements or to make false statements to judicial authorities (Art. 377-bis It. Crim. C.);
- Assisting and abetting (Art. 378 It. Crim. C.).

The crimes and administrative offences listed above may entail the administrative liability of the Entity having its headquarters in Italy even though they were committed abroad.

### *1.3 The Sanctioning System in the Decree*

Penalties for the Entities defined in the Decree are as follows: i) fines, ii) bans, iii) confiscation of the price or profit of the offence, and iv) publication of the judgement of conviction.

**Fines** apply whenever the liability of the artificial person is ascertained and are determined by a criminal judge through a system based on 'quotas'. In calculating the fine, the judge determines the number of quotas keeping into account the seriousness of the offence, the degree of responsibility of the Entity together with the activity implemented to remove or mitigate the consequences of the offence and prevent further wrongdoings from being committed; the amount of the quota is established on the basis of the financial conditions and property of the entity.

**Bans** can be applied in addition to fines, but only if they are expressly foreseen for the offence dealt with in the proceedings and only if at least one of the following conditions occurs:

- The Entity obtained a considerable profit from the offence and the offence was committed by a senior manager or an employee, but only if commission of the offence was made possible by severe organizational lacks;
- In case of repeated offences.

Bans result in the prohibition to carry out company operations; suspended or repealed authorizations, licenses or concessions functional to the commission of the offence; prohibition to negotiate with the public administration (except to obtain the provision of a public service); disqualification from public facilities, financing, contributions, subsidies and even revocation of those already granted; prohibition to advertise goods or services.

Bans do not apply (or are repealed if already applied as a precautionary measure) if the Entity has taken the following steps before the first instance proceedings are declared open:

- Refunded or repaired the damage;
- Removed the harmful or dangerous consequences of the offence (or, at least, has made efforts to this aim);
- Made the crime profit available to judicial authorities for confiscation;
- Removed the organizational lacks that led to the crime by implementing organizational models suitable to prevent the commission of new offences.

**Confiscation** consists in the State acquiring the price or profit resulting from the crime or in acquiring amounts of money, property or other valuable items equivalent to the price or profit resulting from the crime. However, the State does not invest the part of the price or profit resulting from the crime that can be returned to the damaged party. Confiscation is always ordered concurrently with the judgement of conviction.

**Publication of judgement** can be inflicted when a ban is applied to the Entity. It is made by posting the ban in the municipality where the Entity has its headquarters and entering it on the internet site of the Ministry of Justice.

#### *1.4 The Organization, Management and Control Model Exemptions from Liability in the Decree*

The Decree includes that the company cannot receive a penalty if it proves that it adopted and effectively implemented **organization, management and control models suitable to prevent the commission of the offences occurred**, without prejudice to the personal liability of the perpetrator/s.

Therefore, the legislator has given an exempting value to the organization, model and control models of the company in the case these suitably prevent crime risks and are adopted and effectively implemented. The decree also specifies the requirements that the models should meet.

Namely:

- Identifying the activities within which the offences specified in the Decree can be committed;
- Foreseeing special protocols planning the making and implementation of the Entity's decisions against the offences to be prevented;
- Identifying suitable financial resources managing modes in view of preventing the commission of such offences;

- Foreseeing mandatory information to the Body charged of supervising the functioning and observance of the models;
- Adopting a disciplinary system suitable to punish inobservance of the measures indicated in the Model;
- Foreseeing measures suitable to guarantee the execution of operations according to the law and to discover and promptly remove any risk situation, depending on the nature and size of the organization and on the type of activity carried out.

If the offence is committed by subjects that hold representative, administrative or managing positions within the Entity or in any of its organizational units having financial and operating autonomy, or by subjects that in fact manage and control them, the Entity is not liable if it can prove that:

- The Managing Body adopted and effectively implemented a model suitable to prevent offences as the one occurred, before the offence was perpetrated;
- The task of monitoring the functioning and observance of the Model and of taking care of its updates was entrusted to a company body vested with autonomous powers of initiative and control;
- The subjects committed the offence by fraudulently avoiding the Model;
- There was no missing or insufficient monitoring of the Model on behalf of the Supervisory Body.

If the offence was committed by anyone under the direction or supervision of any of the aforesaid subjects, the artificial person is liable if the commission of the offence was made possible by unfulfillment of management and monitoring obligations. In any case, such inobservance is excluded if the Entity adopted and effectively implemented a model suitable to prevent offences as the one occurred, before this being committed.

## **2 Fedegari Autoclavi S.p.A.**

Fedegari Autoclavi S.p.A. is part of an international industrial group whose strategic purpose is to supply machines, systems, components and services in the field of sterilization, chemical bio-decontamination and control of environmental contamination for the pharmaceutical, bio-tech and food industries.

The Company was established in the early Fifties in Pavia as a small artisan business for the production of various carpentry items. Later on, it started producing sterilizers and gradually specialized in designing these machines for the pharmaceutical industry. In the early Nineties, it diversified its production to include processes based on supercritical fluids and to design and build systems and machines meant for extraction and washing processes.

The Group has a production unit in Switzerland and sales branches in Germany, United States and China.

The Company has its legal and operational offices in Albuzzano, in the province of Pavia (Italy).

### *2.1 The Corporate Governance of Fedegari Autoclavi S.p.A.*

The Company has a top-down organizational structure of traditional type.

The Board of Directors, which is composed of four members, plays a pivotal role in corporate governance as it resolves on operations having significant strategic, economic or financial importance.

The Board is vested with all the powers for ordinary and extraordinary management and has the faculty of doing all they deem opportune to implement and achieve corporate purposes, to the sole exclusion of what the law or the articles of association mandatorily reserve to the Shareholders' Meeting. The President and CEO are appointed within the members of the Board of Directors.

The Board of Statutory Auditors, which is composed of three standing auditors and two substitute auditors, is responsible for monitoring compliance with the law and the articles of association, application of good management criteria, suitability of the Company's organizational structure, internal control system and administrative accounting system.

The Statutory Financial Statements are certified by the Sole Auditor, as provided for in the reference regulations and principles.

## 2.2 *The Internal Control System*

In setting up the Model for Fedegari Autoclavi S.p.A., we kept into account the management tools that guarantee company organization and functioning, namely:

- **Articles of Association** that include various clauses regarding corporate governance, all of which are aimed at guaranteeing that management activities are performed correctly;
- **Organizational System** that is composed of the organization structures/positions and areas of responsibility; it is pictured in the Organization Chart that is an integral part of this Model;
- **Code of Ethics** consisting in a set of behavioral rules and general principles that all internal and external subjects having direct or indirect relations with Fedegari, must observe; any breach thereof entails the application of the sanctioning measures specified in the disciplinary system of this Model;
- **Procedural System** that includes procedures, regulations, manuals, operating instructions and internal communications aimed at clearly and effectively governing the relevant processes and supplying operating modes and control methods for the performance of company activities.

In addition to the above mentioned governance tools, the internal control system of the Company are based on the following qualifying elements:

- HSE Management System, based on the **ISO 14001** and **OHSAS 18001 Standards** and aimed at monitoring and mitigating risks to health and safety in the work place and environmental risks, in view of continuous improvement of the internal processes;
- Quality Management System, based on the **ISO 9001 Standards**, aimed at guaranteeing the highest operating efficiency at all business levels in view of continuous improvement of the company performance;
- Quality Management System for Medical Devices, based on the **ISO 13485 Standard**, in view of increased efficiency and marketability of our products and services;
- **GMP Food (Good Manufacturing Practices)** certification in view of guaranteeing the best operating conditions and most stringent requirements in producing safe foodstuffs.

### *2.3 Intercompany Relations*

Fedegari Autoclavi S.p.A. and the other group companies exchange services that may involve risk activities and operations, as detailed in the Special Parts of this Model.

In particular, intercompany relations include:

- Purchase and sale of plants and systems developed in the respective production units located in Italy and abroad;
- Sale of in-house developed plants and systems from Fedegari Autoclavi S.p.A. to foreign subsidiaries;
- Delivery of administrative services, IT and R&D from Fedegari Autoclavi S.p.A. to group companies.

All intercompany relations are governed by dedicated contracts detailing the roles and responsibilities of the parties.

Sale of goods and provision of services within the Group:

- Take place in compliance with that provided for in the Code of Ethics and Model adopted by the Company;
- Must be governed by a dedicated written agreement to be notified to Supervisory Board of the Company.

### **3 The Organization, Management and Control Model of Fedegari Autoclavi S.p.A.**

The Company adopted the first edition of the Organization, Management and Control Model on 3 December 2018 following a resolution of the Board of Directors.

This Organizational Model is amended and supplemented by the Managing Body, also upon information of the Supervisory Body that is entrusted with Model updating.

The Board of Directors of the Company resolves on implementation of the Model by evaluating and approving the actions necessary to implement its constitutive elements.

#### *3.1 Purposes and Objectives Pursued by Adopting and Updating the Organizational Model of Fedegari Autoclavi S.p.A.*

By the adoption of the Organization, Management and Control Model and its subsequent updates, the Company intends to:

- Make everyone working in the name and on behalf of the Company, namely those who operate in the so-called 'sensitive areas', aware that, should they not comply with Model provisions, they may be committing offences possibly entailing criminal penalties against themselves and administrative penalties against the Company;
- Make these persons aware that unlawful behaviors are strongly condemned by the Company as such behaviors are always and in any case contrary to law provisions, corporate culture and the ethical principles that have been taken as guidelines in corporate operations;
- Enable the Company to promptly take action to prevent or hinder crime commission or, at least, considerably decrease the damages resulting therefrom;
- Improve corporate governance and company image.

This Model has been drawn up on the basis of the Guidelines issued by **Confindustria** (the association of Italian industries), as updated from time to time.

### *3.2 The Recipients of the Organization, Management and Control Model of Fedegari Autoclavi S.p.A.*

The principles and provisions of this document must be adhered to by the following:

- Members of the Board of Directors, the members of the Board of Statutory Auditors and by the Independent Statutory Auditor;
- Managers;
- Employees;
- Consultants, cooperators, suppliers, agents, wholesalers, distributors and any partners in as much as they can be involved in the performance of activities where any of the offences specified in the Decree may be perpetrated;
- All people operating under the direction or supervision of the company management within the frame of their tasks and duties.

All subjects identified above are hereinafter referred to as the 'Recipients'.

### *3.3 Preparing and Updating the Organizational Model of Fedegari Autoclavi S.p.A.*

The Model preparation activities included:

- Identifying sensitive sectors, activities and areas in connection with the offences specified in the Decree through the analysis of the main corporate documents (including, but not limited to: articles of association, chamber of commerce company registration, minutes of meetings of company bodies, etc.);
- Thoroughly examining sensitive areas and envisaging the modes and tools possibly enabling the Company, its administrative bodies, employees and, in general, those referred to in article 5 of the Decree to commit the offences listed in the Decree (also through meetings and interviews with the persons involved);
- Identifying even unofficial internal rules and protocols, with reference only to the areas identified as at crime risk;
- Defining behavioral and control standards for the activities that we deemed it opportune to regulate, in agreement with the Company;

- Providing a discipline covering financial resources managing modes suitable to prevent the commission of crimes;
- Identifying the subject/s entrusted with monitoring actual implementation of this Model (hereinafter the 'Supervisory Body' or the SB) with concurrent definition of the reporting system to and from the Supervisory Body;
- Adopting the Code of Ethics of Fedegari Autoclavi S.p.A.;
- Defining a disciplinary system suitable to punish both inobservance of the measures detailed in the Model and breaches to the Code of Ethics.

### *3.4 Map of Sensitive Activities at Fedegari Autoclavi S.p.A.*

In compliance with that provided for in the Decree and the modes previously outlined, we have identified the company sensitive activities on the basis of current operations at Fedegari Autoclavi S.p.A. and its organizational structure.

The main company activities and processes that may provide occasions or modes to commit the offences specified in the Decree are as follows:

- *Managing sales activities*
- *Managing sales to risk parties and Countries*
- *Administrative obligations and associated inspection activities*
- *Managing disputes and relations with judicial authorities*
- *Managing relations with certification bodies;*
- *Managing agents, distributors and sales partners;*
- *Managing the purchase of goods and services (consultancy services included);*
- *Selecting employees and rewards system;*
- *Managing public funding and contributions;*
- *Managing expense notes and entertainment expenses;*
- *Product R&D;*
- *Preparing the balance sheet and managing tax issues;*
- *Managing Shareholder's Meeting activities and equity transactions;*
- *Managing financial flows;*
- *Managing intercompany relations;*
- *Managing gifts, events and sponsorships;*
- *Managing IT security;*
- *Managing the accident prevention and protection system;*
- *Managing activities with an environmental impact.*

### *3.5 Structure of the Organizational Model of Fedegari Autoclavi S.p.A.*

The Model is comprised of a General Part and the following Special Parts aimed at protecting the risk activities listed above:

- **Special Part A:** Offences against the public administration and its property; bribery between private parties; inducement not to make statements or to make false statement to judicial authorities;
- **Special Part B:** Computer crimes and unlawful data processing; copyright crimes;
- **Special Part C:** Corporate crimes;
- **Special Part D:** Dealing in stolen goods, laundering and use of money, goods or valuable items from unlawful origin, self-laundering; crimes by organized crime and crimes for terroristic purposes or to disrupt the democratic order;
- **Special Part E:** Crimes against industry and trade; counterfeiting money, public credit titles, revenue stamps and instruments or identification signs;
- **Special Part F:** Involuntary manslaughter and involuntary serious or very serious bodily injuries committed in breach of the rules protecting health and safety at the work place;
- **Special Part G:** Environmental crimes;
- **Special Part H:** Crimes against individuals and crime of employing citizens from third countries not holding a permit of stay.

We deem that the provisions in this Organization, Management and Control Model and the general measures of the Code of Ethics apply to the crime risk profiles of mutilation of female genital organs, market abuse, and racism and xenophobia crimes as a whole.

## **4 The Supervisory Body of Fedegari Autoclavi S.p.A.**

The Company has assigned the task of monitoring functioning and observance of the Model to the **Supervisory Body** (also the 'SB') that must have the requisites indicated below. The SB is aimed at guaranteeing effective and efficient implementation of the Model.

#### *4.1 Requisites of the Supervisory Body of Fedegari Autoclavi S.p.A.*

The members of the Supervisory Body must have the requisites detailed in Confindustria Guidelines. Namely:

**AUTONOMY AND INDEPENDENCE:** The Body must be free from any form of interference and pressure by the operating management and not be involved in operating activities and managing decisions in any manner whatsoever. The Supervisory Body must not find itself in situations of conflict of interest and no operating tasks that may impair its autonomy can be assigned to the Body as a whole or to its members.

The requisite of autonomy and independence also include the absence of family bonds or links of dependence with the Company management or with individuals holding operational powers in the Company.

The Supervisory Board reports to the operational top management of the Company and is entitled to peer-to-peer interaction with them.

**PROFESSIONALISM:** This means possessing the whole set of tools and techniques necessary to actually and effectively carry out the duty assigned. Given that professionalism and authoritativeness of the Body are connected with its professional experience, the Company deems it particularly important to thoroughly examine the CV of possible candidates and their previous experiences, privileging profiles that have acquired specific professional skills in this domain.

**CONTINUED ACTION:** The SB carries out continuous Model supervision activities, with suitable commitment and using the necessary powers of investigation; its members meet at least once every three months.

**GOOD STANDING:** This relates to the reasons envisaged for non-eligibility, revocation, suspension or forfeiture from the duties of the Supervisory Body, as detailed below.

The aforesaid requisites are assessed by the Board of Directors at the time of SB appointment.

In compliance with the requirements contained in the Decree, the Company has opted for a collegial body composed of three members from outside the Company.

#### *4.2 Causes for Ineligibility, Revocation, Suspension or Forfeiture*

As regards the appointment the Supervisory Body members, the Board of Directors of the Company has expressly established the ineligibility causes detailed below.

Therefore, nobody:

- Against whom the following sentences have been delivered, even on reserved issues, by way of plea bargain or on probation, without prejudice to the effects of rehabilitation:
  1. Imprisonment for a period of time exceeding one year for any of the crimes provided for in the R. D. 267/ 1942;
  2. Prison term exceeding one year for any of the crimes provided for in the regulations governing bank and finance operations, transferable securities and insurance activities and in those governing the securities and markets, and payment instruments;
  3. Prison term exceeding one year for offences against the public administration, public faith, property, public economy or the tax system;
  4. Prison term exceeding two years for whatever voluntary crime;
  5. For any of the crimes listed in Section XI of Book V of the Italian Civil Code as rephrased in Legis. D. 61/2002;
  6. For a crime entailing a sentence of even temporary interdiction from public offices or temporary interdiction from managing artificial persons and enterprises;
  7. For crime/s among those foreseen in the Decree, even if entailing sentences shorter than detailed in the previous points;
- Against whom any of the preventive measures under article 10 (3) of L. 575/1965, as replaced by article 3 of L. 55/1990 and subsequent amendments, is applied in a final judgement;
- Against whom the accessory administrative penalties foreseen in article 187-*quater* Legis. D. 58/1998 have been applied;

The members of the Supervisory Body are required to officially confirm by means of a sworn declaration as substitute of an attested affidavit that they are not in any of the aforesaid conditions and expressly commit to notify any changes to the contents of their declarations.

Revocation, if any, of the members of the Supervisory Board must be resolved by the Board of Directors of the Company and exclusively for reasons associated with severe failures to comply with the mandate assigned, including unfulfillment of the confidentiality obligations detailed below, and for the occurrence of the forfeiture causes detailed below.

Also, already appointed members of the Supervisory Body **are divested** from authority if they:

- Are sentenced with a final judgment or by way of plea bargain for any of the offences under points 1, 2, 3, 4, 5, 6 and 7 of the ineligibility conditions detailed above;
- Have infringed the confidentiality obligations strictly connected with the performance of their duties.

Also, the members of the Supervisory Body are suspended from exercising their functions in the following cases:

- If they are convicted for any of crimes in points 1 to 7 of the ineligibility conditions detailed above;
- If any of the penalties in points 1 to 7 of the ineligibility conditions detailed above is applied upon request of the parties;
- If a personal precautionary measure is applied;
- If any of the preventive measures foreseen in article 10 (3) of L. 575/1965, as replaced by article 3 of L. 55/1990 as subsequently amended, is even temporarily applied.

The Supervisory Body holds its office for three years, is dismissed on the date of approval of the balance sheet relating to the third year of its being in office and can be re-elected. The remuneration of the Supervisory Body is determined by the BoD at the time of SB appointment and for the whole period during which the SB remains in office.

#### *4.3 The Tasks of the Supervisory Body of Fedegari Autoclavi S.p.A.*

The Board of Directors attributes an annual expense budget to the Supervisory Body for this to accomplish its tasks. However, the Supervisory Body can autonomously use resources exceeding its limits of expenditure, in compliance with company procedures, if using such resources is necessary to tackle exceptional urgent situations. In these cases, the Supervisory Body must immediately inform the Board of Directors.

The Supervisory Body avails itself of all company functions to accomplish its tasks.

The Supervisory Body performs the following activities:

- Monitoring the effectiveness of the Model, and in particular it checks the consistency between the Model and the rules actually implemented in risk areas;
- Assessing on a regular basis that the Model is observed by every and all company units/areas at risk in view of confirming that the rules defined and methods adopted are implemented in the strictest possible manner and really prevent the mentioned crimes from being committed;
- Monitoring that the Code of Ethics and all provisions therein are adhered to by all subjects operating in the Company for whatever reason;
- Informing the Board of Directors about Model updates and adjustments, if any, depending on law developments and courts decisions as well as a consequence of changes occurred in company organization;
- Monitoring proper functioning of control activities in any of the risk areas and promptly notifying Model anomalies or malfunctioning, after interacting with the areas/functions concerned; Evaluating and proposing the infliction of disciplinary measures as required, after necessary coordination with the managers of the relevant company functions/areas.

#### *4.4 Reporting of the Supervisory Board of Fedegari Autoclavi S.p.A.*

In view of guaranteed full autonomy and independence in accomplishing its functions, the Supervisory Body reports directly to the Board of Directors of the Company and provides information about Model implementation and identification of criticalities, if any, through two reporting lines:

- I. The first line is **on a continued basis**;
- II. The second line is **on an annual basis**; it is meant for the Board of Directors and Board of Statutory Auditors and consists in a written report that must precisely indicate the activities carried out during the year, both in terms of controls completed and their outcomes and in terms of possible Model updating needs.

Furthermore, every year the SB prepares an action plan for the next year indicating both where the activities will be carried out and which areas will be inspected together with the schedule and priority of interventions.

In any case, should it deem it necessary for the accomplishment of its functions, the Supervisory Body is entitled to inspect company sensitive areas without prior notice (so-called 'surprise inspections' not included in the action plan).

The Supervisory Body can ask to be heard by the Board of Directors or, more generally, by the Administrative Body every time it deems it opportune to interact with them; similarly, the SB is entitled to obtain clarifications and information from the Board of Directors.

On the other hand, the Supervisory Body can be summoned any time by the Board of Directors to report about special events or situations concerning functioning and observance of the Model.

Such meetings are to be recorded and copies of their minutes kept on file by both the SB and the company bodies involved.

#### *4.5 Information Obligations to the Supervisory Body of Fedegari Autoclavi S.p.A.*

The Supervisory Body receives all information, documentation and/or communications regarding compliance with the Model, even if coming from a third party.

All Model Recipients are strictly required to inform the Supervisory Board by means of:

- i) Whistleblowing;**
- ii) Transmission of information.**

The Supervisory Body guarantees the **utmost confidentiality** regarding whatever information, account or whistleblowing **under penalty of revocation of its mandate and of the disciplinary measures detailed below**, without prejudice to investigation needs, should the assistance of consultants outside the SB or of other company structures be required.

All information or whistleblowing relating to this Model are kept on file by the Supervisory Body in a special computer and paper storage system, in compliance with law provisions on privacy.

- i) Whistleblowing**

All Recipients must promptly inform the Supervisory Body of Fedegari Autoclavi S.p.A. about whatever derogation, violation or suspected violation of the Company's Code of Ethics behavioral rules and/or of the behavioral principles and execution modes of risk activities as identified and regulated by the Model that they may get to know.

Whistleblowing messages to the Supervisory Board of Fedegari Autoclavi S.p.A. can be sent at the following postal address:

**Organismo di Vigilanza di Fedegari Autoclavi S.p.A.**

**SS 235 km 8  
27010 Albuzzano (PV) - Italy**

or e-mailed at the following address:

[odv.fedegari@gmail.com](mailto:odv.fedegari@gmail.com)

The Supervisory Board evaluates all whistleblowing messages received and starts the consequential initiatives at its own reasonable discretion, under its responsibility and within its range of competence; it may interview both the whistleblower and the person charged with the presumed violation. All decisions deriving therefrom must be motivated; any resulting measures are applied in compliance with that specified in the chapter on the Disciplinary and Sanctioning System.

The SB shapes its actions to fully protect whistleblowers against whatever form of retaliation, discrimination, penalization and their consequences, guaranteeing that their identity will be kept secret, without prejudice to law obligations and protection of the rights of Fedegari Autoclavi S.p.A. or of persons accused by mistake or in bad faith.

## **ii) Transmission of information**

During its control activities, the Supervisory Body establishes which documentation is to be brought to its attention on a regular basis.

The Supervisory Body must receive the following documents:

- Provisions and/or accounts from the criminal investigation police or any other authorities suggesting that investigations regarding the Company, also possibly involving unknown people, are in progress for the crime types listed in the Decree;
- Visits, inspections and assessments started by relevant entities (regions, regional or local entities) and, upon completion, their outcomes and penalties inflicted, if any;

- Requests for legal assistance sent by company employees, should criminal proceedings be initiated for any of the offences specified in the Decree;
- Reports prepared by internal structures within the frame of their control activities and revealing criticalities as to the rules contained in the Decree;
- On a regular basis: information about actual Model implementation in all company areas/functions at risk;
- On a regular basis: information about actual observance of the Code of Ethics at all company levels;
- Information on the development of activities in risk areas;
- The powers and delegations system adopted by Company.

Everyone getting to know or being even unofficially informed about the commission of the offences listed in the Decree or, in any case, about possible violations of the Model and Code of Ethics, must immediately contact the SB.

Information flows reach the Supervisory Body through the modes and addresses specified above.

#### *4.6 Whistleblowing – Protection of Employees and Cooperators Reporting Wrongdoings – Article 6, (2-bis) of Legis. D. 231/2001*

Whistleblowing as mentioned above, either reporting detailed circumstances of unlawful conducts relevant to the effects of Legis. D. 231/2001 and based on specific and agreed upon elements, or even presumed violations to the Organization, Management and Control Model that Model Recipients may get to know by virtue of their duties, take place in compliance with the regulatory provisions on whistleblowing, especially as regards whistleblower protection against whatever form of retaliation and/or discrimination.

In particular, in compliance with the regulatory provisions in article 6, (2-bis) of Legis. D. 231/2001, whatever direct or indirect acts of retaliation or discrimination against the whistleblowers for reasons directly or indirectly connected to whistleblowing, are forbidden.

The adoption of discriminatory measures against the whistleblowers can be reported to the National Work Inspection Agency for them to take the provisions in their range of competence, not only by the whistleblowers but also by the Trade Unions.

In compliance with current regulations, we point out that retaliating or discriminatory dismissal of the whistleblowers is to be considered null and void; similarly, if their tasks are changed and/or other retaliating or discriminatory measures are adopted against them, all such measures are to be considered null and void.

In case of legal disputes resulting from inflicting disciplinary measures, de-skilling, dismissal, reassignment or of any other organizational measures to the whistleblowers, which directly or indirectly negatively affect their work conditions, after whistleblowing, it is for the employer to prove that such measures are based on grounds not associated with whistleblowing.

Any violations of the whistleblower protection measures as well as groundless whistleblowing made with malice or gross negligence are punished in compliance with the provisions in Chapter 6 'Disciplinary and Sanctioning System'.

## 5 Training and Information

### 5.1 General Provisions

The Company intends to guarantee complete and correct knowledge of the Model, of the contents of the Decree and of the obligations resulting therefrom to all who work for the Company.

Training sessions will be organized by the Company over time, based on the criteria of obligation, repetition and possibly diversification.

Upon training completion, the level of knowledge and the level of satisfaction of the trainees will be assessed.

Training and information are managed by the Administration, Finance and Control Function in close coordination with the managers of the areas/functions involved in Model implementation.

### 5.2 Initial Communication

This Model is communicated to all company resources by the CEO.

All Employees and Seniors must sign a specific form through which they confirm they know and accept the Model, of which they have available a paper copy or documents on IT media.

Newly hired employees receive an information kit containing the Model and the Code of Ethics, which guarantees that they have knowledge of their most important aspects.

All subsequent Model changes and information will be communicated to company resources through the official information channels.

### 5.3 Personnel Training

It is **mandatory to attend the training activities** aimed at disseminating knowledge of the regulations in the Decree, of the Organization, Management and Control Mode and Code of Ethics.

Training course contents and delivery modes will be organized keeping into account qualifications of Recipients, risk level of the areas where they work and representative functions possibly assigned to them.

Unjustified absence from training sessions is considered a disciplinary offence, in accordance with that specified in the Disciplinary System that follows.

The training courses delivered by Fedegari Autoclavi S.p.A. will be based on a modular approach focusing on:

- The regulatory framework;
- The Code of Ethics and the Organization, Management and Control Model adopted by the Company, Special Parts included;
- The role of the Supervisory Body and its duties as assigned by the Company.

The Supervisory Body takes care that the training programs are suitable in terms of quality and effectively implemented.

The Company will set up a dedicated section in the company intranet, which will be regularly updated, to allow all subjects concerned to be informed in real time about changes, supplements or implementations of the Code of Ethics and the Model.

#### *5.4 Information to Third Recipients*

The Company absolutely requires that the so-called 'Third Recipients', namely consultants, cooperators, agents, suppliers, wholesalers, distributors, sales partners and the other external subjects that work on behalf of Company, know and observe the Model and the Code of Ethics.

Information is guaranteed by routing official communications or through a clear reference note in the contracts about the existence of the Model and Code of Ethics.

Fedegari Autoclavi S.p.A. adds special clauses in its contracts with third parties that foresee the termination of contract obligations in case of inobservance of the ethical principles established.

## 6 The Disciplinary System

### 6.1 General Profiles

The implementation of a disciplinary system suitable to punish non observance of Model rules is a requirement of Legis. D. 231/2001 in order to exempt the Entities from administrative liability and guarantee Model effectiveness.

It is forbidden to the Company and its members to put into effect direct or indirect retaliating or discriminatory acts against the whistleblowers for reasons directly or indirectly connected to whistleblowing. To this regard, we point out that disciplinary measures are foreseen against those who:

- Do not comply with the measures and principles indicated in the Model;
- Breach the measures protecting the whistleblowers;
- Make groundless whistleblowing with malice or gross negligence.

The adoption of discriminating measures against whistleblowers can be reported to the National Work Inspection Agency for them to take the provisions in their range of competence, not only by the whistleblowers but also by the Trade Unions.

In compliance with current regulations, we point out that dismissal based on retaliation or discrimination of the whistleblowers is null and void.

Also, if their tasks are changed or any other retaliating or discriminatory measures are taken against the whistleblowers, these measures are null and void. In case of legal disputes resulting from the infliction of disciplinary measures, de-skilling, dismissal, and reassignment or of whatever else organizational measures directly or indirectly negatively affecting their work conditions after whistleblowing, it is for the employer to prove that such measures are based on grounds not associated with whistleblowing.

Disciplinary measures for the infringement of the principles and behavioral rules specified in the Organizational Model are inflicted independent of possible initiation of criminal proceedings and of the judgment for the commission of any of the unlawful conducts foreseen in the Decree.

Following communication of Model infringement by the SB, an assessment procedure is started in compliance with that established in the National Collective Labor Contract applicable to the employee/s concerned. This assessment procedure is conducted by the company bodies tasked of inflicting the disciplinary penalties based on the seriousness of the behavior, recidivism, if present, and level of negligence or its absence.

Through its bodies and functions specially appointed to this aim, Fedegari Autoclavi S.p.A. inflicts penalties proportioned to corresponding Model violations with consistency, impartiality and uniformity; such penalties conform to the provisions currently governing employment relations. The sanctioning measures for the different professional figures are as detailed below.

## 6.2 Penalties Applicable to Employees.

The behaviors of employees that result in:

- Infringing behavioral rules specified in this Model, the Code of Ethics, corporate rules and protocols in force in the Company;
- Infringing the whistleblowers protection measures;
- Groundless whistleblowing made with malice or gross negligence

are disciplinary offences.

Penalties to be inflicted to employees are adopted in accordance to the procedures provided for in applicable regulations.

Reference is expressly made to the categories of punishable facts foreseen in the existing sanctioning system, i.e. the agreements in the National Collective Labor Contract for workers in the private metal-mechanical industry and plant installation sector.

In application of the proportionality criteria, depending on the seriousness of the offence committed, the following disciplinary measures apply:

**Verbal warning** applies in case of minor non-observance of the principles and behavioral rules foreseen in this Model, as this behavior compares to a minor non-observance of contract clauses or of directives and instructions given by managers or supervisors.

**Written warning** applies in case of recidivism of the offences under the previous point.

**Fine or suspension from work and pay** apply in case of non-observance of the behavioral rules and principles foreseen in this Model, namely following a behavior not conforming or unsuitable to Model provisions to such an extent that it can be considered a rather serious behavior, even in the absence of recidivism. These behaviors include the violation of information obligations to the Supervisory Body as regards committed or attempted offences, infringement of the Model and of the confidentiality measures protecting the whistleblowers, or groundless whistleblowing made with malice or gross negligence.

The same penalty applies in case of unjustified repeated absence (physical or otherwise, as requested by the Company) from the training sessions that will be delivered by the Company over time about the Decree, the Organization, Management and Control Model and the Code of Ethics adopted by the Company or any specific topic associated thereto.

The fine must not exceed the amount of a three-hour pay. Suspension from work and pay apply to major offences and must not exceed three days.

**Dismissal for disciplinary reasons** applies when a **behavior in contrast with Model provisions is knowingly adopted**; even though **this behavior is only prone to result in any of the crimes** punished by the Decree, it **impairs the bond of trust** that characterizes the employment relationship or is so serious to prevent continuation of the work relation, not even on a temporary basis. The violations that entail the aforesaid penalty include the following voluntary behaviors:

- Preparing incomplete or untrue documentation (such as: documents addressed to the public administration, accounting documents, etc.);
- Not preparing the documentation prescribed by the Model;
- Infringing the measures protecting whistleblower confidentiality or groundless whistleblowing made with malice or gross negligence about unlawful conducts or breach of the Model or Code of Ethics and this behavior is so serious to prevent the cooperation from being continued;
- Infringing or avoiding the control system foreseen in the Model regardless of the manner this occurs, including misappropriation, destruction or modification of procedural documentation, hindering controls, preventing access to information and documentation to subjects in charge of controlling and deciding.

### *6.3 Penalties Applicable to Managers*

The violation of the principles and behavioral rules contained in this Model by company managers or their adopting behaviors not conforming to the above mentioned provisions as well as their infringing the whistleblower protection rules or groundless whistleblowing made with malice and gross negligence entail disciplinary measures proportioned to the seriousness of the offences committed. Employment termination is envisaged in the most serious cases, in consideration of the special bond of trust that joins managers to their employers.

Disciplinary offences also include:

- Managers not monitoring correct application of Model rules by the workers under their supervision;

- Infringing information obligations to the Supervisory Board as regards committed or even attempted relevant offences;
- Infringing the rules of conduct contained herein;
- Adopting behaviors that do not conform with the conducts that can be reasonably expected from managers during the accomplishment of their duties, in relation with the positions held and the levels of autonomy assigned;
- Infringing the whistleblower protection measures under L. 179/2017;
- Groundless whistleblowing made with malice or gross negligence.

#### *6.4 Penalties Applicable to the Board of Directors, Board of Statutory Auditors and Independent Auditors*

Against the Administrators who have:

- Committed a violation of this Model;
- Infringed the whistleblower protection measures;
- Made groundless whistleblowing with malice or gross negligence

the Board of Directors, having been promptly informed together with the Board of Statutory Auditors and the Supervisory Body, can implement all suitable measures allowed by the law, among which the following penalties can be determined on the basis of the seriousness of the offence and its consequences:

- Official written warning;
- Fine equal to two to five times the remuneration calculated on a monthly basis, depending on how serious the offence was;
- Total or partial revocation of the powers of attorney, if any.

If the violations entail revocation for just cause, the Board of Directors proposes to the Shareholders' Meeting to implement the measures in their range of competence and sees to the other obligations provided for by the law.

If a violation is made by a member of the Board of the Statutory Auditors or Independent Auditors, the SB must immediately inform the Chairman of the Board of Directors by means of a written report. If the violation entails revocation for just case, the Chairman of the Board of Directors convenes the Shareholders' Meeting after sending the SB report to the shareholders. Adopting the measure consequential to the aforesaid violation pertains to the Shareholders' Meeting.

### *6.5 Penalties applicable to Third Recipients*

All infringements of Model provisions by consultants, cooperators, suppliers, agents, wholesalers, distributors, sales partners or anyone included among the Recipients from time to time, are sanctioned by the competent bodies on the basis of the internal corporate rules, according to that provided for by the clauses in the respective contracts. In any case, conventional penalties apply, possibly also consisting in automatic contract termination (pursuant to Art. 1456 It. Civil Code), without prejudice to damage refunding.