Organisation, Management and Control Model pursuant to Legislative Decree No 231/01

GENERAL SECTION

Approved by the Board of Directors of 10th February 2015
Updated by the Board of Directors of 15th June 2016
Updated by the Board of Directors of 18th July 2017
Updated by the Board of Directors of 26 th July 2019
Updated by the Board of Directors of 17thMay 2021
Updated by the Board of Directors of 31st March 2023
Updated by the Board of Directors 14 th May 2024

Contents

1. Foreword ... 3
1.1. The Company ... 3
2. Legislative Decree No 231 of 8 June 2001 ... 3
2.1. The administrative liability system for legal persons, companies and associations ... 3
2.2. The Addressees of the Decree ... 4
2.3. The applicable sanctions (Article 9 et seq. of the Decree) ... 5
2.4. The adoption of the organisation, management and control Model exempting the entity from administrative liability ... 6
2.5. The crimes under Legislative Decree No 231/01 or "crimes 231" ... 8
2.6. Crimes committed abroad ... 9
3. Characteristics of the Organisation, Management and Control Model adopted by Ballestra ... 10
3.1. The methodology used for drafting the Model ... 10
3.2. Addressees of the Organisational Model ... 11
3.3. Objectives and purposes of adopting the Model ... 12
3.4. Codes of Conduct ... 12
3.5. Internal Control System ... 14
3.6. Key components of the Model ... 16
3.7. The Composition of the Model ... 17
4. The Organisational System and governance model ... 19
4.1 Foreword ... 19
4.2 The corporate governance model ... 20
5 The Supervisory Board ... 21
5.1 Requirements and grounds for incompatibility ... 21
Grounds for incompatibility ... 23
5.2 Composition, appointments, term and dismissal ... 23
5.4 Duties and powers of the Supervisory Board ... 26
5.5 Procedures and frequency of reporting to corporate bodies ... 27
6 Information flows towards the Supervisory Board ... 28
6.1 Information flows to the Supervisory Board ... 28
6.2 The collection and storage of information and reports (Whistleblowing) ... 29
7. The circulation of Model 231 ... 30
7.1 The information management and circulation policy ... 31
7.2 Staff training ... 31
8. The Disciplinary System ... 31
8.1 General principles ... 31
8.2 Sanctions for (non executive) employees ... 33
8.3 Measures for managers ... 35
8.4 Measures for Directors and Statutory Auditors ... 35
8.6 Measures for Partners and Suppliers ... 36
9. Glossary ... 37

1. Foreword

This General Section of the Organisation, Management and Control Model ("Model") belongs to the Company "Ballestra S.p.A." (hereinafter referred to as the "Company" or "Ballestra"), which has decided to adopt this Model for the prevention of the predicate Crimes under Legislative Decree No 231/01 (hereinafter referred to as the "Decree").

The Company adopted the first version of the Model by means of a resolution passed by the Board of Directors on 10 February 2015. In view of the subsequent actions by the legislator designed to extend the scope of Legislative Decree 231/2001, new case law decisions which became established and organisational modifications made to the Company's structure, the Board of Directors periodically updated the Model by means of resolutions passed on 15 June 2016, 18 July 2017, 26 July 2019, 17 May 2021 and, lastly 31st March 2023.

On 10 February 2015 the Company also adopted its own Code of Ethics also shared by "DB Finanziaria Spa" (hereinafter referred to as "DBF"), a company which controls and oversees Ballestra.

1.1.The Company

Ballestra S.p.A. (hereinafter, simply, Ballestra), with registered office in Milan, Via Piero Portaluppi 17 is a private company operating worldwide in the sector of design and supply of plants and machinery for the production of surfactants, detergents, soaps and a wide range of organic and inorganic chemistry products either with proprietary technologies or licensed technologies.

DB Finanziaria S.p.A. (hereinafter, simply, DBF) is an holding company founded in 2007 whose main activity is to manage and hold investments for the purpose of directing and coordinating the activities of the subsidiaries, including the provision of management and technical services.

2. Legislative Decree No 231 of 8 June 2001

2.1.The administrative liability system for legal persons, companies and associations

Legislative Decree No 231 (hereinafter referred to as the "Decree") was issued on 8 June 2001 in implementation of the provisions of Article 11 of Law No 300 of 29 September 2000. It entered into force on 4 July 2001 and brought Italian legislation in line with certain international agreements which Italy had already accepted some time ago. In particular, this concerns the Brussels Convention

of 26 July 1995 on the protection of the European Communities' financial interests, as well as the Convention signed in Brussels on 26 May 1997 on the fight against corruption involving officials of the European Community or officials of Member States, and finally the OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions.

This Decree "*governing the administrative liability of legal persons, companies and associations, even without legal status*" has introduced for the first time in Italian law an administrative liability system (broadly comparable to criminal liability) for certain entities (which shall mean companies, associations, consortiums, etc, hereinafter referred to as "Entities") for any of the exhaustively listed crimes committed in their interest or for their benefit by:

- (i) natural persons who hold representative, administrative or managerial positions in these Entities or in their organisational units with financial and functional autonomy, as well as by natural persons who manage and control, even if only de facto, these Entities ("senior management"; Article 5, paragraph 1, letter a) of the Decree);

- (ii) natural persons managed or supervised by one of the aforementioned persons ("persons subject to the management or supervision of others"; Article 5, paragraph 1, letter b) of the Decree).

The administrative liability of the entity is combined with the criminal liability of the natural person who physically committed the crime.

The administrative liability provided for by the Decree extends the prosecution of the crimes specified therein to the Entities in whose interest or to whose benefit the offence was committed. Moreover, it should be reiterated that the Company is not liable if the aforementioned natural persons have acted solely in their own interest or for third parties (Article 5, paragraph 2 of the Decree).

2.2.The Addressees of the Decree

The Decree indicates the Addressees are:

- entities with legal status;
- companies with legal status;
- companies and associations without legal status (Article 1, paragraph 2).

Firstly, the Legislative Decree identifies the entities with legal status. These subjects enjoy financial autonomy, unlike the other entities who, while they are legally autonomous subjects, do not have separate assets from individual members or associates.

Therefore the main Addressees are as follows:

- entities with legal status; companies with share capital; cooperatives; foundations; incorporated associations; private and public economic institutions; and private bodies which perform a public service under a permit, agreement, harmonisation or similar administrative act;
- entities without legal status: partnerships; EEIGs; consortiums; and unincorporated associations.

However, the Decree does not apply to the State, regional public bodies (Regions, Provinces and Municipalities) and entities which perform constitutional tasks (Article 1, paragraph 3), such as: political parties; workers' unions; both Chambers of Parliament; the Secretary General of the Presidency of the Republic; the Constitutional Court; the National Council for Economics and Labour; and the Supreme Judicial Council.

2.3.The applicable sanctions (Article 9 et seq. of the Decree)

The sanctions which can be imposed on the Entities for administrative offences resulting from a crime include:

- fines, which are set by a criminal judge according to a quota-based system, for a sum that cannot be below one hundred nor exceed one thousand and varies between a minimum of €258.00 and a maximum of €1,549.00;
- restrictions, which should be no less than three months nor longer than two years (also applicable as a precautionary measure)[1];

[1] It should be noted that with the amendments made by Law 3/2019 "Measures for combating crimes against public bodies, and with regard to expiry of the limitation period for crimes and with regard to transparency on the part of political parties and movements": "*in cases where the crime of extortion, undue incitement to give or promise other benefits, corruption, corruption in legal acts and trafficking in unlawful influence, the forms of disqualification provided for under article 9, paragraph 2 are applied for no less than four years and no more than seven years, if the crime is committed by one of those persons referred to in article 5, paragraph 1, subparagraph a) and four no less than two years and no more than four years, if the crime is committed by one of those referred to in article 5, paragraph 1, paragraph b)"*. This regulatory action however provided that, in such cases, the forms of disqualification are of the same duration as provided

- confiscation of profits from the crime;
- publication of the judgment.

The most serious type of sanction for the entity are restriction measures, which can only be applied in relation to crimes which have been expressly specified and if one of the two conditions applies under Article 13, paragraph 1, letters a) and b) of the Decree[2]. They include:

- a ban on trading;
- a ban on contracting with the Public Administration, except for obtaining a public service;
- a suspension or withdrawal of any authorisations, licences or permits used to commit the offence;
- an exclusion from incentives, loans, grants and subsidies, and/or the withdrawal of any already granted;
- a ban on advertising goods or services[3].

2.4.The adoption of the organisation, management and control Model exempting the entity from administrative liability

Article 6 of the Decree stipulates that an Entity shall not be held liable for crimes committed by senior management or by persons subject to the management or supervision of others, as long as it can prove that "*organisation, management and control Models to prevent such crimes from occurring*" were adopted and implemented effectively before the offence was committed.

This Decree also provides for the creation of a *control body within the entity*, which shall supervise the implementation, effectiveness and compliance of these Models, as well as handling any updates.

for by article 13, paragraph 2 of the Decree should the entity actively seek to avoid worsening of the crime or in order to ensure proof, to identify the perpetrators or to sequester sums of money transferred or should it have eliminated organisational shortcomings causing the crime through the adoption of organisational Models to prevent crimes of the type perpetrated.

[2] The conditions are the following: a) the entity obtains significant profit from the offence and the offence is committed by senior officers or otherwise by persons reporting to others when, in this case, commission of the offence is caused or facilitated by severe organisational shortcomings; b) in the event of repeated crimes being committed.

[3] The sanctions involving a ban on trading, a ban on contracting with the Public Administration and a ban on advertising goods or services may be definitively applied in the most serious cases (see Article 16 of the Decree). Please also note that the company's business may possibly continue (in place of an imposed sanction) under a commissioner appointed by the judge pursuant to Article 15 of the Decree.

These organisation, management and control Models (hereinafter referred to as the "Models"), pursuant to Article 6, paragraphs 2 and 3 of Legislative Decree No 231/2001, must fulfil the following requirements:

- to identify any activities in which the crimes provided for by the Decree may be committed;
- to establish specific protocols for planning the development and implementation of the entity's decisions on any crimes to be prevented;
- to identify ways of managing financial resources to prevent such crimes from being committed;
- to lay down obligations for providing information to the board appointed to supervise the implementation and compliance of the Models ("Supervisory Board");
- to introduce a disciplinary system to punish any non-compliance with the measures set out in the Model.

If the crime has been committed by persons who hold representative, administrative or managerial positions within the entity or in one of its organisational units with financial and functional autonomy, or by persons who manage and control, even if only de facto, this entity ("senior management"), the entity shall not be liable if it can prove that:

(i) the executive body had adopted and effectively implemented a Model to prevent such crimes from occurring before the offence was committed;

(ii) the task of supervising the implementation, compliance and updating of the Model was entrusted to a board within the entity with independent powers of initiative and control ("Supervisory Board" or "SB");

(iii) the perpetrators committed the crime by fraudulently circumventing the Model;

(iv) there was no missing or insufficient supervision by the Supervisory Board in relation to the Model.

However, if the crime was committed by persons subject to the management or supervision of one of the aforementioned persons, the entity shall be held liable if it was possible to commit the crime due to any failure of management and supervision obligations (Article 7 of the Decree). In all cases, this failure would be ruled out if the entity had adopted and effectively implemented a Model to prevent such crimes from occurring before the offence was committed.

The liability for an administrative offence resulting from a crime shall be assessed during criminal proceedings (Article 36 of the Decree). The Company's liability shall be determined mainly by:

- verifying that the alleged crime under the Company's liability has actually been committed;

- the suitability of the adopted organisational Models (if implemented).

How suitable the Model was to prevent any crimes under the Decree shall be assessed on an *ex ante* basis, whereby the judge will put himself in the Company's position at the time when the offence occurred to test the adequacy of the adopted Model (known as "posthumous prognosis").

If the Entity had not adopted a Model before the crime was committed but did so before the hearing commenced, the applicable penalties will be reduced (Article 12 of the Decree).

2.5.The crimes under Legislative Decree No 231/01 or "crimes 231"

The crimes for which the entity can be held liable pursuant to Legislative Decree n° 231/2001 can be divided into the following classes/categories referring to Annex C of this document for the details of the specific offences in the most updated version included in each category:

1. Misappropriation of funding, fraud against the State or a public body or to obtain public funding and IT fraud against the State or against a public body (Article 24),
2. interference with competitive bid processes (art. 24),
3. interference with the selection of the contractor in bid processes (art.24)
4. IT-related crimes and unlawful processing of data (Article 24-bis),
5. Organised crime (Article 24-ter),
6. Emblezzement, bribery, undue incitement to give or promise other benefits, corruption, trafficking in unlawful influence in the public sector and abuse of office (Article 25),
7. Forgery of money, money values having legal tender, revenue stamps and instruments or identification signs (Article 25-bis)
8. Offences against trade and industry (Article 25-bis.1),
9. Corporate crimes and corruption in private sector (Article 25-ter),
10. Crimes involving terrorism or designed to subvert democracy as contemplated by the criminal code and special laws (Article 25-quater),
11. Mutilation of female genital organs (Article 25-quarter.1),
12. Crimes against individuals (Article 25-quinquies),
13. Crimes involving market abuse (Article 25-sexies),
14. Crimes involving manslaughter or grievous or extremely severe bodily harm, committed in breach of regulations legislating for protection of occupational health and safety (Article 25-septies),
15. Handling stolen goods, laundering and use of money, assets or benefits whose origin is illegal and self-laundering (Article 25-octies),
16. Crimes involving breach of copyright (Article 25-novies),
17. Inducements not to make statements or to make false statements to the courts (Article 25-decies),
18. Environmental crimes (Article 25-undecies),
19. Offences relating to the employment of third country nationals without residency permits (Article 25-duodecies),

20. Racism and xenophobia (article 25-terdecies),
21. Transnational organized crimes (article 3 and 10 of law 146/2006),
22. Liability incurred by entities for unlawful administrative acts relating to offences (for entities operating within the virgin olive oil supply chain, article 12 law 9/2013),
23. Fraud in sporting events, abusive gambling or betting and games of chance exercised by means of prohibited devices (Article 25-quaterdecies),
24. Tax crimes (Article 25-quinquiesdecies),
25. Smuggling (Article 25-sexiesdecies),
26. Fraud in farming industries (art. 2 L.898/1986),
27. Crimes against cultural heritage (art. 25 septiesdecies ae art. 25duodevicies),
28. Crimes relating to payment instruments other than cash and other cases (Article 25-octies.1), including fraudulent transfer of assets (art. 512-bis c.p.)
29. False or omitted declarations for the issue of the preliminary certificate required by the implementing legislation of directive (EU) 2019/2121, of the European Parliament and of the Council, pursuant to the legislative decree of 2 March 2023 n. 19 (art. 25-ter s-ter).

In accordance with the principle of legality (expressly provided for by Article 2 of the Decree), the entity cannot be held liable for an act that constitutes a crime if its administrative liability in relation to that offence and any relative penalties have not been expressly provided for by a law that entered into force before the crime was committed.

However, the entity shall be liable for any attempted crimes under the offences provided for by the Decree (pursuant to Article 56 of the C.C.); in this case, the amount of the fine and the duration of the restriction are reduced by a third up to a half, whereas penalties shall not be applied if the entity voluntarily prevents the act from being committed or the event from taking place (Article 26 of the Decree).

2.6.Crimes committed abroad

Under Article 4 of the Decree, the entity may be held liable in Italy for predicate crimes committed abroad.

However, this is provided for by the Decree subject to the following conditions:

- the State where the crime was committed does not launch the proceedings itself;
- the Company has its head office in Italy;
- the crime was committed abroad by a person engaged by the Company;

- the general conditions exist for prosecution laid down in Articles 7, 8, 9 and 10 of the Criminal Code to prosecute an offence in Italy which has been committed abroad[4].

3. Characteristics of the Organisation, Management and Control Model adopted by Ballestra

The Company is aware of the need to ensure conditions of fairness and transparency in the running of company business and affairs, in order to protect its position and image, as well as the expectations of its shareholders and the work of its employees. It is also aware of the importance of setting up an internal control system to prevent its directors, employees and partners from committing any crimes.

To this end[5], even though the law states that the adoption of the Model is optional and not compulsory, Ballestra has launched a project to analyse its organisation, management and control tools to ensure that its principles of conduct and any procedures already adopted are consistent with the purposes laid down by the Decree and, where appropriate, to update this Model.

3.1.The methodology used for drafting the Model

In order to analyse and verify the level of compliance of the Company organisation and of the internal provisions under the requirements of Legislative Decree No 231/01 on the prevention of the crimes provided for by this Decree and, if necessary, to integrate and/or modify new protocols into the existing control system, the Company has set up a working group for the implementation and subsequent updating of the Model with the presence of internal contact people and external consultants (see also the special part A for further details of the procedures adopted at implementation and updating steps).

---

[4] It should be noted that law n° 3/2019 amended articles 9 and 10 of the criminal code (common crime committed by a citizen and by a foreigner abroad) providing for the possibility, without any request being made by the Ministry of Justice and absent any complaint by a party, of prosecuting Italian or foreign citizens committing certain crimes against public bodies abroad. Legislative Decree 8 November 2021, n. 195 extended the Italian jurisdiction to the crimes of receiving stolen goods and self-laundering committed by the citizen abroad, without any limitation

[5] Moreover, it should be noted that in certain cases, provision of the obligation to adopt a Model was specifically and statutorily included: for example, certain regional government authorities demand it as a preliminary requirement, amongst other requirements, for obtaining or maintaining accreditation in specific sectors (for example training, health), and the AGCM, the Competition and Markets Authority, for purposes of the score for obtaining the legality rating, has provided for the 231 Model as an element of evaluation; furthermore, companies listed in the STAR segment of the Italian Stock Exchange etc must adopt the Model.
In all cases, it should be noted that case law decisions by courts of first instance have already been handed down, with regard to companies where there is no obligation to adopt the Model, maintaining nevertheless that the director is under a specific duty to implement the provisions of the Decree (identifying liability for improper administrative activities giving rise to a lawsuit pursuant to article 2392 of the civil code and the ensuing obligation on the party incurring liability to pay indemnification").

Activities which are carried out as preparation for implementation of the Model and subsequent revisions have so far analysed existing procedures, information and documentation serving to carry out what is known as "*mapping*" of the risks for the various corporate roles , identifying sensitive processes relating to the commission of crimes contemplated in Legislative Decree 231/01.

Consequently, the areas *at risk of crime* have been identified, i.e. the sectors of the Company and/or company processes which, in light of the results of the mapping, were found to be theoretically at risk from the crimes specified under the Decree. More specifically, Special Section B indicates the levels of risk identified for each company role.

In preparing this Model, the existing procedures and control systems already operating within the Company have been taken into account, as long as they were deemed appropriate prevention measures for the crimes or controls for the susceptible processes.

Without prejudice to its specific purpose described in the previous paragraph relating to Legislative Decree No 231/2001, this Model forms part of the wider control system consisting mainly of the Company's existing rules and internal control system.

3.2.Addressees of the Organisational Model

This Model and its principles apply to the Board of Directors, the Board of Statutory Auditors, the Supervisory Board, the Auditing Firm and to all Company Employees, as well as to anyone who, either directly or indirectly, on a continuous basis, enters into agreements or relations with the Companies and works on behalf of or in the interests of the Companies (hereinafter the "Addressees").

In particular, the *Addressees* of the Model are considered to be:

a) anyone who, even if only de facto, performs managerial, administrative, executive or control duties within the Company or in one of its autonomous organisational units;

b) the Company's Employees, even if they are working abroad;

c) all persons who are working with the Company under a semi-subordinate employment relationship, such as project partners, temporary workers, contract workers, etc;

d) anyone who, while not an employee of the Company, works under its mandate or on its behalf with particular regard to those who operate within the framework of activities deemed sensitive pursuant to Legislative Decree n° 231/2001.

3.3.Objectives and purposes of adopting the Model

Through adoption of the Model, Ballestra wishes to correctly comply with the Decree and improve and render the existing internal control and corporate governance system as efficient as possible. The primary aim of the Model is to create an organic, structured system of principles and control procedures to prevent, where possible and feasible, the commission of the offences contemplated by the Decree.

The Model therefore proposes to achieve the following aims:

- to make the Addressees of the Model aware that if they breach any of the provisions in the Decree, they may incur criminal penalties and it may result in administrative penalties being brought against the Company;
- to disseminate a culture of control and risk management;
- to disseminate a corporate culture which is based on legality and to reiterate that any such illegal behaviour is strongly condemned by the Company, as it is contrary (even if the Company was apparently in a position to benefit from such behaviour) not only to law but also to the ethical principles which Ballestra has adopted in running its business;
- to monitor any areas at risk, so the Company can take prompt action to prevent or stop such crimes from being committed.

3.4.Codes of Conduct

Article 6, paragraph 2 of Legislative Decree No 231/01states that organisation, management and control Models may be adopted on the basis of codes of conduct drawn up by entities' representative associations and submitted to the Ministry of Justice.

For the structure of this Model, the Company has referred to the "Guidelines on drafting organisation, management and control Models pursuant to Legislative Decree No 231/01" published by Confindustria in the 2021 version. Among the most important elements, the Confindustria Guidelines recommend drafting an organisation, management and control Model which is substantially equivalent to a *risk management* system and which, in relation to granting delegated powers and to the risks of any "predicate" crimes in the Decree, must meet the following requirements:

1. to identify any activities in which the "*predicate*" crimes in the Decree may be committed;
2. to establish specific protocols for planning the development and implementation of the entity's decisions on any "*predicate*" crimes in the Decree;

For the purposes of this document, a risk management system must be based on the following key phases:

a) Risk Identification;

b) Control System Planning.

The "Risk Identification" phase involves **mapping company business areas and analysing potential risks**.

By the mapping of business areas, the Confindustria Guidelines mean the analysis of the Company context in order to highlight where (in which business area/sector) and how any events may occur that could compromise the objectives indicated in the Decree.

For each area identified by this analysis, the source of the risk must then be identified, since it could cause a risk of one of the identified crimes; there are various possible approaches for conducting this process, including for each activity, position and process. In particular, it involves a regular comprehensive review of the Company in order to identify any areas that could be affected by potential crimes.

The analysis of potential risks includes information on *how the crimes could be committed* in relation to the internal and external operational context in which the Company operates.

The "Control system planning" phase covers the **assessment of the existing preventive control system** and includes any potential adjustments if it proves to be insufficient or even a *complete* drafting in the event that the entity does not have one.

The preventive control system must ensure that the risk is eliminated or at least reduced to an "acceptable" level in the eyes of the entity's management.

For the preventive control system to be created in relation to the risk of any of the crimes set out by the Decree, the theoretical acceptable level is represented by a:

"prevention system that can only be circumvented by fraudulent means".

This solution fully complies with the concept of "fraudulent evasion" of the organisational Model, set out in the Decree as an exemption for the entity from its administrative liability (Article 6, paragraph I, letter c), so that the violation of the Model is determined bypassing the security measures and undermining their effectiveness.

Regarding manslaughter and personal bodily harm committed in breach of health and safety regulations at the workplace and environmental crimes punishable on the grounds of negligence, the Confindustria Guidelines identify the theoretical acceptable level as any involuntary conduct which breaches the organisational prevention Model and the relative obligations specified by prevention regulations, despite the strict compliance with the supervisory obligations set forth in the Decree by the designated body.

The fraudulent avoidance of organizational models, in fact, appears incompatible with the subjective element of culpable crimes, in which the will for the event harmful to the physical integrity of the workers or the environment is lacking.

3.5.Internal Control System

The Company's Internal Control System comprises all the rules, procedures and organisational units to ensure that the business runs properly and smoothly, and to guarantee with a reasonable safety margin:

- the efficiency and effectiveness of company processes;
- appropriate risk control;
- the reliability and integrity of accounting and management information;
- the protection of assets;
- the compliance of business activities with existing legislation, directives and company procedures.

Moreover, the system of internal controls provides that the corporate processes are put into effect so as to ensure compliance with the following principles:

a) The organisational system, the segregation of roles and the allocation of responsibility

The organisational system must fulfil the requirements of:

(i) clarity, authorisation and communication, with a particular emphasis on the allocation of responsibility, the definition of hierarchical lines and the assignment of operating activities;

(ii) the proper distribution of responsibilities and the provision of appropriate levels of authorisation (segregation of roles) in order to avoid overlapping duties and to concentrate any activities that have a high degree of danger or risk with one single person.

The Company regulates any methods and responsibilities to ensure that delegated powers are updated on time, establishing any circumstances when these delegated powers should be granted, amended or revoked (e.g. acceptance of new responsibilities, assignment of various duties that are incompatible with those originally granted, resignations, dismissals, etc).

b) Operating procedures and instructions.

Operating procedures and instructions are authorised internally, with the following characteristics:

- (i) appropriate **circulation** around any company units involved in the activities;
- (ii) **regulation** of how the activities are performed;
- (iii) **clear definition of the responsibilities** for the activities, in accordance with the principle of segregation between the person who launches the decision-making process, the person who carries it out and finishes it, and the person who checks it;
- (iv) **traceability** of actions, operations and transactions through appropriate documentary and IT support that certifies the characteristics and reasons for the operation and identifies the various persons involved in the operation (authorisation, implementation, registration and verification of the operation);
- (v) **objective decision-making processes**, through the provision, where possible, of definite criteria and reference methodologies for implementing company decisions;
- (vi) **provision of specific control mechanisms** (such as reconciliation, balancing, etc) to guarantee the integrity and completeness of the data managed and of the information exchanged within the organisation.

c) Control and monitoring activities.

Control and monitoring activities shall be implemented and documented, involving, through different roles, the Board of Directors, the Board of Statutory Auditors, the Auditing Firm, the Management, and, more generally, all the Company staff, representing an essential attribute of the Company's day-to-day business.

The Company believes it is essential to guarantee that the aforementioned control principles are properly and effectively applied in all the Company business areas/processes that have been identified as potential crime risks during the mapping phase and are listed under the Special Sections of the Model.

The task of ensuring that these principles are continuously applied, including that they are appropriate and up-to-date, is delegated by Company, as well as to the Supervisory Board, to the Managers of the companies and subsequently to the direct colleagues. To this end, these Managers must continuously interact with the Supervisory Board, which should always be kept informed and which may be asked for its opinions or suggestions on principles and orientation (see *below*, chapters 5 and 6).

The principles, rules and procedures of the aforementioned instruments are not described in detail in this Model, but are part of the broader organisation and control system which it intends to supplement.

3.6.Key components of the Model

With reference to the "requirements" identified in the Decree, the key points developed by the Company in the definition of the Model can be briefly summed up as follows:

- the definition of the map of any company activities and processes that are "susceptible" to the crimes set out in the Decree, which should therefore be subject to regular analysis and monitoring;
- the identification of ethical principles relating to any conduct that may involve the crimes provided for by the Decree, which are reflected in the Code of Ethics adopted by the Company and, in more detail, in this Model;
- the establishment of protocols relating to the instrumental processes deemed to be greater crime risks in order to provide specific suggestions on the preventive control system to be adopted, in accordance with the principles set out in the general rules of the Model and in relation to the specific crimes to be prevented;
- the constitution of the Supervisory Board (hereinafter also the "Board" or "SB") and the allocation of specific supervisory tasks to ensure that the Model is properly and effectively implemented;
- the definition of information flows towards the Supervisory Board;
- the definition of a suitable sanctionary system to ensure that the Model is effectively implemented, including disciplinary provisions for employees and contractual penalties to be applied in the event of any breaches of the principles of the Model or of the principles of fairness and good faith by partners and/or consultants;
- the identification of information, awareness and dissemination activities for this Model among Addressees;

- the definition of the rules and responsibilities for the adoption, implementation and subsequent amendments or supplements of the Model (updating the Model), as well as for the ongoing monitoring of the application and effectiveness of the Model.

3.7. The Composition of the Model

By using the Confindustria Guidelines and the best practices as a reference, the Company has developed an *Organisation and Management Model* consisting of:

1. **the General Section** (this section) which, for the main aspects, describes:
   - the Company profile;
   - the regulatory framework of Legislative Decree No 231/01;
   - the general characteristics of the Organisation, Management and Control Model in terms of its principles, contents and Addressees;
   - the management of the project for drafting the Model;
   - the structure of the Organisation, Management and Control Model;
   - the Corporate Governance Model and the organisational system;
   - the methodologies followed for the risk mapping;
   - the Supervisory Board, its roles and powers, and how it reports to company bodies;
   - the existing procedure system;
   - the criteria for updating and adjusting the Model;
   - the development and circulation of the Model;
   - the disciplinary and sanctionary system;
   - the glossary and the annexes.

2. Special Part A: Methodologies for mapping and assessing risk areas;

3. Special Part B: in "Special Part B – General Mapping" one can see a correlation between the corporate rolespresent in the Company and the classes of crimes contemplated by the Decree, identifying the risk areas which may be considered relevant for the Company and those which are not relevant; "Special Part B-1" and "Special Part B-2" contain a preliminary analysis of the roles at risk and identify the specific risk level for each individual possible crime;

4.Special Part C: Mapping and assessment of sensitive processes.

The corrective measures to be taken, where present, have been stated in a specific implementation plan – Action Plan – for identifying improvement actions designed to improve the organisational requirements of the Company's internal control system. Moreover, while they have not been developed and specifically or exclusively applied as components of the organisational Model

pursuant to Legislative Decree No 231/01, in the view of adopting an integrated risk management system, the following have been valued as measures of risk mitigation:

A. The **"Code of Ethics".** Ballestra intends to operate in accordance with ethical principles designed to underpin its own activities, achievement of the corporate purpose and growth, in accordance with applicable laws. To this end, the Company has put in place a Code of Ethics (also referred to as "Code") designed to define a series of principles of "corporate ethics" which are recognised as its own and with which it demands compliance by all corporate bodies, its own employees and freelance contractors.

The scope of the Code of Ethics, shared with DBF, is general and represents an instrument adopted autonomously by the Company. The Model however, complies with specific requirements set forth in Legislative Decree 231/01, designed to prevent particular types of crimes from being committed (for facts which, seemingly committed in the interest of or to the advantage of the Company, may give rise to the Company incurring administrative liability on the grounds of a crime in accordance with the provisions of the Decree).

In consideration of the fact that the Code of Ethics also cites principles of conduct designed to prevent impropriety as per Legislative Decree 231/2001, it assumes relevance with regard to the Model, comprising an essential element of the preventive control system.

The ethical and behavioural principles that inspire the Company take into account the transnationality of the activity carried out and the relevant company regulations identify some minimum control principles that the subsidiaries can implement in compliance with the applicable local regulations.

B. The **Risk Assessment Document** (pursuant to Legislative Decree No 81/08) for the sections of the document and obligations on risk mitigation for the crimes of manslaughter and serious or grievous bodily harm.

C. The IT system

Corporate activities are managed through an ERP system which is based on IT applications whose roles are not modifiable without the prior authorisation of the role owner and without the prior assessment as to appropriate segregation of duties (SOD validator).

The applications fully support the existing controls system by reason of the fact that they serve to verify and monitor specific corporate management phases, some of which are sensitive in accordance with the provisions of Legislative Decree 231/2001, by all those persons authorised to do so.

D. The management control system

The management control system adopted in Ballestra S.p.A. provides for the following phases:

- ✓ development of the annual budget and periodic updates to same;
- ✓ analysis of the final figures and the forecasts finishing with the orders and post sales services.

The above is also to allow the Parent Company to consolidate corporate data.
Periodic analysis of data is carried out in order to promptly give notice of the existence and onset of general and/or particular situations.

E. The Company**'s organisational and procedural system** which overall consists of: the policies, procedures, operating instructions and organisation charts, the system for delegated and proxy powers, the organisational and corporate hierarchical/operational health and safety structure, the sanctionary system and disciplinary mechanisms.
Most of the organisational and procedural aspects, included as mitigation measures of the Model, are those developed within the Quality Management System ISO 9001:2015, the sustainability management system, the health, safety and the environment, as well as the system for the protection of personal data (privacy). Other operating procedures have been developed during the drafting of the Model and its updates for the risk/crime mitigation (MOG Protocols), developing a synergy and integration between different risk management systems whose supervision is entrusted to a specific internal committee (Co.Co.S.Ge.: management systems coordination committee).

Each Addressee of this Model is obliged to know and comply with the principles contained in the Code of Ethics, in the General Section and in the Special Sections of the Model, as well as in the other aforementioned documents for their areas of competence.

4. The Organisational System and governance model

4.1 Foreword

The Ballestra governance Model and, in general, its entire organisational system, is structured in such a way to ensure that the Company implements its strategies and achieves its goals in line with cost-effective management.

In fact, the Company's structure has been created by taking into account the need to organize the Company, based on the segregation of tasks, roles and responsibilities between the operational and control roles, so as to guarantee its operational efficiency and effectiveness.

Pursuant to the provisions of the Legislative Decree 81/2008 on safety and hygiene at work, the Company has adopted an organizational structure compliant with that envisaged by current legislation in order to manage and reduce the risks for workers as much as possible.

4.2 The corporate governance Model

The Company's corporate governance system, regarding any applicable domestic legislation, is based on a "traditional" system[6] and is currently structured as follows:

The Shareholder Meeting

The Shareholder meeting, either during general or special sessions, shall be responsible for resolving issues under its jurisdiction according to Law and the Articles of Association.

The Board of Directors

The Board of Directors is vested with the broadest powers for managing the Company and for implementing and achieving the Company goals, to the extent permitted under Law and the Articles of Association. Therefore, the Board of Directors shall be vested, inter alia, with the power to define the Company's strategies, and to verify the existence and efficiency of the Company's organisational and administrative structure.

The President and the Managing director

The President and Managing director is responsible of the ordinary management of the Company, within the powers and proxies granted them.

Management committees

An important function in the organizational-management model belongs to the "management committees":

-Executive Committee (ComEx), with management roles supporting the CEO;

-Commercial Committee (CoComm), which establishes and coordinates commercial policies;

-R&D Committee (CoR&D) – which establishes and coordinates research and development policies;

[6] The corporate bodies are formed by the Board of Directors and the Board of Statutory Auditors (the "traditional" solution).

-Suppliers Committee (CoFor), which establishes and coordinates supplier management policies.

The Board of Statutory Auditors

The Board of Statutory Auditors is entrusted with the task of supervising:

- the compliance with law and the memorandum of association;
- the respect for the principles of proper administration;
- the adequacy of the Company's organisational structure, the internal control system and the accounting and administrative system, including how reliable it is in properly reporting management operations.

The Auditing Firm

The Company's Shareholder Meeting appointed an auditing firm, which is listed under the Special Register held by Consob, to review and audit the Company accounts.

5 The Supervisory Board

5.1 Requirements and grounds for incompatibility

In accordance with Legislative Decree No 231/2001, the task of supervising the implementation, effectiveness and compliance of the Model, as well as ensuring it is up-to-date, must be entrusted to a board within the Company (Article 6, paragraph 1, letter b, of the Decree), other than the Board of Directors[7].

In light of the specific tasks of the Supervisory Board and the provisions of the Decree, the choice of the internal board to be entrusted with the supervision and control of the Company shall be made so as to ensure, first and foremost, that the Supervisory Board (SB) has the requisite of autonomy, independence, professionalism and continuity of action.

[7] It should be noted that the Decree provides that "in small-scale entities the tasks indicated in subparagraph b) of paragraph 1, can be performed directly by the governing body. In corporations, the board of statutory auditors, the supervisory council and the committee for management control may discharge the functions of the supervisory board as per paragraph 1, subparagraph b)" (see article 6, paragraph 4 and 4-bis).

In particular, in light of the aforementioned Guidelines and the case law recommendations[8], these requirements should be regarded as follows:

Autonomy and independence

The requirements of autonomy and independence aim to guarantee that the Supervisory Board is not directly involved in the management activities which are subject to its control and, above all, that it can perform its own role without direct or indirect pressure from the persons under its control. These requirements can be achieved, recognizing it an autonomous and impartial position, reporting to top corporate operational management, i.e. to the Board of Directors, as well as the allocation of an annual budget to support the audit activities, when necessary, for the performance of the tasks entrusted to it by the legislator.

To ensure the necessary autonomy of initiative and independence, it is essential that the SB is not assigned operating tasks which would involve it in any operational decisions and thus compromise its impartiality, being understood that in cases of multi-subject composition the degree of independence of the Body must be assessed as a whole.

Professionalism

The Supervisory Board must have the sufficient technical and professional expertise to perform its assigned duties.

The Supervisory Board must comprise persons having specific skills in inspection and analysis of the control system but also in the legal sector and, more specifically, "criminal law" knowledge required for effectively discharging their duties on the Supervisory Board, so that the presence of appropriate professional skills for discharging the related activities is guaranteed.

Together with its independence, these characteristics ensure its impartiality.

Continuity of action

In order to guarantee that the Model is effectively and continuously implemented, a unit is required that constantly monitors the Model and, therefore, has an offshoot within the organisation

[8] Lastly, amongst the various contributions, see the Document entitled "Consolidated principles for drafting the organisational Models and the activities performed by the Supervisory Board and prospects for revision of Legislative Decree n° 231 of 8 June 2001", February 2019 by the National Council of Certified Accountants, the Italian Banking Association, the National Bar Council and Confindustria.

with a suitable structure and dedicated resources, while also being free from any operational tasks which could restrict its required commitment to performing its assigned duties.

Grounds for incompatibility

Given the above requirements and the indications coming about through operational practices, the Company deems it useful to indicate the following categories of persons who are incompatible with discharge of their duty as a member of the Supervisory Board;

a) Directors vested with operational delegated authority;

b) those who are closely related to the Company, or to companies controlled by same or to companies which control it or to companies subject to joint control, by such financial relations as may compromise independence;

c) professional service providers working with the Auditing Firm of the Company or otherwise its subsidiaries or affiliates;

d) the spouses, relatives and kin up to the fourth degree of affinity of the Company's directors, the directors, spouses, relatives and up to the fourth degree of the directors of the Company's subsidiaries, parent companies and companies subject to joint control;

e) whosoever has been convicted even if such conviction is not final, for crimes for which Legislative Decree 231/01 applies or otherwise a judgement applying the sentence pursuant to article 444 et seq of the criminal procedure code, even if it is not final, or otherwise for crimes for which there is an ancillary penalty, including a temporary penalty, entailing prohibition on holding public office or otherwise incapacity to hold office in an executive role;

f) those who have been subject to the precautionary measures contemplated by article 67, paragraph 3 of Legislative Decree n° 159 of 6 September 2011, as ordered by Courts, without prejudice to possible rehabilitation.

5.2 Composition, appointments, term and dismissal

Legislative Decree n° 231/2001 provides no indications as to the composition of the Supervisory Board[9].

[9] The Confindustria Guidelines specify that the regulatory framework put in place by Legislative Decree n° 231/2001" *does not provide accurate instructions on the composition of the Supervisory Board. This makes it possible to opt*

When selecting members of the body, the only significant criteria are those pertaining to the specific professionalism and skills required for discharging the body's functions and those pertaining to good standing and absolute autonomy and independence vis-a-vis the Company, elements which may be appraised by the Board of Directors with the help of the curriculum vitae of candidates selected.

The Board of Directors appoints and dismisses:

- the members of the Supervisory Board;
- the Chairman of the Supervisory Board; if not appointed by the Board of Directors, the Chairman shall be elected by the Supervisory Board.

The Supervisory Board is established by means of a resolution passed by the Board of Directors which, when appointments are made, must give effect to its members' appraisal regarding the fulfilment of requirements for independence, autonomy, good standing and professionalism[10].

When the office is accepted, the members of the Supervisory Board, having viewed the Model and having accepted the Code of Ethics, undertake to discharge the roles assigned to them by guaranteeing necessary continuity of action, and they undertake to certify, by means of a specific written declaration, that they are not subject to any incompatibility with the position and they undertake to immediately inform the Board of Directors of any event likely to impact continuing fulfilment of the aforementioned requirements and conditions.

Should any of the subjective requirements regarding a member of the Supervisory Board no longer be fulfilled, this shall cause the person to immediately cease to hold office. In the event of end of service, death, resignation or dismissal, the Board of Directors promptly replaces the member who no longer holds office.

In order to ensure complete autonomy and independence, the term of office of the members of the Supervisory Board coincides with the term of office of the members of the Board of Directors which appointed him or her.

---

for Board comprising just one person or several persons. In the latter case persons inside and outside the entity may be asked to join the Board (...). Despite the indifference shown by the legislator with regard to composition of the Board, the choice between one or the other solution takes into account the aims of the law and, hence, ensures that checks are effective. As with every other aspect relating to the Model, the composition of the Supervisory Board must be modulated according to the scale, type of activity and the organisational complexity of the entity". Confindustria Guidelines, paragraph 2.1 *"Composition of the Supervisory Board".*

[10] In the sense of the need for the governing body, when appointments are made "*to acknowledge that the requirements for independence, autonomy, good standing and professionalism of its members*" have been met, Order 26 June 2007 Naples Law Court Office of the Preliminary Investigations Judge, Section XXXIII.

The term of office of these members expires on the date of the shareholders meeting called to approve the financial statements for the last financial period of their term of office, though continuing, on an interim basis, to perform their jobs until the new appointment of the members of the Supervisory Board by the Board of Directors.

Dismissal of the members of the Supervisory Board may only be made for course, by means of a resolution passed by the Board of Directors.

In this regard, "just cause" for revoking powers connected to the office held by a member of the Supervisory Board may, by way of non-limiting example mean:

- gross negligence in discharging his or her duties relating to their position such as failure to draw up the related half yearly informative report or the annual summary report on the activity performed which the Organisation is required to perform, or failure to draw up the supervisory programme:
- grave, ascertained grounds leading to the requirements for autonomy or independence no longer being fulfilled or the onset of grounds for incompatibility.

The Board of Directors exercises exclusive competence with regard to any decision relating to individual members or the entire Supervisory Board.

5.3 Identification and membership of the Supervisory Board of Ballestra S.p.A.

The Company has seen fit to establish a single body specifically appointed by the Board of Directors as a Supervisory Board pursuant to Article 6, letter b) of the Decree. Therefore, in line with these regulatory principles, the supervision and control activities provided for by the Model have been delegated to the Supervisory Board.

Specifically, Ballestra's Supervisory Board comprises a collective body comprising two external persons having accounts and company management competencies (also forming part of the Board of Statutory Auditors) and an internal member with a legal background (Legal Affairs-Compliance).

This membership appears suitable and beneficial given the characteristics and scale of the organisation and the corporate business and, concurrently, allows for rationalisation of the existing system of controls within the Company.

In order to ensure that it can properly carry out this task, the Board of Directors shall guarantee that this unit has the appropriate resources and expertise over time; it being understood that the Supervisory Board shall be able to employ, when necessary, external consultants who may be

assigned certain areas of investigation if they require any specialisations which the Board cannot cover.

The Supervisory Board shall adopt its own Regulations, that shall be submitted to the Board of Directors, in order to regulate its own operating procedures in more detail.

In order to ensure that the Supervisory Board has the sufficient ability to retrieve information and, therefore, can operate effectively with regard to the Company organisation, flows of information to and from the Supervisory Board have been established through this Model and, subsequently, through the specific internal organisational documents issued by the Board of Directors or by the Supervisory Board itself.

5.4 Duties and powers of the Supervisory Board

The Company's Supervisory Board is generally entrusted with the task of monitoring:

a) Addressees' compliance with the requirements of the Model in relation to the different types of crimes in the Decree;

b) the effectiveness of the Model in relation to the Company structure and its actual ability to prevent any of the crimes in the Decree;

c) the opportunities for updating the Model, when it needs to be updated due to changes in the Company and/or new regulations or in any cases when the analysis conducted indicates that updates should be made.

On the operational side, the Board shall be entrusted with the task of:

- regulating its actions including through the introduction of regulations governing its own activities (Supervisory Board Regulations);
- collecting, processing and storing the relevant information received from the Company departments in accordance with the Model;
- reviewing the Company's business in order to update the mapping of any areas of activity "at risk" within the Company context;
- regularly carrying out planned or "surprise" checks, targeting certain operations or specific documents within the areas of activity "at risk" or in any of their "instrumental processes";
- conducting internal investigations to ascertain any alleged breaches of the Model;
- promptly informing the governing body, in order for it to take appropriate measures, of any verified breaches of the Model which may give rise to the Company incurring liability and

proposing any penalties as per chapter 5 of this Model;

- verifying and appraising the suitability of the disciplinary system pursuant to Legislative Decree n° 231/2001;
- handling any updates of the Model, making appropriate observations/notifications to the governing body which is responsible for amending and adapting the Model.

In order to discharge its functions and perform its tasks, the Supervisory Board:

- is vested with wide-ranging organisational and managerial autonomous authority and powers of inspection in addition to its own budget;
- may appoint its own consultants and/or external assistants who, under the responsibility of the governing body, support it in its activities;
- may conduct investigations to ascertain facts which are important for the discharge of its duties and, within this framework:
  - requests information from all the Company's roles, directly contacting individuals involved without the need to refer to hierarchical levels above the persons whom it comes into contact with;
  - has free unconditional access to all the Company's documents subject to compliance with binding legal regulations applicable at any one time.
- the Supervisory Board may arrange "targeted interviews" or "spot interviews" in order to verify knowledge – on the part of those receiving the Model – of the operational procedures in addition to problems relating to the body's administrative liability pursuant to the Decree.

5.5 Procedures and frequency of reporting to corporate bodies

The Company's Supervisory Board shall regularly liaise with the Board of Directors and the Board of Statutory Auditors, to whom it shall submit at least one annual written report on the implementation of the Model within the Company.

The particular focus of this report shall be:

- the supervision activities by the SB during the reference period;
- any critical issues that emerge either in terms of the conduct within the Company or in terms of the effectiveness of the Model;
- the planned corrective measures and improvements and their progress;
- a report of expenditure.

The Supervisory Board is obliged to inform the Board of Statutory Auditors immediately in the event of any breaches involving the Company's senior management and the Board of Directors. Moreover, the Supervisory Board may receive requests for information or clarifications from the Board of Statutory Auditors and the Auditing Firm.

The Supervisory Board may be convened at any time by the Board of Directors and, in turn, it may request a meeting with the Board at any time, in order to report on the implementation of the Model or on other specific situations.

Minutes must be recorded during any meetings with the aforementioned persons and bodies, copies of which should be held by the Supervisory Board.

6 Information flows towards the Supervisory Board

6.1 Information flows to the Supervisory Board

Within the scope of the Company, the operating and managerial units must notify the Supervisory Board of any actions that constitute or could constitute a crime, or a breach or suspected breach of the Code of Ethics, of this Model and of the Company procedures that monitor any activities at risk of crime set forth in the Special Sections.

In particular, by way of example, all Company staff must report:

i) on a **regular basis**, any information identified by the Supervisory Board and by these requests to individual Company organisational and managerial units through internal directives. This information must be submitted within the timeframe and according to the methods set by this Board and include the most relevant processes for Legislative Decree 231/2001 in the activities developed in the Company.

ii) on an **occasional basis**, any other information, including from third parties, that is relevant to the implementation of the Model in any "at risk" business areas and to the compliance with the provisions of the Decree, which may be useful to help the Supervisory Board carry out its tasks. In particular, it is compulsory to promptly report any of the following information from this non-exhaustive list to the Board:

- any measures and/or news from the police or any other authorities, which may lead to investigations into the crimes under the Decree, including those launched against unknown persons;

- requests for legal assistance submitted by executives and/or employees in the event of criminal proceedings against them for any crimes in the Decree;
- any document, action, event or failure detected or observed in performing the assigned responsibilities or tasks, bearing a critical impact on compliance with the Decree;
- any news on disciplinary proceedings carried out or on any potential penalties imposed, or on any decisions made to dismiss these proceedings and the grounds thereof;
- injuries with more than 40 days of prognosis.

These occasional reporting obligations also apply to third parties who operate, under any capacity, on behalf of or in the interests of the Company within any business areas at risk of crime and to whom the Company has provided adequate information on the adopted organisational Model.

6.2 The collection and storage of information and reports (Whistleblowing)

An integral part of the Model is the Whistleblowing Procedure (MOG-011), adopted pursuant to the legislation on alerts referred to in the Legislative Decree no. 24 of 10 March 2023 and published on the Company website, which reference is made for details.

The purpose of this procedure is to prevent the realisation of irregularities and illegal actions within the business organisation or in any case with third parties who have relationships with the Company, intercepting non compliant behaviours in time, in order to remedy them promptly.
This procedure applies to all internal and external employees and collaborators, and to the others subjects specified in the legislation, well as to directors, members, shareholders, the board of auditors. The management of the internal reporting channel is entrusted to the to the Recipient of Whistleblowing Reports Agency (ODSW) that the Company has identified in the members of the Supervisory Board in charge at the time of receiving the reports.

Any information, warning or report submitted to the Supervisory Board shall be stored in a suitable database (either as an electronic or hard copy) for a period of 5 years from the date of communication of the final outcome of the reporting procedure.

Reports made in writing could be send by email to the following address organismodivigilanza@ballestra.com or by delivering the report to the following address: Ballestra spa – Organismo di Vigilanza, Via P. Portaluppi 17, 20138 Milano; or through a designated box located at the offices' entrances.

Alternatively, the whistleblower can ask to be heard by the SB, in order to present the report orally. This procedure provides for the written verbalization of the report.

Only the member of the SB with individual authentication credentials has access to the aforementioned email account in addition to "system administrators" required to comply with specific confidentiality obligations. Reports can also be made anonymously, provided that it is adequately documented and circumscribed.

All the reporting channels indicated above are aimed at protecting the confidentiality of the Reporter, the content of report and its documentation.

In the event that the object of the report is a conduct held by a member of the Company's ODSW the Reporter must contact the members who are not in conflict and , therefore, with the exclusion of the one to whom the report refers. If the report concern all members of the ODSW, the Reporter must apply directly the Company's Board of Directors or ti the HR manager

All Addressees are told how they can make the aforementioned report through the most appropriate means (e.g. the Company intranet, Website, internal communications, etc).

It is expressly prohibited by law to carry out acts of retaliation or discrimination, direct or indirect, against the whistle-blower for reasons connected, directly or indirectly, to the report. The SB and the corporate roles involved, in accordance with the provisions of the applicable legislation in force on whistleblowing, act by guaranteeing the whistle-blower's against any form of retaliation, discrimination or penalisation, and ensuring maximum confidentiality regarding the identity of the whistle-blower and any news, information, report, under penalty of application of a specific sanction, without prejudice to the exclusions provided by law.

7. The circulation of Model 231

7.1 The information management and circulation policy

All Addressees of Model 231 shall be made aware of its contents and principles. Addressees of the Model are guaranteed the possibility of consulting the updated General Section of the Model on the website; the Model will be promptly circulated internally and externally by:

- posting excerpts of it in an accessible place for all Employees and Partners;
- publishing it on the Company intranet and on the website;
- distributing it to all Addressees upon special request.

Ballestra shall ensure that Employees are aware of their obligation to understand the principles and contents of the Model and that, in accordance with their roles and responsibilities within Ballestra, they must help to implement and comply with the Model, reporting any shortcomings.

New employees will be given an information package containing the Code of Ethics and the communication about the Model, which should provide them with all the most important information.

A copy of the complete version of the Model and the Code of Ethics is made available to the members of the Company bodies when they accept the office assigned to them and they will be asked to sign or to report a declaration stating that they comply with the principles set forth therein.

Third parties who have contractually regulated relations with the Company (for example partners, consultants, business agents, suppliers and other independent contractors) must also be informed of the Model. To this end, contracts relating to these relations could include a special clause referring to knowledge of the applicable law governing entities' administrative liability and the declaration relating compliance with the provisions of the Decree by the Third parties.

In the event of law modifications or partial or substantial changes to the 231 Model, Ballestra will take steps to implement the appropriate initiatives to make the new contents known and disseminated in a timely manner.

7.2 Staff training

To ensure this Model is effective, the Company shall aim to guarantee that the rules of conduct contained therein are properly circulated and understood by all existing and future employees, with varying degrees of understanding in relation to their different levels of involvement in any business areas at risk of crime.

The information and training system is supervised and supplemented by the work performed in this area by the Supervisory Board, in cooperation with the heads of the Human Resources and the Legal Departments and the heads of other company departments that are occasionally involved in the implementation of the Model.

8. The Disciplinary System

8.1 General principles

As expressly required by law, BALLESTRA has adopted an adequate disciplinary system, commensurate with the violation with a preventive purpose for the violation of the rules of the Code of Ethics and of the Model. This system is independent of the initiation or outcome of any criminal proceedings, as the organizational models and internal procedures constitute binding rules for the

Addresses, the violation of which must, in order to comply with the dictates of the aforementioned Legislative Decree, be sanctioned regardless of the actual commission of a crime or the punishability of the same and must be inspired by the principles of timeliness, immediacy, and fairness. No behavior and/or omission in violation of the provisions of the Model may be justified and/or considered less serious even if done in the interest or to the advantage of the Company.

Given that a proper disciplinary system can only address employees, the provisions detailed below shall apply to employees; while for any partners and suppliers who have relationship with the Company, contractual/negotiating measures shall be provided for (e.g. termination of contract, deletion from the list of suppliers, etc).

However, given that the Company cannot bind partners or suppliers to specific internal procedures, since they are autonomous in their work and in choosing how they fulfil their contractual obligations, they shall have to strictly comply with the principles of fairness and good faith when carrying out their work, for which, even if they do not behave in a such a way that could lead to termination of contract, the Company may deem their specific behaviour to be contrary to the aforementioned principles and consequently take appropriate action, which might even involve the decision to terminate an existing contract, or not to renew an expired contract, or to cease relations with the party concerned.

The type and level of the sanction applied to employees in the event of a detected breach shall be proportionate to the severity of the offence, in line with the National Collective Bargaining Agreement and established based on the following general criteria:

- a subjective assessment of the behaviour depending on the intent, fault, negligence and inexperience;
- the importance of the breached obligations;
- the level of hierarchical and/or technical responsibility of the person concerned;
- any potential shared responsibility with other persons who assisted in committing the crime;
- the presence of aggravating or mitigating circumstances, especially with regard to their professionalism, previous job performance, disciplinary record and the circumstances surrounding the crime.

The Company reserves the right to claim compensation in addition to the disciplinary sanction.

8.2 Sanctions for (non executive) employees

For employees, the disciplinary system must comply with the limits of disciplinary powers imposed by Article 7 of Law No 300 of 1970 (known as the "Workers' Statute") and by the collective bargaining agreements for the industry and company, both in terms of the applicable sanctions and in terms of how the disciplinary power is exercised.

The Company shall enforce the existing National Collective Bargaining Agreement (hereinafter CCNL) for workers employed in the private metalworking industry and in the installation of equipment, which lays down the applicable sanctions under Articles 8, 9 and 10 and also establishes the procedures and timeframes for appeal and for imposing these sanctions.

For particularly serious crimes, the Company may terminate the employment relationship on fair grounds, pursuant to Article 2119 of the Civil Code, or on justified subjective grounds, pursuant to Article 2118 of the Civil Code, subject to compliance with the procedures of Article 7 of Law No 300/70 and of the CCNL.

In accordance with Legislative Decree No 231/2001 and in compliance with the aforementioned procedures, the Company may therefore punish any of its non executive employees if they breach the measures in this Model by imposing the disciplinary sanctions provided for by the CCNL.

To this end, the Company shall inform its employees of the fact that the Organisation, Management and Control Model represents the Employer's power to issue instructions on how work is performed and disciplined (Article 2104 of the Civil Code). Consequently, failure to comply with and/or breaches of this Model, or of the rules of conduct laid down by the Code of Ethics and the Company procedures, shall constitute a breach of the obligations under the contract of employment and therefore a disciplinary offence (Article 2106 of the Civil Code) which, as such, could result in certain sanctions provided for by existing legislation or by the collective bargaining agreements.

The duty to circulate this Model, and therefore the sanctions therein and in the Code of Ethics, is fulfilled by posting it on the Company notice board. It shall also be made accessible to all workers by publishing it on the Company intranet.

To address any potential breaches, the Company shall apply the sanctions provided for by the CCNL by taking into account the principles of gradual implementation and of the proportionality between the breach and the sanction, as well as the effect of the psychological element and any other aggravating (e.g. repeat offending) or mitigating (attempts to eliminate or prevent damage, the scale of damage or consequences, etc) circumstances.

The adequacy of the disciplinary system according to the provisions of Decree 231/2001 shall be continuously monitored by the Supervisory Board, which must be guaranteed an appropriate flow of information on the types of sanctions imposed and their underlying circumstances, working in collaboration, in particular, with the head of the Human Resources department.

The specially designated company departments shall be responsible for verifying these offences, reporting them if necessary to the Supervisory Board, handling the disciplinary procedures and imposing any sanctions.

On this basis, the following sanctions have been identified:

a) Verbal warning

For minor breaches of the internal procedures provided for by the Model or if any work conduct in business areas at risk does not comply with the provisions of this Model, since such behaviour shall be construed as non-compliance with the provisions brought to the attention of the member of staff through service orders, memos, instructions or any other suitable means used by Ballestra.

b) Written warning

For repeated minor breaches of the internal procedures provided for by the Model or if any work conduct in business areas at risk on several occasions does not comply with the provisions of this Model.

c) A fine not exceeding three hours' wages calculated on base pay and a suspension from work without pay for up to three days

These sanctions shall be applied in the event of more serious breaches regarding the compliance and correct application of the internal procedures provided for by the Model, or if any work conduct in business areas at risk does not comply with the provisions of this Model, as well as for any actions that are contrary to the interests of t Ballestra, which shall result in a suspension from service for a period not exceeding 3 days and from pay for up to a maximum of three hours' wages.

d) Dismissal with notice

In the event of any work conducted in business areas at risk, which does not comply with the provisions of this Model or any conduct directed solely at the aim of committing a crime specified under Decree 231, since such behaviour shall be construed as causing significant damage or a

situation of material injury for Ballestra.

e) Dismissal without notice for any non-compliance which is so serious that the employment relationship cannot continue (on fair grounds), even on a provisional basis.

In the event of any work conducted in business areas at risk, which blatantly breaches the provisions of the Model and leads the Entity to apply the measures provided for by Decree 231, since such behaviour shall be construed as an act that drastically undermines the Company's trust in the worker and does not allow the employment relationship to continue even on a provisional basis, or involves any of the failures mentioned under the previous points causing serious material injury to the Company.

8.3 Measures for managers

For managers, while taking into account the special relationship of trust with the employer, in the event of a breach of the general principles in the organisation, management and control Model, or of the rules of conduct laid down by the Code of Ethics and of company procedures, the Company shall apply the appropriate sanctions for those responsible, in compliance with existing legislation and with the CCNL for Managers of industrial companies (in the most serious cases it can result in dismissal with or without notice, if such conduct constitutes a serious breach of the employment relationship and, in particular, of trust, in such a way that the relationship cannot continue, even provisionally).

8.4 Measures for Directors and Statutory Auditors

In the event of a breach of existing legislation, or the Model, or the Code of Ethics or the Company procedures by a member of the Company's Board of Directors or Board of Statutory Auditors, the Supervisory Board must fulfil its obligation to inform the entire Board of Directors and Board of Statutory Auditors, which shall then take the appropriate steps in accordance with law, involving, if necessary, the Shareholders.

8.5 Measures for members of the Supervisory Board

For members of the Supervisory Board, in the event that they are employed with the Company, the provisions shall be applied under the paragraphs dedicated to "*employed workers*" and/or "*managers*"; however, if they act as partners/consultants, the provisions under the paragraph for "*partners*" shall be applied.

8.6 Measures for Partners and Suppliers

All such conduct engaged in by partners, consultants, suppliers or other Third parties as conflicts with the law and with the Code of Ethics or their possible involvement in offences contemplated by Legislative Decree n° 231/2001, may give rise to termination of the related contractual relations in respect of specific clauses therein, without prejudice to the right to seek any compensation should such conduct harm the Company, also irrespective of termination of contractual relations.

9. Glossary

The following definitions shall apply in this Model:

Senior management: persons who hold representative, administrative or managerial positions within the entity or in one of its organisational units with financial and functional autonomy, as well as persons who manage and control, even if only de facto, this entity.

Areas at risk of crimes in 231: any 'susceptible' activities, or specific activities which might give rise to circumstances that could lead to a crime being committed.

Company: The Company which owns this Model.

Partner: Persons who work with the Companies, without belonging to them, and free from an employee work contract.

CCNL: The National Collective Bargaining Agreement in force for the Company's employees.

Customers: Persons who enter into a contractual relationship for the design and supply by the Companies of plants for the detergent and certain applications for inorganic chemicals.

Legislative Decree No 231/01 or the Legislative Decree or the Decree: Legislative Decree No 231 of 8 June 2001, as subsequently amended and supplemented.

Legislative Decree No 81/08: Legislative Decree No 81 of 9 April 2008, entered into force on 15 May 2008, covering the "Consolidated Law on the protection of health and safety at the workplace".

Addressees: the Board of Directors, the Board of Statutory Auditors, the Supervisory Board, the Auditing Firm and all Company Employees, as well as anyone who, either directly or indirectly, on a continuous basis, enters into agreements or relations with the Companies or works on behalf of or in their interests, as specified in paragraph 3.2.

Employees: Members of staff who have an open-ended employment contract with Ballestra, and workers with a fixed-term employment contract (project Partners) comparable to employees.

RAD or Risk Assessment Document: the document drawn up by the Employer, containing a report on the assessment of all the health and safety risks at work, including the criteria for this assessment, as well as the implemented prevention and protection measures and the personal protection equipment adopted following this assessment, the programme for the implementation of measures deemed necessary to progressively ensure the improvement of security levels, procedures to implement any measures to be carried out, as well as the Company organisational roles that must be provided, the identification of the head of the prevention and protection system, the workers' safety representative and the Company Physician who have taken part in the risk assessment, as well as the identification of any tasks which could expose Workers to specific risks that require certain professional skills, specific experience, appropriate training and education.

Confindustria Guidelines: the "Guidelines on drafting Organisation, Management and Control Models pursuant to Legislative Decree No 231/2001" issued by Confindustria on 31 March 2008 in the updated version of June 2021.

Management: the President and the Managing director and the Executive committee of the Company,

Mapping: examining any company processes and roles, which theoretically could be activities or perpetrators of the predicate crimes under Legislative Decree No 231/01.

Organisation, Management and Control Model or "Model": all the documents and regulations listed under § 3.7.1 of this document.

P.A.: the Public Administration, including the relevant officials and public service employees.

Staff: All natural persons who have an employment relationship with the Company, including employees, temporary workers, partners, "interns" and freelancers who have been commissioned by the Company.

Susceptible Processes: corporate processes or activities by the Company where, due to the nature of these processes, the predicate crimes may theoretically be committed.

Instrumental processes: processes in which, in principle, "instruments" could be created or "conditions or means" could occur for predicate Crimes to be committed.

Predicate Crimes or Crimes: All the crimes, or an individual crime, covered by Legislative Decree No 231/2001 (subject to any future amendments or supplements).

Company: Ballestra S.p.A., as the owner of this Organisational Model.

Subordinates: the persons subject to the management or supervision of members of senior management.

Third parties: suppliers, consultants, agents, partners and other parties whose are used by the Company in order to achieve the corporate purpose and aims.

LegalOffice: Head of the Ballestra Legal Office.