



BEGHELLI S.P.A.

Registered Office in Valsamoggia Loc. Monteveglio (BO), Via
Mozzaghine 13-15

ORGANISATION, MANAGEMENT AND CONTROL MODEL

pursuant to Legislative Decree no. 231 of 8 June 2001
on “Administrative Responsibility of Companies”

Beghelli S.p.A. adopted the “Organisation, management and control model” pursuant to Decree 231/01 (“Model”) in 2006, which was revised over the following years.

In particular, this “Model” was updated on 20 June 2022 in implementation of the dictates referred to in articles 6 and 7 of Legislative Decree 231 of 2001.

The “Model” constitutes the management reference suitable to constitute the instrument prepared for the prevention of criminal offences provided for by the aforementioned Legislative Decree, in compliance with the corporate ethics policy adopted by the Company.

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1) DEFINITIONS

Areas at risk: they indicate the areas of business activity within which the Predicate Offences can be abstractly committed;

Activities at risk or sensitive areas: they indicate the processes in the performance of which, in relation to the cases of the Predicate Offences, it is abstractly possible, by the people who carry out their activity within the organisation of the Company; the commission of an offence falls within such cases;

Decree: it indicates Legislative Decree no. 231 of 8 June 2001 and subsequent amendments and additions;

Parent Company/Entity/Company: Beghelli S.p.A. with registered office in Monteveglio (BO), Via Mozzeghine 13-15;

Beghelli Group: it means all the subsidiaries and affiliates, directly or indirectly, of Beghelli S.p.A.;

Recipients: they are the subjects required to comply with the provisions of this Model;

Guidelines: it indicates the “Guidelines for the construction of Organisation, Management and Control Models pursuant to Legislative Decree 231/2001” published by Confindustria on 31 March 2008 and subsequent amendments;

Model: the Organisation, Management and Control Model referred to in this document together with the related attachments;

Supervisory Body or SB: it indicates the Supervisory Body provided for in art. 6 of the Decree;

Predicate Offences: these are the relevant offences pursuant to Legislative Decree 231/01;

Top Managers: persons with autonomous power to take decisions in the name and on behalf of the Company;

Personnel working under the direction of others: these are the persons subject to the direction and supervision of the Top Management.

2) PREAMBLE

This “Model”, originally adopted by the Board of Directors of BEGHELLI S.p.A. on 26.08.2010, was updated on 20 June 2022 and replaces the previous one approved in its latest version on 6 September 2018.

This model is an evolution and update of the previous one, based on the regulatory, jurisprudential and doctrinal innovations, as well as on the practical experience of BEGHELLI S.p.A. gained since 2006 during the years of application of the provisions of Decree 231/01.

The objective pursued by BEGHELLI S.p.A. is to equip itself with a truly effective and operational instrument that guarantees, together with everything already in place for control and transparency purposes, the maximum reduction of the risks provided for by Decree 231/01.

The model is composed as follows:

General Section, which contains, in summary, the main regulatory aspects on the subject, information on the structure of the Company and other fundamental indications pursuant to Decree 231/01. The annexes are an integral part of it:

1. List of predicate offences
2. Articles of Association of the Supervisory Body

The **Special Parties**, resulting from the mapping of areas and activities at risk of crime, are the following:

- A. Crimes against the Public Administration
- B. Corporate Offences
- C. Receiving, laundering and use of money, goods or utilities of illicit origin, Self-laundering
- D. Crimes against Industry and Commerce (updated on 20 June 2022)
- E. Market Abuse
- F. Private bribery
- G. Employment of illegally staying third-country nationals
- H. Environmental offences
- I. Crimes of manslaughter/personal injury in violation of occupational health and safety regulations
- J. Cybercrime
- K. Tax offences (introduced on 1st January 2021)
- L. Smuggling offences (introduced on 20 June 2022)

3) LEGISLATIVE DECREE 231/2001 - “Discipline of the administrative liability of legal persons, companies and associations even without legal personality”

3.1. General principles

Legislative Decree no. 231 of 8 June 2001, implementing Article 11 of Law no. 300 of 29 September 2000, provides, in addition to the criminal liability of the natural person who materially commits the “offence”, the criminal liability of the Entity (which has benefited from it or in whose interest the offence was committed) to which the natural person “belongs”.

In accordance with international and Community obligations, the Decree in question has introduced into our legal system a form of direct and autonomous liability of collective bodies, linked to the commission of specific crimes; liability defined as “administrative”, but, in essence, configurable as a real form of criminal liability.

3.2. The subjects

The subjects to whose criminal action the Decree associates the onset of responsibility on the part of the Entity, must be linked to the company by a functional relationship of dependence and/or a negotiation relationship deriving from an assignment received from a Top Manager (suppliers, consultants, collaborators, etc.).

In particular, art. 5 of Legislative Decree 231/2001 identifies:

- the subjects that perform functions of representation, administration, management of the Entity or of one of its organisational units, with functional financial autonomy, the so-called top managers;
- the subjects that effectively exercise the management and control of the Company;
- the subjects under the direction or supervision of one of the subjects referred to in points a) and b).

The legislator has also given specific importance to “factual” situations, that is to say to those situations in which the powers necessary to act autonomously are not immediately deduced from the role played within the organisational structure or from official documentation (proxies, powers of attorney, etc.).

Article 6 of the Decree provides that, in the event that the offence has been committed by persons in a top position, the Company shall not respond if it proves that:

- the management body has adopted and effectively implemented, prior to the commission of the act, organisational, management and control models suitable for preventing the offences covered by the Decree;
- the task of supervising the operation and observance of the models, to ensure their updating has been entrusted to a “body” with autonomous powers of initiative and control;
- the persons have committed the offence by fraudulently circumventing the organisation and management models;

- there has been no omission or insufficient supervision by the Body.

Art. 7 provides that the Company is liable if the commission of the offence by a person under the direction of another person has been made possible by failure to comply with the obligations of management and supervision; obligations that will be considered fulfilled (unless there is evidence to the contrary to be provided by the public prosecutor) if the Company has effectively adopted the prevention model.

3.3. The interest or advantage of the Company

In order for liability to be incurred by the company, it is also necessary that the alleged unlawful conduct has been carried out “in the interest or for the benefit of the Company” (ex plurimis, Joined Chambers of the Court of Cassation Judgement No. 38343 of 24.04.2014¹) by the aforementioned subjects, while such liability is expressly excluded in the event that the offence has been committed “in the exclusive interest of the company or of third parties”.

More precisely, the Court of Cassation affirmed that the Entity is not liable for the administrative offence dependent on an offence when the fact is committed by the individual in the exclusive interest of itself or of third parties, not even partially attributable to the interest of the Entity, that is, in the event

¹ The terms “interest” and “advantage” express legally different concepts and may be alternatives ... omitted ... therefore (see Sect. 2, Judgement no. 3615 of 20.12.2015, dep. 2006, Rv. 232957) the concept of “interest” refers to an assessment prior to the commission of the predicate offence, while the concept of “advantage” implies the effective achievement of the same following the commission of the offence (and, therefore, an ex post evaluation).

that it is not possible to set up an identification between the company and its bodies.

Except for the above, the Entity is not liable for what its employee/representative has committed if it demonstrates that it has taken the necessary measures to prevent the commission of crimes of the type of the one carried out (adoption and effective implementation of the organisation, management and control model, hereinafter the “Model”).

The case law then underlined that the responsibility provided for by Legislative Decree no. 231/2001 derives from a “fault in the organisation” of the legal person (Supreme Court of Cassation Sect. VI, 18-02-2010 - 16-07-2010, no. 27735 - Joined Chambers of the Court of Cassation Sections 4.04.2014, judgement no. 38343).

Failure to adopt the Model, in the presence of the objective and subjective assumptions indicated above (crime committed in the interest or advantage of the company and top position of the offender) is sufficient to constitute the reprehensibility referred to in the Ministerial Report to Legislative Decree 231/2001 and to supplement the sanctioning case, constituted by the omission of the required organisational and management precautions suitable to prevent certain types of crime. In this concept of reprehensibility, a new “normative” form of guilt for organisational and managerial omission is implied, having the legislator reasonably drawn from the concrete events that occurred in these decades, in the economic and entrepreneurial field, the legitimate and well-founded conviction of the need that any organisational complex constituting an entity pursuant to art. 1 paragraph 2 of Legislative Decree

231/01, adopt organisational and management models suitable for preventing the commission of certain crimes that experience has shown to be functional to structured and substantial interests². This “organisational fault” assumes specific relevance within the so-called group of companies.

From the point of view of the suitability of the model, the existence of a Group also assumes specific relevance: the updating and adaptation of the Organisational Model, in fact, cannot ignore the evolution of the case law in terms of administrative liability of the Parent Company in the event of a predicate offence committed by subjects (top managers and not) belonging to the subsidiaries.

In this regard, the case law has established the following criterion: “... a liability is admissible, pursuant to Legislative Decree no. 231 of 2001, of the parent company for crimes committed in the context of the activity of the companies controlled by it, provided that a) the person acting on behalf of the holding company acts with the person who commits the crime on behalf of the controlled legal person; b) it can be considered that the holding company has received a concrete advantage or pursued an effective interest through the crime committed in the context of the activity carried out by another company” (Court of Cassation, Section II[^], 27 December 2016, no. 52316).

²Supreme Court of Cassation - Criminal section - Section IV – 9.07.2009 no. 36083

3.4. The predicate offences for the application of Decree 231/2001

The Decree expressly identifies the crimes, which may give rise to the liability of the Company in the event that they are committed in its interest or for its benefit. Annex 1 shows the types of offences covered by the legislation (hereinafter, for brevity, also, the “Predicate offences”), divided by category. The list is updated at the date of approval of this Model and will be reviewed in relation to future developments in the relevant legislation.

3.5. Sanctions

The sanctions provided for by Legislative Decree 231/2001 are:

- pecuniary sanctions, which always result from the recognition of the Entity’s liability and are applied with the quota system, in relation to the seriousness of the offence and the economic and financial conditions of the Company, for the explicit purpose of “ensuring the effectiveness of the sanction”;
- disqualifications (disqualification from exercising the activity; suspension or revocation of authorisations, licences, concessions, functional to the commission of the offence; prohibition to negotiate with the Public Administration; exclusion from benefits, financing, contributions or subsidies and possible revocation of those already granted; prohibition to advertise goods and services), which are in addition to financial sanctions and have a duration of no less than three months and no more than two years. Their

application is contemplated only as a result of the commission of certain Assumption Crimes indicated by the Decree. They are envisaged in relation to their dissuasive effectiveness, as they are capable of profoundly affecting the organisation, operation and activity of the Company. Should the conditions be met, disqualifications, (especially in terms of the seriousness and relevance of the crimes, as well as the possibility of their repetition), can also be imposed as a precautionary measure during preliminary investigations for a maximum duration of one year. A substantial prerequisite for the imposition of precautionary sanctions is their express provision in relation to the individual types of crimes, as well as a particular seriousness of the fact, based on the (dis)value of the “administrative” offence, or on the “dangerousness” of the Entity itself, which, in the presence of a repetition of the offences, has proven to be unaffected by financial penalties;

- the publication of the judgement, which can only be ordered if the Entity is subject to a disqualification;
- the confiscation of the price or profit of the offence, or equivalent.

3.6. The Organisational Model – absolving effect

The “absolving” effect of the organisational and management models is subject to their prior adoption with respect to the commission of the offence.

Implemented after the commission of the criminal act, they can result in a reduction of the sanction and avoid the imposition of precautionary sanctions by way of disqualification.

3.7. Model Requirements

For the models to be effective - **and judged fit for purpose** - they must **concretely** meet the following needs:

- identify the areas of risk within which the crimes may be committed;
- provide suitable protocols to implement the decisions of the entity in relation to the crimes to be prevented;
- identify ways of managing financial resources to prevent the commission of crimes;
- provide for information obligations towards the Supervisory Body;
- introduce a disciplinary system suitable for sanctioning non-compliance with the indicated measures.

For the purposes of drafting the model and the consequent assessment of its suitability, it is appropriate to take into account the law on the point and the criteria set by it; in particular: the Court of Cassation, with judgement No. 4677 of 30.01.2014 (going to the contrary notice to the GUP of Milan on 17.11.2009 and the Court of Appeal of Milan on 21.03.2012) ruled, in summary, that “a model is suitable when the procedures in support of it are suitable to avoid the commission of the predicate offence”.

It is also important to underline what was ruled by the G.I.P. of Milan (Dott. D’Arcangelo) in November 2010. The ruling established the principle that *“acting in accordance with the law is outside the discretion of the entrepreneur*

and the risk of non-compliance cannot be included among the risks acceptable by the directors”.

In the aforementioned ruling, it is stated that *“the judge called to decide on the suitability of an organisational model must refer to the discipline of a given sector with reference to the time of the criminal conduct in dispute and verify what organisational precautions have been adopted by the entity to prevent a given criminal act and how they have been implemented in practice with reference to the best technical knowledge available at the time” [...]* *“the appropriate precautionary model is, in fact, (as can be deduced, on a methodological level, also from the mandatory content of art. 30 of Legislative Decree 9.4.2008 n. 81) that forged by the best knowledge, consolidated and shared at the historical moment in which the offence is committed, with regard to the methods of neutralisation or minimisation of the typical risk “.*

The essential requirements of the Organisational Model must also include, among others, the elements to identify the financial resources suitable to prevent the commission of crimes.

3.8. The guidelines

Article 6 of the Decree provides that the Organisation, Management and Control Models can be adopted on the basis of codes of conduct drawn up by the representative associations of the bodies, communicated to the Ministry of Justice. Therefore, in drafting this document, the Company has taken into account the “Guidelines for the construction of the organisation, management

and control models pursuant to Legislative Decree 231/2001” published by Confindustria, making considered choices in order to better customise and adapt the principles dictated by the Legislator to its specific reality.

4) THE CURRENT STRUCTURE OF THE BEGHELLI GROUP

As previously mentioned, the new Organisational Model reflects the current structure of the BEGHELLI Group.

The Group’s updated prospectus can be consulted on the Beghelli website (Investor Relations/Report and Financial Statements section) and is updated on an annual basis when the financial statements are approved.

The Beghelli Group designs, manufactures and distributes, also with a combined offer of products and services, lighting products for professional technical lighting, is an Italian leader in the sector of emergency lighting and also manufactures electronic systems for home automation and industrial and domestic security.

5) CORPORATE GOVERNANCE

With regard to corporate governance, the Model complies with the principles set out in the new version of the Corporate Governance Code of listed companies, published in January 2020 (hereinafter the “Code”), to which the Company has chosen to adhere by formalising a process of alignment of its Corporate Governance system with the indications contained therein.

The information relating to the Company's adaptation to the system provided for by the Code is fully illustrated and updated in the Corporate Governance Report, which is the annual information requirement by which the companies, as verbatim provided for by the Code, specify which recommendations of the Code have actually been applied and how (this document can be consulted on the Beghelli website at the corporate/beghelli/investor-relation/Report and Financial Statements section).

In particular, the Code revises the principles of Corporate Governance in the light of the evolution of best practice and the experience gained by issuers (i.e. the companies to which it is addressed), taking into account the changed regulatory framework at national, Community and international level (Community Action Plan, Law no. 262/2005 on Savings). In addition, the Code is adapted to the different types of listed companies, also taking into account the administration and control systems ("dualistic" and "monistic") introduced by the reform of company law as an alternative to the traditional system.

The main innovations introduced concern: the role and composition of the Board of Directors, the role of independent directors, the provision of internal committees to the Board of Directors, new principles regarding the appointment of directors and their remuneration, the internal control system, recommendations regarding the interests of directors and transactions with related parties, statutory auditors, relations with shareholders, the invitation to companies that adopt the "one-sided" or "dualistic" system to apply the recommendations of the Corporate Governance Code, adapting them to the

chosen system, providing extensive discussion on the adjustments made and the reasons for the choice.

Below is a brief summary of how the Company has adapted to the principles set out in the Code.

5.1. The Board of Directors

In compliance with the recommendation provided for by art. 1.C.1 of the Code, the Board of Directors has resolved on the assessment of the size, composition and functioning of the Board and its Committees, confirming the adequacy and effective functioning, in terms of transparency and fairness, of the Corporate Governance system adopted by the Company.

In particular, as regards more strictly the activity and functioning as well as the composition of the Board of Directors, the main points that represent the effective adaptation by BEGHELLI to the stringent requirements of Corporate Governance provided for by the Corporate Governance Code are the following:

- pursuant to art. 3.P.1 and 3.P.2 and art. 3.C.4 of the Code, the Board of Directors has assessed the independence of non-executive directors by adopting, among other things, the criterion of the prevalence of the substance over the form (art. 3.C.1 and 3.C.2 of the Code), and making use not only of the information provided by the interested parties, but also of any information, in any case, available to the Company;

- in compliance with Criterion 2.C.3. of the Code, the appointment of an **Independent Lead Director** is envisaged, who has been granted, in particular, the right to use company structures for the exercise of his/her duties and to convene specific meetings of Independent Directors only, the Company, taking into account that there are only two appointed Directors, has not appointed the aforementioned figure;
- in order to improve management efficiency, the Board has made an organisational choice that has led to delegating broad powers to the Chief Executive Officer, who has been granted – separately from the other directors - all the powers of ordinary and extraordinary Administration, legal representation and signing authority, with the exception of the powers expressly reserved to the Board of Directors: without prejudice to the obligation of the Chief Executive Officer to provide, on a quarterly basis, adequate information on atypical, unusual or related party transactions, the examination and approval of which are not reserved to the Board of Directors, as well as the obligation to report to the Board of Statutory Auditors, at meetings of the Board of Directors, on the most significant transactions;
- pursuant to art. 2391-bis of the Italian Civil Code, the Board of Directors of Beghelli has adopted the Internal Regulations for Transactions with Related Parties (adopted on 12.9.2010 and subsequently updated to reflect the developments of the relevant legislation and available on the Beghelli website to the corporate/beghelli/investor-relation section) which establishes guidelines so that the Company's directors always act in the utmost information and with the

utmost correctness, promptly explaining to the Board of Directors the transactions of the greatest economic, financial and equity importance carried out by the Company or its subsidiaries;

- pursuant to Articles 4.P.1 and 4.C.1 of the Code, the Board of Directors has adopted a **Procedure for the Management of Price Sensitive Information** (which is an integral part of this Model). In addition, the Company has established the Register of people who have access to such Price Sensitive Information.

The Board of Directors has approved the **Internal Dealing Code** with regard to “Relevant Persons” (as identified pursuant to art. 152-sexises of the Issuers’ Regulation), in order to ensure the transparency of transactions carried out by subjects who, with a greater probability, have privileged information about the Company (which is an integral part of this Model).

5.2. Control Committees

In accordance with the recommendations of the Corporate Governance Code, BEGHELLI has also set up a Control and Risk Committee and a Remuneration Committee that carry out proactive and advisory functions towards the Board.

5.2.1. Remuneration Committee

The Remuneration Committee, which was set up in 2003, is currently made up of an executive

Director, acting as Chairman, by an independent Director and by a non-executive Director.

The Committee shall submit to the Board proposals for the remuneration of directors.

The Committee, pursuant to art. 7.C.3 of the Code, mainly has the following functions:

- submit to the Board of Directors proposals for the remuneration of the Chief Executive Officer and other directors who hold particular positions, monitoring the application of the decisions adopted by the Board itself;
- periodically assess the criteria for the remuneration of executives with strategic responsibility, monitor their application on the basis of the information provided by the Chief Executive Officer and make general recommendations on the matter to the Board of Directors;
- with particular reference to Stock Option plans and other share-based incentive schemes, submit to the Council its recommendations on their use and on all relevant technical aspects related to their formulation and application. In particular, the Committee makes proposals to the Board regarding the most appropriate incentive system (stock option plans and other share-based plans) and monitors the evolution over time of the plans approved by the Shareholders' Meeting on the Board's proposal.

5.2.2. Control and Risk Committee

In compliance with the provisions of Principle 8.P.4 of the Code, the Board of Directors ensures that its assessments and decisions relating to the internal control system, the approval of financial statements and half-yearly reports and the relations between the issuer and the external auditor are supported by an adequate preliminary investigation. To this end, the Board of Directors has set up a Control and Risk Committee, composed of two independent Directors and a non-executive Director with the functions of Chairman. Pursuant to art. 8 of the Corporate Governance Code, the Control and Risk Committee of the Company has, among other things, the following tasks:

- assist the Board of Directors in establishing the guidelines and verification of the internal control system aimed at identifying and managing the main corporate risks;
- assess, together with the manager responsible for preparing the company's financial reports and the auditors, the correct use of accounting standards and their homogeneity for the purposes of preparing the consolidated financial statements;
- assess, at least annually, the activity carried out by the person in charge of internal control;
- evaluate the proposals made by the Independent Auditors for the assignment and activity of the latter;
- report to the Board, at least every six months, on the activity carried out and on the adequacy of the internal control and risk management system.

5.3. The Internal Control and Risk Management

The internal control system is the set of rules, procedures and organisational structures aimed at allowing, through an adequate process of identification, measurement, management and monitoring of the main risks, a healthy, correct and consistent conduct of the company with the objectives set. An effective internal control system helps to ensure the safeguarding of corporate assets, the efficiency and effectiveness of corporate operations, the reliability of financial information, compliance with laws and regulations (Principle 8.P.1. and 8.P.2. of the Corporate Governance Code).

As part of the Internal Control System, with reference to financial reporting, the Administrative-Accounting Organisation Model is particularly relevant, implemented by Beghelli S.p.A. in relation to the requirements of Law 262/05 and subsequently optimised, which represented an opportunity to review the entire Internal Control System and integrate the control activities carried out by the company functions at different levels.

The reference model adopted by Beghelli S.p.A. for the implementation of the internal control system is consistent with national and international best practices; this model plays a fundamental role for compliance with the current rules that the company is required to comply with as a company listed on a regulated market, such as in particular Law 262/2005 and the consequent Articles 154bis and 123bis of the Consolidated Finance Law and Legislative Decree 195/07 (the so-called “Transparency Decree”), Legislative Decree

231/2001, as well as Legislative Decree 58/1998 (Consolidated Law on Finance) and the Corporate Governance Code of Borsa Italiana, to which Beghelli S.p.A. adheres.

In addition, since 2009, the Beghelli Group has started a process of implementing a risk identification and management model, which integrates the Internal Control System to focus on the risk analysis component and provide a more risk-oriented approach, with reference both to corporate risks and those related to financial reporting.

The risk management and control system in relation to the financial reporting of the Beghelli Group is part of a broader control environment, which takes into account additional elements, including:

- the Organisation and Management Model pursuant to Legislative Decree 231/2001;
- the Code of Conduct on Internal Dealing;
- procedures for the internal management and external communication of confidential and/or privileged information;
- the Code of Ethics;
- the System of proxies and powers of attorney;
- the company organisation chart and job descriptions;
- the procedure on transactions with Related Parties;
- the Accounting Control System which consists of the following elements:
 - Group accounting manual: document aimed at promoting knowledge of international accounting standards (references to be used for the preparation of

consolidated financial statements) and the application of uniform accounting criteria within the Group with regard to the recognition, classification and measurement of operating events;

- Financial statements and reporting operating instructions and closing schedules: documents aimed at communicating to the various company departments the detailed operating procedures for the management of financial statement preparation activities within defined and shared deadlines;
- Administrative and accounting procedures: documents that define the responsibilities and control rules to be followed with particular reference to the administrative and accounting processes.

The organisational structure of the Beghelli Group responsible for the implementation, maintenance and development of the internal control model is as follows:

5.3.1. Executive Director in charge of the internal control system

At its meeting of 19 February 2007, the Board of Directors appointed Mr. Gian Pietro Beghelli, current Chief Executive Officer of the Company, as “Executive Director in charge of supervising the functionality of the internal control and risk management system”.

5.3.2. Manager in charge

The Manager in charge has the following tasks:

- providing instructions for structuring adequate administrative and accounting procedures to be followed for the preparation of the financial statements and consolidated financial statements as well as any other communication of a financial nature;
- issuing a written declaration certifying the correspondence of the Company's documents and communications disseminated to the market and relating to the accounting information, including interim, of the Company itself to the documentary results, books and accounting records;
- certifying with a specific report made according to the model established by CONSOB regulations, attached to the financial statements, the abbreviated half-year financial statements and the consolidated financial statements:
 - the adequacy and effective application of the procedures referred to in point a) during the period covered by the documents;
 - that the documents are drawn up in accordance with the applicable international accounting standards recognised in the European Community in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - the correspondence of the documents with the results of the books and accounting records;
 - the suitability of the documents to provide a true and fair view of the financial position of the Company and all the companies included in the consolidation;
 - for the financial statements and for the consolidated financial statements, that the management report includes a reliable analysis of the performance

and result of operations, as well as the situation of the Company and all the companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed;

- for the abbreviated half-year financial statements, that the interim management report contains a reliable analysis of the information referred to in paragraphs 3 and 4 of Article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998.

5.3.3. Internal Auditing Function - Responsible for Internal Control

The person in charge of internal control coincides with the head of the Internal Auditing function (Criterion 8.C.7. of the Code); the head of the Internal Audit function reports hierarchically to the Board.

His/her main tasks are:

Detecting, updating and preparing the accounting-administrative procedures and the system of controls to oversee the main operating cycles of the Parent Company and the main companies of the Group;

Carrying out the testing activities aimed at verifying the effective application of the system of administrative-accounting controls detected on the basis of the indications of the Responsible Manager and the Control and Risk Committee;

Assessing the effectiveness and adequacy of the control system, detecting any critical issues, weighing the risks and proposing a “Remediation Plan”;

Communicating to the Manager responsible for preparing the results of the activities carried out through specific reports;

Implementing and executing adequate control procedures to ensure a correct representation of the information sent for the purposes of preparing the consolidated financial statements in accordance with the instructions provided by the Parent Company.

5.3.4. Management Control Manager

The Head of Management Control has the following tasks:

- Supporting the General Management in defining the strategic guidelines and investment choices of the Company;
- Coordinating the annual budgeting process and the preparation of Industrial Plans;
- Checking for any deviations between the forecast and approved data and the final data

6) ORGANISATIONAL PROCESSES

The organisational structure of the Company, in addition to the functions already indicated in the previous Paragraph, is divided into the following functions:

Sales Management:

- It ensures the overall coordination of all commercial activities relating to the sale of new products and services on the Italian and foreign market and the

coordination of sales structures (both internal and external) operating at national and international level;

- Definition of prices and discount policies;
- Identification and evaluation of commercial channels by product line;
- Definition of trade policies and proposing strategic development guidelines on domestic and foreign markets.

Marketing and Product Development Department:

- Definition of the company's image towards the market;
- Creation of technical-commercial illustrative material relating to products and/or services;
- Design of market research, advertising campaigns; product/packaging;
- It oversees the development of new products and services and the related marketing activities: price, positioning, advertising, communication, promotional policies.
- It identifies the possibilities for the development of new products (in particular, the consumer sector).

Legal Department/Investor Relator/Corporate Affairs:

- It supports the General Management in the implementation of extraordinary operations and Corporate Finance;
- It ensures the overall coordination of all corporate and legal activities;
- It manages litigation and policies for the protection and defence of trademarks, patents and group know-how;

- In its role as Investor Rapporteur, it is responsible for relations with institutions, markets, press bodies and external control bodies (Consob and Borsa Italiana);
- It supports the Supervisory Body in carrying out its activities.

Scientific and regulatory direction:

- It manages relations with standardisation bodies and technical certification bodies;
- It performs a monitoring of the approval, certification and suitability procedures of the new products, solving the related problems;
- It ensures the quality of products and business processes in accordance with the requirements of the quality system certification standard.

Administration and Finance Department:

- It ensures the correct management and overall coordination of all financial, administrative, social security, tax, statutory, accounting and financial activities of the Company, with particular reference to the preparation of the Company's financial statements and compliance with all tax obligations in general;
- It participates in the definition of the group financial strategy;
- It coordinates treasury activities, ensuring the correct management of cash flows, taking care of relations with credit institutions and negotiating their conditions.
- In collaboration with the Internal Auditing function, it manages relations with the Board of Statutory Auditors and the Independent Auditors.

Personnel Management:

- It ensures the overall management and coordination of all management, training and development activities of the Company's human resources;
- It ensures the issuance of internal regulations and the implementation of personnel recruitment, management, training and development policies;
- It takes care of the legal and contractual obligations regarding employment relationships, as well as the management of the Company's industrial relations.

Production Management:

- It ensures the continuity and regularity of the production activities of the plant in order to guarantee the availability of products in quantity, quality and in compliance with the costs and times required;
- It ensures the correct application of the rules of occupational safety, industrial hygiene and environmental protection and their internal directives, verifying compliance and proposing the necessary adjustments;
- It assesses the suitability of interventions and maintenance programmes in order to ensure the efficiency and reliability of the systems;
- It participates and implements new technological solutions to improve the production process and facilitates the introduction of new products;
- It promotes actions aimed at optimising logistics and production processes.

Purchasing Department:

- It ensures the overall coordination of all activities related to purchasing policy with the aim of minimising the cost and volume of purchases and in compliance with the set quality standards;

- It coordinates, with the support of management control, the procurement activities of foreign subsidiaries with the aim of promoting the internal exchange of materials and maximising the efficient commitment of raw materials, components, semi-finished products at Group level;
- It manages negotiations with suppliers and, with the support of the Legal and Administration and Finance Department, prepares and oversees the updating of contracts;
- It identifies and evaluates the reliability of suppliers in terms of the quality and safety standards of the product/services purchased, with the support of the Technical Management (product) and the requesting function (service), and from a legal/financial perspective with the support of the Administration and Legal Department;
- It verifies and reports to the Internal Auditing function any situations of conflict of interest between current and/or potential suppliers and Top Management /Company Function operating in the Group.

Technical Management:

- It verifies the feasibility, from a technical point of view, of the proposals for the development of new commercial products by the General Management;
- It organises, coordinates and manages the activities related to the design, prototyping and creation of new products;

- It collaborates with the purchasing department to identify a supplier fleet that offers guarantees in terms of the quality and safety standards required by law and/or defined internally;
- It provides the Production, Purchasing and Production Planning Department of the various companies of the Group with specifications, drawings, bills of materials and technical instructions for the purchase of the various components and subsequent assembly.

IT & Organisation Department:

- It defines and proposes, in line with company policies, the updating/enhancement of the existing technology park and the implementation of new information and network systems;
- It verifies and guarantees the safety and operating efficiency of the operational activities underlying the various business cycles;
- It ensures an adequate “segregation of duties” at IT level, preventing any conflicts of interest and/or situations of “undue” and “unauthorised” vision/tampering;
- It carries out information and training activities on the correct use of information systems by users;
- It collaborates with the various bodies responsible for complying with the provisions of the law (including privacy law).

Quality control

- Management of the Quality System documentation (modification, update, issue, etc.), including Manual, Procedures, Instructions and Forms.
- Assistance and training to company personnel in the application of the Quality System.
- Carrying out the audits necessary to keep the Quality System compliant.
- Management of corrective and preventive actions.
- Finalisation of supplier evaluation activities and updating of the relevant list of qualified suppliers.
- Active presence during ISO 9001 and 14001 certification audits (environment).

7) THE RECIPIENTS OF THE MODEL

The Model constitutes a valid awareness-raising tool for all those who operate in the name and on behalf of the Company, so that they maintain, in the performance of their activities and in the pursuit of their interests, correct and linear behaviour, based on procedures defined in order to prevent the risk of committing the crimes contemplated in the Decree.

They are recipients (hereinafter the “Recipients”) of the Company Model and undertake to respect the content of the same:

- those who perform, even de facto, administrative, management or control functions in the Company or in an organisational unit with financial or functional autonomy;
- the employees of the Company;

- those who collaborate with the Company by virtue of a para-subordinate or temporary employment relationship (project collaborators, agents, representatives, etc.);
- those who, although not belonging to the Company, operate on its mandate or on its behalf (consultants, experts, etc.);
- suppliers, service providers also outsourced and third parties that operate with the Company within the so-called “sensitive” areas of activity.

All Recipients of the Model are required to respect with the utmost diligence the provisions contained in the Model and its implementation procedures.

The contracts that regulate relations with third parties (suppliers and consultants) provide for specific clauses that indicate clear responsibilities regarding the failure to comply with the principles provided for by the Model. These clauses also provide for the possibility for the Company to terminate said contractual relationships in the event of breaches by third parties of the obligations indicated above.

8) MAPPING AND IDENTIFICATION OF RELEVANT PREDICATE OFFENCES

For the purposes of the development, adoption and updating of this Model, the Company has carried out a process of Mapping of sensitive activities or Risk Assessment from which some cases of Predicate Offences that could potentially compromise the Company’s responsibility have emerged.

With regard to the remaining categories of predicate offences provided for by the Decree, it was considered that, in light of the main activity carried out by the Company, the socio-economic context in which it operates and the legal and economic relationships that it usually establishes with third parties, there are no risk profiles such as to reasonably justify the possibility of their commission in the interest or for the benefit of the Company.

The Company, in any case, constantly evaluates the relevance for the purposes of this Model of any further crimes, currently provided for by the Decree or introduced by subsequent additions to it.

9) INFORMATION TO RECIPIENTS AND TRAINING

The Company, aware of the importance of the training and information aspects as a protocol of primary importance, operates in order to guarantee the knowledge of the personnel both of the content of the Decree and of the obligations deriving from it, and of the Model.

For the purposes of implementing the Model, information, training and awareness-raising activities for personnel are managed by the Human Resources Office in close coordination with the Supervisory Body, with Top Management and, in general, with the heads of corporate functions.

Information, training and awareness-raising activities concern all subjects operating within the Company, including Top Managers.

Information and training activities are planned and carried out both at the time of hiring or at the beginning of the relationship, and on the occasion of changes in the function of the employee – if necessary - or changes in the Model or in the additional factual or legal circumstances that determine the need to ensure the correct application of the provisions provided for in the Decree.

In particular, following the approval of this document it is envisaged:

- a communication to all personnel in force about the adoption of the subsequent updates of the Model;
- subsequently, to new hires, an information set will be made available containing (in addition to the material indicated by further company policies or procedures, such as privacy and information security, hygiene and safety at work) this “Organisation, Management and Control Model pursuant to Legislative Decree 231/2001” with which to ensure the knowledge considered of primary importance with express reference, as regards consultation, to the intranet/sharepoint of the Company;
- the recipients must sign a specific form for acceptance of the contents of the documents delivered to them as well as acknowledgement of the text of Legislative Decree 231/2001 as published on the company intranet/sharepoint.

The effective dissemination of the Model and the training and information of the Personnel regarding the contents of the Decree and the obligations deriving from its implementation, is carried out in an appropriate manner, both using the company IT network and through specific classroom sessions.

The training and its contents are articulated in relation to the specific risks related to the different functions.

The training must include the following contents:

- an institutional part concerning the reference legislation (Legislative Decree 231/2001 and predicate offences) as well as the Model and its operation;
- a further part, having as a reference the mapping of sensitive activities, is aimed at disseminating knowledge of the crimes, the configurable cases and the specific safeguards of the areas of competence of the operators.

Training is mandatory and must therefore be provided and recorded with the attendance certificate of the courses.

The training content must be appropriately updated in relation to the evolution of external legislation and the organisation, management and control model, providing in the case of significant updating (e.g. extension of the administrative responsibility of the entity to new types of crimes), the necessary additions to the training supports ensuring the mandatory use of the same.

The Supervisory Body is responsible for promoting initiatives for the dissemination of knowledge and understanding of the Model by all personnel.

It will be the responsibility of the Supervisory Body to verify the complete implementation of the training plan and collect the evidence relating to the effective participation in the training programmes.

All communication and training originate from the will of the Board of Directors, which requests maximum participation and attention to the recipients of these.

10) INFORMATION TO THIRD PARTIES

Additional Recipients, in particular suppliers and consultants, are provided by the company departments with institutional contacts with them, with specific information on the policies and procedures adopted by the Company on the basis of the Model, as well as on the consequences that conduct contrary to the provisions of the Model or current legislation may have with regard to contractual relationships. Where possible, specific clauses are included in the contractual texts to regulate such consequences.

11) THE DISCIPLINARY SYSTEM

11.1. General principles

In compliance with art. 6, par. 2, letter e), and art. 7, par. 4, lett. b) of the Decree, the organisation, management and control models can be considered effectively implemented only if they provide for a disciplinary system suitable to sanction the failure to comply with the measures indicated therein.

The application of disciplinary sanctions is independent of the initiation or outcome of any criminal proceedings, as the Model establishes binding rules for Recipients, whose violation may be sanctioned regardless of the actual existence of an offence or the punishability thereof.

The disciplinary system is based on the principles of transparency and fairness of the investigation processes to ascertain the violation and guarantees the

right of defence of the subjects under investigation, as well as the timeliness and punctuality of the application of sanctions.

Sanctions imposed for infringements must, in any case, respect the principle of graduality and proportionality of the sanctions with respect to the seriousness of the infringements committed. The determination of the type, as well as the amount of the sanction imposed following the commission of infractions, including the relevant offences pursuant to the Decree, must be based on the evaluation of the following:

- the intentionality of the behaviour from which the violation arose;
- the negligence, recklessness and inexperience demonstrated by the perpetrator when committing the infringement, in particular with regard to the actual possibility of predicting the event;
- the relevance and any consequences of the breach or offence;
- the position of the Recipient within the company organisation, in particular in view of the responsibilities related to its tasks;
- any aggravating circumstances (such as previous disciplinary sanctions against the same Recipient in the two years prior to the violation) or mitigating circumstances that may be detected in relation to the conduct of the Recipient;
- the participation of several Recipients, in agreement with each other, in the commission of the violation or offence.

The Company, aware of the need to comply with the law and the provisions of the agreement in force on the matter, ensures that the sanctions imposed on

employees under this disciplinary system comply with the provisions of the national collective labour agreements applicable to the sector. The Company also ensures that the procedural process for contesting the offence and for the imposition of the related sanction is in line with the provisions of Article 7 of Law no. 300 of 30 May 1970 (the so-called “Workers’ Statute”).

The sanctions will be commensurate with the level of responsibility and operational autonomy of the employee, the possible existence of disciplinary proceedings against him/her, the intentionality and seriousness of his/her behaviour (measurable in relation to the level of risk to which the Company is exposed).

The disciplinary system is subject to constant verification by the SB and the Chairman of Beghelli, the latter remaining responsible for the concrete application of the disciplinary measures outlined here, upon eventual reporting of the SB.

For Recipients who are bound by contracts of a nature other than an employment relationship (administrators and, in general, third parties) the applicable measures and sanctioning procedures must take place in compliance with the law and contractual conditions.

11.2. Sanctions against employees in a non-management position

Violations

The punishable behaviours that constitute a violation of the Model are listed below, by way of example, in increasing order of seriousness:

- violation of internal rules or procedures adopted in implementation of the Model or contained therein;
- behaviours directed unambiguously at the commission of one or more crimes, or in any case capable of exposing the company to the consequences of the commission of the crimes.

Sanctions

The violation of procedures, control systems and the Model by employees always constitutes a disciplinary offence. Therefore:

- any report of violation will result in the initiation of disciplinary proceedings unless otherwise assessed with adequate justification;
- the perpetrator of the violation, duly ascertained, will be subject to a disciplinary sanction;
- such penalty shall be proportionate to the gravity of the infringement.

The disciplinary measures that may be imposed on employees – in compliance with the procedures provided for in Article 7 of the Workers' Statute and other applicable rules – are provided for by the CCNL as follows:

- verbal reprimand;
- written reprimand;
- suspension from work and pay for up to three days;
- termination with notice;
- termination without notice.

11.3. Sanctions against employees in a managerial position

In cases of:

- violation, by executives, of the rules of the Model and its annexes and of the company protocols and/or procedures that will be implemented by the Company from time to time following any updates and additions and duly communicated
- adoption, in the performance of activities at risk of crime, of behaviour that does not comply with the provisions of the Model and its annexes, as well as company protocols and their updates

the relative disciplinary measures to be adopted will be evaluated in accordance with the provisions of this disciplinary system, also taking into account the particular relationship of trust that binds the management profiles to the Company and, in any case, in accordance with the principles expressed by the CCNL.

The applicable disciplinary sanctions, graded in relation to the intensity and possible recurrence of the behaviour, may consist of:

- written warning;
- a fine not exceeding one day's pay in the schedule;
- suspension of duties and salary for up to three days;
- transfer to another function that does not involve the management of activities at risk of crime, compatible with the needs of the company organisation and in compliance with specific labour law regulations;
- termination for just cause.

The concrete measure of the sanction will be determined taking into account the nature and intensity of the violation, the possible repetition of the violation itself, as well as the reliability, validity and relevancy of the justifications presented by the interested party.

The same sanctions apply even if, due to inexperience or negligence, the manager has prevented or not facilitated the discovery of violations of the Model or, in the most serious cases, the commission of crimes relevant for the purposes of the Decree, as well as if he/she has failed to supervise, due to his/her professional skills and hierarchical and functional powers corresponding to the nature of his assignment, on the compliance, by the personnel he/she employs, with the laws, of this Model.

11.4. Sanctions against Directors

In the event of violation of the Model, company protocols and their updates, as well as in company procedures and *policies* by one or more of the Directors, the Board of Directors and the Board of Statutory Auditors must be informed without delay for the appropriate assessments and measures.

Any sanctions applicable to directors may consist, in relation to the seriousness of the conduct, in:

- censure written in the minutes;
- suspension of remuneration, even partial;
- revocation of the appointment for just cause by the Assembly.

The same sanctions apply even if, due to inexperience or negligence, the Directors have prevented or not facilitated the discovery of violations of the Model or, in the most serious cases, the commission of crimes relevant for the purposes of the Decree, as well as if they have failed to supervise, in particular with reference to the powers that may be granted, compliance by the Company's personnel with the laws, of this Model.

In the event that one or more of the Directors, presumed perpetrators of the crime from which the administrative responsibility of the Company derives, has been remanded to trial, the Chairman of the Board of Directors must proceed to the convening of the Shareholders' Meeting to resolve on the possible revocation of the mandate or of any and different choices, in any case adequately motivated. A similar procedure will be adopted for any subsequent procedural steps.

11.5. Measures against Statutory Auditors

In the event of non-compliance with the Model by one or more auditors, the SB will inform the entire Board of Statutory Auditors and the Board of Directors, which will take the appropriate measures (until the revocation of the appointment).

In the event that one or more of the Statutory Auditors, alleged perpetrators of the crime from which the administrative responsibility of the Company derives, has been sent back to trial, the Chairman of the Board of Directors or the Chairman of the Board of Statutory Auditors must proceed to the

convocation of the Shareholders' Meeting to resolve on the revocation of the mandate or of any different choices, however adequately motivated. A similar procedure will be adopted for any subsequent procedural steps.

11.6. Measures against consultants and Partners

Failure to comply with the Model by Consultants or Partners, inserted or referred to by specific contractual clauses, is sanctioned in accordance with the provisions of said clauses, and in any case, with the application of penalties and/or the automatic termination of the contract, except for compensation for damages.

Consultants or Partners shall not induce employees to violate the Model.

11.7. Applicable measures pursuant to Law no. 179/17 on the so-called Whistleblowing

Pursuant to and for the purposes of the aforementioned rule, the sanctions provided for above apply using the criteria of gradualness mentioned, also to those who violate the measures of protection of the whistleblower, as well as to those who make serious reports with wilful misconduct or negligence that will prove to be unfounded.

12) SUPERVISORY BODY

12.1. Appointment and term of office

In order to give concrete implementation to the Model, the task of supervising its operation and observance, as well as ensuring its updating, must be entrusted to a body with autonomous powers of initiative and control.

The Board of Directors of Beghelli must therefore appoint the Supervisory Body. This body will remain in office for three years. The members may be re-elected, may be revoked only for just cause and lapse due to the failure of the independence requirements better contemplated below or due to unjustified absence from the meetings of the Supervisory Body.

12.2. Tasks

The Supervisory Body has the following powers:

- supervise the effectiveness of the Model by verifying the consistency between the concrete behaviours and those provided for by the Model and through the monitoring of the areas at risk of crime identified in the special parts. In order to comply with these duties, the Body can establish the control activities at each operational level, providing itself with the necessary tools to promptly report anomalies and malfunctions of the Model by verifying the control procedures. Any transaction deemed to be at specific risk must be reported to the Body by internal managers. This will make it possible to carry

out, at any time, the checks that describe the characteristics and purposes of the operation and identify who has authorised, registered and verified the operation. The Body must activate the control procedures considering the need for company operations and the fact that the primary responsibility for the management of activities is in any case delegated to the managers of the Departments and/or the top management and the corporate bodies appointed for this purpose.

- Periodically verify the adequacy of the Model, that is, the suitability to prevent the behaviours that it intends to exclude and counteract, the maintenance over time of the requirements of solidity and functionality of the same, through constant monitoring of the system of controls, protocols and *governance* as a whole.
- Propose to the Board of Directors the updating of the Model in the event that the controls carried out require corrections and adjustments. In particular, the Body must:
 - ensure that the Model is kept updated in accordance with the evolution of the law, as well as a result of changes to the internal organisation and business activity;
 - collaborate in the preparation and integration of internal regulations (codes of ethics, operating instructions, protocols, control procedures, etc.) dedicated to risk prevention;
 - promote initiatives aimed at disseminating knowledge among the bodies and employees of Beghelli of the Model, providing any necessary instructions

and clarifications as well as collaborating with the functions responsible for Human Resources to establish specific training seminars;

- coordinate with the other company departments for better control of the activities and for all that pertains to the concrete implementation of the Model;
- arrange for extraordinary checks and/or targeted investigations with the possibility of directly accessing the relevant documentation where malfunctions of the Model are detected or where the commission of the offences covered by the prevention activities has occurred.

12.3. Composition

The Decree reports nothing regarding the composition of the Body, limiting itself to providing a brief definition of it, understood as *“body of the entity with autonomous powers of initiative and control”*.

Pursuant to paragraph 4 bis of art. 6, Legislative Decree 231/01,³ in limited liability companies the functions of the Supervisory Body may also be carried out by the Board of Statutory Auditors.

The Legislator remits any decision regarding the composition of the Supervisory Body to the individual entities that intend to adapt to the provisions of the Decree, a choice that must be appropriate to the specific company reality.

³ Paragraph added by paragraph 12 of Article 14, Law no. 183 of 12 November 2011, with effect from 1st January 2012, pursuant to the provisions of paragraph 1 of Article 36 of the same Law no. 183/2011.

The interpretation and practice have elaborated different and heterogeneous solutions regarding the possible architecture and composition of the Supervisory Body, this also in consideration of the dimensional characteristics of the entity, the related *Corporate Governance* rules and the need to achieve a fair balance between costs and benefits.

In this regard, the Board of Directors has analysed the solutions proposed by trade associations and their consultants, in order to identify and compare the different strengths with any critical issues of the various solutions proposed.

12.4. The requirement of professionalism

Compliance with this requirement must be guaranteed by the personal experience of the individual members of the Body, who must be equipped with technical and specialist skills that guarantee the timely and correct performance of the functions entrusted by law to the Body.

In particular, the skills referred to can be identified as follows:

- legal criminal jurisdiction: mastery of the interpretation of the law with specific preparation in the analysis of the types of crime that can be identified in the context of company operations and in the identification of possible punishable behaviour;
- competence in the organisation: specific preparation in the field of analysis of business organisational processes and analysis of procedures; knowledge of the general principles of the legislation on *compliance* and related controls;

- expertise in analysis and control: experience in the field of internal control systems developed in the company;
- powers with regard to the control of financial flows.

12.5. The requirement of independence

If it consists of a single member, the requirement of the independence of the Supervisory Body exists if, between the subject and the Company, there are no collaborative or advisory assignments in progress. If constituted in a collegial form, the requirement of independence is guaranteed if the Supervisory Body is composed mainly of external subjects who do not have ongoing collaboration or consultancy assignments with the Company. The internal member cannot be a director of Beghelli and, limited to the performance of the functions of a member of the Supervisory Body, is freed from the ordinary lines of hierarchical dependence.

12.6. Effectiveness and continuity of the action

This requirement is necessary to guarantee the Body full knowledge of the company's activities, the operating processes in place and the changes that may occur during the company's life. The Body must meet collectively, for the performance of verification activities, at least every two months. Failure by a

member to attend two meetings of the Supervisory Body during the year, without justified reason, is considered just cause for forfeiture of office.

12.7. Reporting lines

The Supervisory Body will be placed in a position regarding the Chairman of the Board of Directors. The Supervisory Body will address to the Board of Directors, unless specific need arises, at least one annual report on the Organisation and Management Model, containing:

- its observations on the effectiveness and efficacy of the Model, with an indication of the additions and/or modifications deemed necessary;
- any recommendation to update the Model following legislative changes in the corporate and organisational structure;
- a summary of the measurements made and the corrective/preventive actions to be taken.

The Supervisory Body may request the Board of Directors to be heard whenever it deems it necessary.

12.8. Obligations to inform the Supervisory Body

Article 6 provides that the Model adopted provides for information obligations towards the Supervisory Body. These obligations will be implemented by the various company functions as a tool to facilitate their supervisory activity and will concern the anomalies found within their function.

To effectively exercise its functions, the SB has inspection and control powers that allow it to freely access, without limitations, all areas of business activities in order to request and acquire, from all employees and managers, information, documentation and data functional to the performance of the assignment. The SB may also request relevant information from external collaborators and view and extract copies of the company books, the main contracts and powers of attorney regarding the delegation of power.

Such data and information are processed in compliance with the provisions on *privacy* by Legislative Decree 196/2003.

The SB must be constantly informed of what is happening in the company with regard to management and operations, where this may result in changes to the assessments expressed regarding the functioning of the organisational model. It shall regularly confer with the administrative body in respect of which it establishes a relationship of cooperation and collaboration.

The SB must be able to acquire information mainly concerning:

- anomalies found in the exercise of the business activity that reasonably suggest a violation of the obligations contained in the Model;
- the emergence of new risks in the areas of competence of the various managers;
- any assessment or verification by the public authority;
- the conclusion of commercial or financial transactions relevant to economic consistency, execution methods, degree of risk, etc.

To this end, the Model provides, pursuant to art. 6, par. 2, letter d) of the Decree, specific information obligations for all Recipients of the indications contained therein. In practice, with regard to reporting obligations or the right to consult the SB, it is provided that:

- the top management and the management and function managers can talk directly with the SB;
- employees not responsible for the function and collaborators can talk to the SB through their superior or directly, if special needs or justified reasons so require.

In addition to the aforementioned reports, the Company's personnel, both executive and non-managerial and all third parties must compulsorily send the SB the information concerning:

- the measures and/or news of the Judicial Police bodies and/or the Judicial Authority, or of any other authority, from which it can be inferred that investigations are being carried out, also against unknown persons, for the crimes referred to in the Decree likely to involve the Company and/or its personnel and/or, where known, the external collaborators of the Company itself;
- requests for legal assistance made by employees of the Company, executives and non-executives, in the event of the initiation of legal proceedings against them for the offences provided for by the Decree;
- all information - including that coming from the managers of corporate functions other than those directly involved in the performance of activities at

risk of crime, in the exercise of their control tasks - from which facts, acts, events or omissions with critical profiles with respect to compliance with the rules of the Decree may emerge;

- all information concerning the application of the Model, with particular reference to the disciplinary proceedings concluded or in progress and any sanctions imposed or measures for the filing of such proceedings, together with the related reasons;
- decisions relating to the request, disbursement and use of public funding;
- decisions relating to the execution of renovation, reclamation, maintenance of properties owned or managed by the Company, to the extent that such operations involve contact with the Public Administration.

The SB, if it deems it appropriate, may propose to the Board of Directors any changes to the list of disclosures indicated above. Without prejudice to the foregoing, the Supervisory Body may establish additional information flows in order to ensure more effective control over the operation and compliance with the Model.

Reports of any anomalies and violations of the Model must be sent directly to the SB at the following email address:

- odv@beghelli.it.

or by any other suitable means with recipient BEGHELLI S.p.A., Via Mozzeghine no. 13-15 – 40053 Valsamoggia, Monteveglio (BO) “for the attention of the SB of Beghelli S.p.A.”.

The collection of information by the SB takes place in a manner that ensures the subsequent confidential treatment of the content of the reports, in such a way as to guarantee the authors of the reports against any form of retaliation, discrimination, penalty or any consequence deriving from them, without prejudice to the legal obligations and the protection of the rights of the Company or of persons accused erroneously or in bad faith.

The Law on Whistleblowing (Law no. 179/2017, in force since 29.12.2017) amended art. 6 of Legislative Decree 231/01 by inserting paragraphs 2-bis., 2-ter and 2-c, thus also extending whistleblowing to the private sector.

In particular, it is now expressly provided by the Decree that the Models provide for:

- one or more channels that allow senior managers and subordinates to submit – to protect the integrity of the entity – detailed reports of illegal conduct (relevant pursuant to the Decree and based on precise and compliant factual elements) or violations of the same Organisation and Management Model, of which they have become aware due to the functions performed;
- at least one alternative reporting channel suitable for ensuring, by computerised means, the confidentiality of the identity of the reporter;
- the prohibition of retaliatory or discriminatory acts (direct or indirect) against the whistleblower, for reasons related, directly or indirectly, to the whistleblower;
- disciplinary sanctions against those who violate the whistleblower protection measures. It is also envisaged that the adoption of the

aforementioned discriminatory measures against the whistleblower can be reported to the National Labour Inspectorate, to the extent of its competence, not only by the whistleblower but also by the trade union organisation indicated by him/her and that any retaliatory termination (i.e. the change of duties or other retaliatory or discriminatory measure taken against the whistleblower) is null and void. In this regard, the employer bears the burden of proving, in the course of proceedings, that the measures – on the negative side – taken against the reporting worker are based on reasons unrelated to the report.

To this end, the following reporting channel is set up:

whistleblowing-beghelli@gruppobeghelli.it

this channel is valid for all Group companies and is suitable for guaranteeing, using IT methods, the confidentiality of the identity of the whistleblower.

12.9. The reporting system to the Supervisory Body

The Supervisory Body must be informed, through reports by directors, auditors, executives, employees, consultants and partners, about events that could generate liability of BEGHELLI S.p.A. pursuant to Legislative Decree 231/2001.

In the corporate context, the Supervisory Body must be informed of:

- on a periodic basis, the information/data/news identified by the SB itself and requested from the individual structures/functions of the Company; this information must be transmitted within the times and in the ways that will be defined by the Body itself (“information flows”);

- on an occasional basis, any other information, of any kind, also coming from third parties and related to the implementation of the Model in the areas of Activities at risk of Crime as well as compliance with the provisions of the Decree, which may be useful for the performance of the tasks of the Supervisory Body (“reports”).

In any case, information concerning:

- measures and/or news coming from judicial police bodies, or from any other authority, from which it can be deduced that the conduct of investigation activities for the Crimes, also initiated against unknown persons, must be reported in writing or electronically to the Supervisory Body;
- reports sent to the Company by Employees in the event of the initiation of legal proceedings against them for one of the Crimes;
- reports drafted by corporate structures as part of their control activities, from which facts, acts, events or omissions with critical profiles with respect to the rules of the Decree or the Model may emerge;
- periodically, the news relating to the effective implementation of the Model at all company levels;
- the information relating to the initiation of investigations aimed at ascertaining and possibly sanctioning non-compliance with the principles of conduct and protocols provided for by the Model, as well as the information on any sanctions imposed.

In particular:

- it is mandatory for all Recipients to report the commission, or the reasonable conviction of commission, of criminal acts provided for by the

Decree or in any case of conduct not in line with the rules of conduct referred to in the Model;

- the report refers directly to the SB without intermediation;
- the SB evaluates the reports received; any consequent measures are applied in accordance with the provisions of the Model regarding disciplinary sanctions;
- a system of reporting to the SB must be established, that allows the necessary confidentiality of the report;
- those who make reports in good faith will be guaranteed against any form of retaliation, discrimination or penalty and in any case the confidentiality of the identity of the whistleblower will be ensured, without prejudice to the legal obligations and the protection of the rights of the company or of persons accused erroneously and/or in bad faith.

12.10. Methods of transmitting and assessing alerts

With reference to the methods of transmission of information/data/news, the following requirements apply:

- the information flows must reach the Supervisory Body by the company structures concerned through the methods defined by the Body itself;
- reports that concern the evidence or suspicion of violation of the Model, of the general principles, must be received by the company structures in writing, or through the use of email or other electronic means;

- the Supervisory Body acts in such a way as to guarantee the authors of the reports referred to in the previous point against any form of retaliation, discrimination or penalty or any consequence deriving from the reports themselves, ensuring confidentiality about their identity, without prejudice to the legal obligations and the protection of the rights of the Company or third parties;
- the Body assesses the reports received and the opportunity for consequent actions, listening, if necessary, to the author of the report and/or the person responsible for the alleged violation.

The Supervisory Body is obliged to assess all reports received, except those received anonymously.

12.11. Collection and storage of information

All information, reports and reports provided for in this Model are kept by the SB in a special confidential archive (electronic or paper) for a period of 10 years. Access to the database with reading and writing powers is allowed only to members of the Supervisory Body. The Board of Statutory Auditors, the Chairman and the Chief Executive Officer of the Company are allowed to access the database on a read-only basis.

Failure to comply with the information obligation must be considered as a specific disciplinary offence.

12.12. Financial autonomy

In order to guarantee the Supervisory Body the necessary financial autonomy, the Board of Directors approved the annual spending budget in the amount of Euro 40,000

The budget allocated must be sufficient to ensure the performance of the control, verification and updating of the Model, including, if necessary, the acquisition of advice. For expenses exceeding the defined budget and for extraordinary expenses, the Body requests, from time to time, in writing, the authorisation of expenditure from the Board of Directors. The Board of Directors undertakes to provide, at the reasoned request of the Supervisory Body, the financial means necessary to best perform its function.

12.13. Articles of Association of the Supervisory Body

The Board of Directors establishes and sets the operating principles of the Supervisory Body through specific Articles of Association (Annex No. 2), an integral part of the Model.

The Supervisory Body may adopt an operating regulation governing its activities, provided that such regulation does not conflict with the Model.

12.14. The choice made by the Company

The Board of Directors of Beghelli, having carefully assessed the provision referred to in paragraph 12 of Article 14, Law 12/11/2011 no. 183, has opted to adopt a collegial body composed of two external professionals, who do not coincide with the members of the Board of Statutory Auditors in office, and the head of the Audit Function. This choice responds, among other things, to the need to protect the Company thanks to the presence of distinct and independent control bodies that ensure, through specific technical skills and mutual control, the most correct and transparent pursuit of their objectives and responsibilities.

The choice made also responds to the need to subject a particularly complex company to adequate controls, in which the presence of distinct bodies dedicated to internal control is fully justified in order to ensure adequate transparency towards third parties, the market and *stakeholders*.

Finally, the aforementioned option guarantees the requirement of the independence of the Supervisory Body from the crucial point of view of the necessary distinction between controlling and controlled subjects, also with a view to an effective prevention of corporate crimes.

As for the collegiality of the Supervisory Body, the following should be noted:

- The Body can aggregate multiple competences that are in line with each other, in order to best comply with the requirement of professionalism explicitly requested by the Legislator;

- The Body, thus composed, can guarantee a high degree of critical knowledge and professionalism that constitute the prerequisite for reaching considered and conscious decisions;
- The collegial body ensures compliance with the requirements of autonomy and independence.

Taking into account the peculiarity of the responsibilities attributed to the Supervisory Body and the specific professional content requested by them, in carrying out the supervisory and control tasks, the Supervisory Body may be supported by all internal company functions and may also make use of the support of external subjects (Auxiliaries) whose contribution of professionalism is, from time to time, necessary, in particular in criminal legal matters and control of procedures.

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