



Organisation, Management and Control Model of PetrolValves pursuant to Legislative Decree 231/2001

GENERAL PART

Version approved by the Board of Directors on 9 November 2021

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1 Legislative Decree 231/01

1.1 The regime of administrative liability of entities

Legislative Decree no. 231 of 8 June 2001 introduced in Italy the administrative liability of entities with legal personality and of companies and associations, including those without legal personality, for facts connected with the commission of crimes.

This legislation provides for the direct liability of entities with the imposition of sanctions, resulting from the detection of certain crimes committed in the interest or to the advantage of the Company by representatives, managers and employees of the companies.

The criminal judge who is competent for crimes committed by individuals also ascertains violations attributable to companies. This element, together with the fact that the same legislation expressly provides for the extension of all the guarantees envisaged for the accused also to companies, means that we can essentially speak of criminal liability of companies.

The sanctions applicable to the company, in the event that a person belonging to the company commits one of the offences for which application of the regulations in question is envisaged, are pecuniary and prohibitory, in addition to confiscation and publication of the sentence.

Financial penalties are always applied through a system of quotas, the amount of which is established by the judge in relation to certain parameters, including the seriousness of the fact and the degree of responsibility of the company.

The disqualifying sanctions are:

- disqualification;
- suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
- Prohibition to contract with the public administration, except to obtain the performance of a public service;
- exclusion from facilitations, financing, contributions or subsidies and possible revocation of those already granted;
- ban on advertising goods or services.

At the request of the Public Prosecutor, if there are serious indications that the company is responsible and there is a concrete danger that the offence will be repeated, the judge may also apply these sanctions as a precautionary measure. Also applicable by the judge are the preventive seizure of assets susceptible to confiscation and the precautionary seizure in the event of the danger of dispersion of guarantees for possible State credits (legal expenses, pecuniary sanctions).

Currently, the offences for which companies are directly liable are¹:

- **crimes against the Public Administration:** embezzlement to the detriment of the State (art. 316 bis criminal code), undue receipt of funds to the detriment of the State (art. 316 ter criminal code), extortion (art. 317 criminal code), bribery for the exercise of a function (art. 318 criminal code), bribery for an act contrary to official duties (art. 319 criminal code), bribery in judicial proceedings (art. 319 ter criminal code), undue

¹ The list contained in this and the following pages is purely explanatory in nature and does not cover all the articles of the Criminal Code referred to in Legislative Decree 231/01. For an exhaustive discussion, please refer to the attached document "List of Offences".

induction to give or promise benefits (art. 319 quater of the Italian Criminal Code), incitement to corruption (art. 322 of the Italian Criminal Code), fraud to the detriment of the State or other public body or the European Union (art. 640, paragraph 2, no. 1 of the Italian Criminal Code), aggravated fraud to obtain public funds (art. 640 bis of the Italian Criminal Code), computer fraud to the detriment of the State or other public body (art. 640 ter of the Italian Criminal Code), fraud in public supplies (art. 356 of the Italian Criminal Code), fraud to the detriment of the European Agricultural Fund (art. 2 L.23/12/1986, N.898.) (Articles 24 and 25 of Legislative Decree 231/01);

- **computer crimes and unlawful processing of data**, as provided for by Law no. 48 of 18 March 2008, art. 7: computer documents (art. 491-bis penal code); unlawful access to a computer or telematic system (art. 615-ter penal code); unlawful possession and dissemination of access codes to computer or telematic systems (art. 615-quater penal code)); diffusion of equipment, devices or computer programmes aimed at damaging or interrupting a computer or telematic system (Article 615-quinquies of the Italian Criminal Code); unlawful interception, impediment or interruption of computer or telematic communications (Article 617-quater of the Italian Criminal Code); installation of equipment aimed at intercepting, impeding or interrupting computer or telematic communications (Article 617-quinquies of the Italian Criminal Code). 617 quinquies of the Italian Criminal Code); damage to information, data and computer programmes (art. 635 bis of the Italian Criminal Code); damage to information, data and computer programmes used by the State or by another public body or in any case of public utility (art. 635-ter of the Italian Criminal Code); damage to computer or telematic systems (art. 635-quater of the Italian Criminal Code);

damaging computer or telematic systems of public utility (art. 635-quinquies of the Italian Criminal Code); computer fraud of the person who provides electronic signature certification services (art. 640-quinquies of the Italian Criminal Code), violation of the regulations concerning the national cyber security perimeter (art.1, paragraph 11, Decree-Law no. 105 of 21 September 2019) (art 24 bis Legislative Decree 231/2001);

- **organised crime offences** referred to in Law 94 of 2009: Criminal association (art. 416 of the Italian Criminal Code); Mafia-type associations, including foreign ones (art. 416 bis of the Italian Criminal Code); political-mafia electoral exchange (art. 416 ter of the Italian Criminal Code); - kidnapping for the purpose of extortion (art. 630 of the Italian Criminal Code); association for the purpose of illicit trafficking in narcotic drugs or psychotropic substances (art. 74 Presidential Decree no. 309 of 9 October 1990); offences of illegal manufacture, introduction into the State, sale, transfer, possession and carrying in a public place or a place open to the public of weapons of war or parts thereof, explosives, clandestine weapons as well as more common firearms except those provided for by art. 2, paragraph 3, of L.18/04/1975 no. 110 (art. 407, paragraph 2, letter a), number 5, code of criminal procedure) (art. 24 ter Legislative Decree 231/01);
- **the crimes of extortion, undue induction to give or promise benefits and bribery referred** to in Law 190 of 2012: extortion (art. 317 penal code), bribery for the exercise of the function (art. 318 penal code), bribery for an act contrary to the duties of office (art. 319 c.p.), bribery in judicial proceedings (art. 319 ter c.p.), Undue induction to give or promise benefits (art. 319 quater c.p.), Bribery of a person in charge of a public service (art. 320 c.p.), Incitement to bribery (art. 322 c.p.), embezzlement

of public funds, concussion (art. 322 c.p.), embezzlement, extortion, undue induction to give or promise benefits, bribery and incitement to bribery of members of international courts or bodies of the European Communities or international parliamentary assemblies or international organisations and officials of the European Communities and foreign states (art. 322 bis of the Italian Criminal Code), trafficking in unlawful influence (Article 346 bis of the Italian Criminal Code), embezzlement (limited to the first paragraph) (Article 314 of the Italian Criminal Code), abuse of office (Article 316 of the Italian Criminal Code) (Article 25 of Legislative Decree 231/01)

- the **crimes of counterfeiting money, public credit cards, revenue stamps and identification instruments or signs** (articles 453 and following of the Italian Criminal Code) as provided for by Legislative Decree 350/01, converted into Law 409/01; Law 99 extended the applicability of Decree 231 also to counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models and designs (art. 473 of the Italian Criminal Code). 409/01; Law 99 of 2009 extended the applicability of Decree 231 to counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models and designs (Article 473 of the criminal code) and to the introduction into the State and trading of products with false signs (Article 474 of the criminal code) (Article 25 bis of Legislative Decree 231/01);
- the **crimes against industry and commerce** provided for by Law 99 of 2009: disturbance of freedom of industry and commerce (art. 513 penal code); unlawful competition with threats or violence (art. 513-bis penal code); fraud against national industries (art. 514 penal code); fraud in the exercise of trade (art. 515 penal code); sale of foodstuffs that are not genuine as genuine (art. 516 penal code); sale of industrial products with

misleading signs (art. 517 penal code); manufacture and trade of goods made by usurping industrial property rights (art. 517 ter penal code); counterfeiting (art. 516 penal code.); sale of industrial products with misleading signs (Article 517 of the Italian Criminal Code); manufacture and sale of goods made by usurping industrial property rights (Article 517 ter of the Italian Criminal Code); counterfeiting of geographical indications or designations of origin of food products (Article 517 quater of the Italian Criminal Code); unlawful competition with threats and violence (Article 513 bis of the Italian Criminal Code); fraud against national industries (Article 514 of the Italian Criminal Code) (Article 25 bis 1 of Legislative Decree 231/01);

- **corporate offences** provided for by the Civil Code, following Legislative Decree 61/02: false corporate communications (art. 2621 Civil Code); minor facts (art. 2621 bis Civil Code) false corporate communications of listed companies (art. 2622 Civil Code); impediment to control (art. 2625 of the Italian Civil Code); undue return of contributions (art. 2626 of the Italian Civil Code); illegal distribution of profits and reserves (art. 2627 of the Italian Civil Code); unlawful transactions on shares or quotas of the company or of the controlling company (art. 2628 of the Italian Civil Code); transactions to the detriment of creditors (art. 2628 of the Italian Civil Code.); transactions to the detriment of creditors (art. 2629 civil code); failure to communicate a conflict of interest (art. 2629bis civil code); fictitious capital formation (art. 2632 civil code); undue distribution of corporate assets by liquidators (art. 2633 Italian Civil Code); Bribery among private individuals (Article 2635 Italian Civil Code); unlawful influence on the shareholders' meeting (Article 2636 Italian Civil Code); market rigging (Article 2637 Italian Civil Code); hindering the exercise of

the functions of the supervisory authority (Article 2638 Italian Civil Code) (Article 25-ter of Legislative Decree 231/01);

- **i reati aventi finalità di terrorismo o di eversione dell'ordine democratico** previsti dal codice penale o da leggi speciali, ai sensi della L. 7/03 recante "Ratifica ed esecuzione della Convenzione internazionale per la repressione del finanziamento del terrorismo, fatta a New York il 19 dicembre 1999, e norme di adeguamento dell'ordinamento interno": associazioni sovversive (art. 270 e ss. c.p.); attentato per finalità terroristiche o di eversione (art. 280 e ss. C.p.); sequestro a scopo di coazione (art. 289-ter c.Criminal Code); incitement to commit any of the crimes provided for by the first and second chapters (art. 302 Criminal Code); political conspiracy by agreement (art. 304 Criminal Code); political conspiracy by association (art. 305 Criminal Code); armed band: formation and participation (art. 306 of the criminal code); assistance to participants in conspiracy or armed gangs (Article 307 of the criminal code); seizure, hijacking or destruction of an aircraft (Law No. 342/1976, Article 1); damage to ground facilities (Law No. 342/1976, Article 2) (Article 25-quater of Legislative Decree 231/01);
- **offences relating to the practice of mutilating female genital organs** (Article 583 bis of the Criminal Code), as provided for by Law 7/06 (Article 25 quater 1 of Legislative Decree 231/01);
- **the crimes against the individual personality provided for by the criminal code**: Reduction to or maintenance in slavery or servitude (Article 600 of the criminal code), Child prostitution (Article 600-bis of the criminal code), Child pornography (Article 600-ter of the criminal code), Possession of pornographic material (Article 600-quater of the criminal code), Virtual pornography (Article 600-quater 1 of the criminal code), Tourist initiatives aimed at exploiting child prostitution (Article 600-

quiquies of the criminal code), Trafficking in persons (Article 301 of the criminal code), Purchase and sale of slaves (Article 600-quinquies of the criminal code).) , Tourism initiatives aimed at the exploitation of child prostitution (Article 600-quinquiesCriminal Code) , Trafficking in persons (Article 301 of the Italian Criminal Code) Purchase and sale of slaves (Article 602 of the Italian Criminal Code) , Illegal intermediation and exploitation of labour (Article 603-bis of the Italian Criminal Code), Solicitation of minors (Article 609-undecies of the Italian Criminal Code) (Article 25-quinquies of Legislative Decree 231/01);

- **market abuse offences** pursuant to Articles 184 and 185 of Legislative Decree 58/98: abuse of privileged information (Article 184 of the TUF); market manipulation (Article 185 of the TUF) (Article 25-sexies of Legislative Decree 231/01);
- **the crimes of manslaughter and grievous or very grievous bodily harm** (Articles 589 and 590, third paragraph, of the Italian Criminal Code) committed in violation of the rules on accident prevention and the protection of hygiene and health at work, as provided for by Law 123/07 and Legislative Decree 81/2008: manslaughter (Article 589 of the Italian Criminal Code); **grievous** bodily harm (Article 590 of the Italian Criminal Code) (Article 25septies of Legislative Decree 231/01);
- **the offences of receiving stolen goods, money laundering and use of money, goods or utilities of illegal origin as well as self-laundering** (Articles 648, 648-bis, 648-ter and 648-ter 1. of the Italian Criminal Code), as established by Legislative Decree 231/2007 (Article 25-octies of Legislative Decree 231/01);
- **offences relating to the violation of copyright** under Law 633 of 22/04/1941, to which the application of Legislative Decree 231/01 was

extended by Law 99 of 2009 (Article 25-novies of Legislative Decree 231/01);

- **the offence of inducing persons not to make statements or to make false statements to the judicial authorities** (Article 377 bis of the Italian Criminal Code), as provided for by Article 4 of Law 116 of 2009 (Article 25-decies of Legislative Decree 231/01);
- **environmental crimes**, introduced by Legislative Decree no. 121 of 7 July 2011 and by Law 68/2015: environmental pollution (art. 452-bis); environmental disaster (art. 452-quater); culpable crimes against the environment (art. 452-quinquies); trafficking and abandonment of highly radioactive material (art. 452-sexies); aggravating circumstances (art. 452-octies); killing, destruction, capture, removal, possession of specimens of protected wild animal or plant species (Art. 727 bis c.p.); import, export, possession, use for profit, purchase, sale, display or possession for sale or for commercial purposes of protected species (L. no. 150/1992, art. 1, art. 2, art. 3-bis and art. 6); discharges of industrial wastewater containing hazardous substances; discharges into the soil, subsoil and groundwater; discharges into the sea by ships or aircraft (Legislative Decree no. 152/2006, art. 137); unauthorized waste management activities (Legislative Decree no.152/2006, art. 256); pollution of the soil, subsoil, surface waters and underground waters (Legislative Decree no. 152/2006, art. 257); illegal waste trafficking (Legislative Decree no. 152/2006, art. 259); violation of the obligations of communication, keeping of compulsory registers and forms (Art. 258, paragraph 4, Legislative Decree no. 152/2006); activities organised for the illegal trafficking of waste (Art. 452-quaterdecies c.p.); false information on the nature, origin, use and disposal of waste.); false information on the nature, composition and chemical and physical

- characteristics of waste in the preparation of a waste analysis certificate;
inclusion in SISTRI of a false waste analysis certificate; intentional and negligent pollution caused by ships (Art. 25-undecies Legislative Decree no. 202/2007, art. 8 and 9) (Art. 25-undecies Legislative Decree 231/01);
- **the offence of employing citizens of third countries whose stay is irregular** (Article 22, paragraph 12-bis, Legislative Decree 286 of 25 July 1998) introduced by Legislative Decree 109 of 16 July 2012 (Article 25-duodecies of Legislative Decree 231/01);
 - **the offence of racism and xenophobia** (Article 604 bis of the Italian Criminal Code) (Article 25 thirteen of Legislative Decree 231/01);
 - **the offence of fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices:** fraud in sporting competitions (Article 1, Law 401/1989); unlawful gaming or betting (Article 4, Law 401/1989) (Article 25-quaterdecies of Legislative Decree 231/01);
 - **Tax offences: Fraudulent declaration through the use of invoices or other documents for non-existent operations (Article 2 of Legislative Decree 74/2000);** fraudulent declaration through other devices (Article 3 of Legislative Decree 74/2000); issue of invoices or other documents for non-existent operations (Article 8 of Legislative Decree 74/2000); concealment or destruction of accounting documents (Article 10 of Legislative Decree 74/2000); fraudulent evasion of taxes (Article 11 of Legislative Decree 74/2000). 74/2000); concealment or destruction of accounting documents (Article 10 of Legislative Decree 74/2000); fraudulent withholding of taxes (Article 11 of Legislative Decree 74/2000); false declaration (Article 4 of Legislative Decree 74/2000); omitted declaration (Article 5 of Legislative Decree 74/2000);

undue compensation (Article 10-quater of Legislative Decree 74/2000)
(Article 25-quinquiesdecies of Legislative Decree 231/01);

It should be noted that the following types of offences:

-infidelity declaration in cases of serious cross-border VAT fraud (Article 4 of Legislative Decree 74/2000);

misrepresentation in cases of serious cross-border VAT fraud (Article 5 of Legislative Decree 74/2000);

undue compensation in cases of serious cross-border VAT fraud (Article 10 quater of Legislative Decree 74/2000)

are applicable only when they are committed in the context of fraudulent cross-border schemes, including partly in the territory of another EU Member State, for the purpose of evading VAT for a total amount of not less than EUR 10 million.

- **the crime of smuggling: smuggling in the movement of goods** across land borders and customs areas (art. 282 Presidential Decree no. 73/1943); smuggling in the movement of goods across land borders and customs areas (art. 282 Presidential Decree no. 73/1943); smuggling in the movement of goods by sea (art. 284 Presidential Decree no. 73/1943); smuggling in the movement of goods by air (art. 285 Presidential Decree no. 73/1943); smuggling in non-customs areas (art. 286 Presidential Decree no. 73/1943); smuggling for the undue use of goods imported with customs facilities (art. 287 Presidential Decree no. 73/1943); smuggling in customs warehouses (art. 288 Presidential Decree no. 73/1943); smuggling in customs warehouses (art. 288 Presidential Decree no. 73/1943); smuggling in customs warehouses (art. 288 Presidential Decree no. 73/1943). 73/1943); contrabbando nel cabotaggio e nella circolazione (art. 289 DPR n. 73/1943); contrabbando nell'esportazione di merci ammesse a restituzione di diritti (art. 290 DPR

- n. 73/1943); contrabbando nell'importazione od esportazione temporanea (art. 291 DPR n. 73/1943); contrabbando di tabacchi lavorati esteri (art. 291-bis DPR n. 73/1943); aggravating circumstances of the crime of smuggling of foreign processed tobacco products (Article 291-ter of Presidential Decree 73/1943); criminal association for the purpose of smuggling foreign processed tobacco products (Article 291-quater of Presidential Decree 73/1943); other cases of smuggling (Article 292 of Presidential Decree 73/1943) (Article 25-sexdecies of Legislative Decree 231/01)
- **transnational crimes** provided for by the Criminal Code and by special laws, as identified by Law 146/06 concerning the "Ratification and implementation of the United Nations Convention and Protocols against transnational organised crime, adopted by the General Assembly on 15/11/2000 and on 31/05/2001".

Legislative Decree 231/01 applies to offences committed by:

- persons in top positions, i.e. directors, general managers, heads of secondary offices, directors of divisions with financial and functional autonomy, as well as those who, even only de facto, manage and control the company;
- persons subject to the direction or supervision of the above-mentioned persons, including those who work in a position, even if not formally classified as an employee, which is however subordinate, as mentioned, to the supervision of the company for which they act.

An essential condition for the company to be held liable for the offence is that the act was committed in the interest or to the advantage of the company itself. The company is therefore liable whether the perpetrator of the offence committed it with the intention of pursuing an exclusive or competing interest

of the company, or whether it is in any case advantageous to the company. In the latter case, however, the company's liability is excluded if it turns out that the perpetrator of the offence acted with the intention of pursuing an interest that was exclusively his own or in any case different from that of the company.

1.2 Adoption of the Organisation, Management and Control Model as an exemption from administrative liability

Legislative Decree 231/01, in the event of an offence committed by a senior person, excludes the company's liability if the company can prove that

- the management body² has adopted and effectively implemented, prior to the commission of the offence, an Organisation and Management Model capable of preventing offences of the kind committed;
- the task of supervising the functioning of and compliance with the Model and ensuring that it is kept up-to-date has been entrusted to a company body with autonomous powers of initiative and control;
- the persons committed the offence by fraudulently evading the Organisation and Management Model;
- there has been no omission or insufficient supervision by the body responsible for control.

In the event of an offence committed by a person subject to the direction or supervision of others, the company is liable if the commission of the offence was made possible by failure to comply with the obligations of direction or supervision.

² Management body" means the management body as defined pursuant to Article 6 letter a) of Legislative Decree 231/01, i.e. the Board of Directors

In any case, non-compliance with the obligations of management or supervision is excluded if the company, before the offence was committed, adopted and effectively implemented an Organisation, Management and Control Model suitable for preventing offences of the type committed.

The Organisational Model will have to meet several requirements:

- identify the "areas at risk", i.e. the activities within which offences may be committed;
- provide for specific protocols aimed at planning the formation and implementation of the company's decisions in relation to the offences to be prevented;
- identify methods of managing financial resources suitable to prevent the commission of offences;
- provide for information obligations towards the body appointed to supervise the functioning of and compliance with the Model;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.

In relation to the nature and size of the organisation, as well as the type of activity carried out, the model must provide for appropriate measures to ensure that the activity is carried out in compliance with the law and to promptly discover and eliminate risk situations.

The effective implementation of the Model requires a periodical verification and possible modification of the same when significant violations of the prescriptions are discovered, or when changes occur in the organisation or activity of the company. Therefore, the system briefly outlined above cannot, in order to operate effectively, be reduced to a *one-off* activity, but must be translated into a continuous process (or in any case carried out at an appropriate frequency).

Furthermore, pursuant to art. 6 paragraph 2 bis of Legislative Decree 231/2001, the Model must provide for:

- a) one or more channels which allow the persons indicated in Article 5, paragraph 1, letters a) and b) of Legislative Decree 231/01, to submit, in order to protect the integrity of the entity, detailed reports of unlawful conduct, relevant under Legislative Decree 231/01 and based on precise and concordant facts, or violations of the organisation and management model of the entity, of which they have become aware by reason of their functions; these channels must ensure the confidentiality of the identity of the reporting person in the management of the report;
- b) at least one alternative reporting channel capable of guaranteeing, by computerised means, the confidentiality of the identity of the reporter;
- c) the prohibition of retaliatory or discriminatory acts, direct or indirect, against the whistleblower for reasons directly or indirectly related to the report;
- d) in the disciplinary system adopted pursuant to paragraph 2, letter e) of Legislative Decree 231/01, sanctions against those who violate the measures for the protection of whistleblowers, as well as those who make reports that turn out to be unfounded with malice or serious misconduct.

1.3 The guidelines drawn up by the Trade Associations

The same Legislative Decree 231/01, in Article 6, paragraph 3, provides that the models may be adopted on the basis of codes of conduct drawn up by the associations representing the entities and communicated to the Ministry of Justice.

On the basis of this provision, all the main trade associations have approved and published their own codes of conduct.

With regard to the guidelines of the trade associations, Ministerial Decree no. 201 of 26 June 2003 ("Regulation containing regulatory provisions relating to the procedure for ascertaining administrative offences committed by legal entities, companies and associations, including those without legal personality") reiterates that the associations representing the entities must communicate the guidelines to the Commission. 201 ("Regulation containing regulatory provisions relating to the procedure for ascertaining administrative offences committed by legal entities, companies and associations, including those without legal personality") reiterates that the associations representing the entities must communicate to the Ministry of Justice the codes of conduct containing specific and concrete sector indications for the adoption and implementation of the organisational and management models envisaged and expressly provides that, thirty days after the date of receipt by the Ministry of Justice of the code of conduct without any observations having been made, the code of conduct becomes effective.

In particular, it seems appropriate to recall that in June 2021 Confindustria published the latest updated version of its "Guidelines for the construction of organization, management and control models pursuant to Legislative Decree no. 231 of June 8, 2001". The Ministry considered this version prepared by Confindustria to be adequate.

2 Adoption of the Model in PetrolValves S. p. A.

2.1 Objectives pursued by the company with the adoption of the Model

In order to ensure fairness in the conduct of business activities and with a view to spreading and promoting integrity and transparency, the Company has deemed it appropriate to implement the indications of Legislative Decree 231/01 and adopt an Organization, Management and Control Model designed to prevent the risk of commission of the offences referred to in the Decree.

The decision to adopt the Model of Organization, Management and Control was made with the intention of protecting its image, the interests and expectations of employees, shareholders, customers and the public, and to raise awareness among all employees and all those who work in the name and on behalf of the Company to adopt proper conduct in order to avoid the commission of crimes.

PetrolValves has prepared its own Model of Organization, Management and Control taking into consideration all the relevant laws and in particular the guidelines of Confindustria.

The Model was approved and adopted by the Board of Directors, in accordance with art. 6.1 lett. a of Legislative Decree 231/01, which envisages the Model as an expression of the company's management body.

In addition to adopting the Organisation, Management and Control Model, in accordance with Article 6(1)(b) of Legislative Decree 231/01, the Board of Directors has established the Supervisory Board, which has the task of ensuring the effectiveness of the Model itself, as well as verifying compliance with it and keeping it updated.

2.2 Purpose and principles of the Model

The Organization, Management and Control Model responds to the need to perfect its system of internal controls and to avoid the risk of crimes being committed.

This objective is achieved through the identification of "sensitive" activities, the preparation of an organic and structured system of procedures and the adoption of an adequate risk control system.

The basic principles of the Model must:

- make the potential perpetrator aware that he is committing an offence contrary to the principles and interests of the company, even when the offence itself would apparently provide an advantage to the company;
- make it possible to monitor sensitive activities and intervene to prevent the commission of the offence and, if necessary, reinforce the internal control system by modifying procedures, authorisation levels or support systems.

In order to prepare this Organisation, Management and Control Model:

- the areas at risk of commission of offences pursuant to Legislative Decree 231/01 were identified by analysing the activities carried out, existing procedures, practices and authorisation levels. For an examination of the methods followed in the complex and articulated Risk Assessment activity, see Chapter 7 "Results of the Risk Assessment activity";

- adequate internal control systems have been defined for the areas at risk, in order to prevent the commission of offences, and suitable organisational procedures have been drawn up;
- the process of managing financial resources was analysed;
- a Supervisory Body has been identified and assigned the task of overseeing the correct application of the Model by monitoring activities and defining information flows from sensitive areas;
- tasks and powers have been attributed to this body and to the company's top management in order to guarantee the effective supervision of the application and adequacy of the Organisation, Management and Control Model, also for the purposes of configuring the exemption;
- a disciplinary system to be applied in the event of violation of the Organisation, Management and Control Model has been provided for, in compliance with the existing legislation on the subject;
- awareness raising and training on the procedures and adherence to the behavioural rules set out in the Model was launched at all company levels;
- a work of sensitisation and training on the procedures and adherence to the behavioural rules foreseen by the Model has been started for external subjects (e.g. agents, collaborators, suppliers of goods or services), by sending specific information notes on the application of the Model and compliance with the Code of Ethics or by inserting specific clauses that make explicit reference to the application of the Code of Ethics. agents, collaborators, suppliers of goods or services), by sending out specific information notes on the application of the Organisation, Management and Control Model and on compliance with the Code of Ethics, or by inserting specific clauses that make explicit reference to compliance with the provisions of the Organisation, Management and

Control Model and the Code of Ethics which, in the event of violation, provide for a warning that the aforementioned provisions must be punctually complied with, or the application of penalties or, again, the termination of the contractual relationship.

The purpose of the Model is to set up a formalised and clear organisational system with regard to the assignment of responsibilities, hierarchical reporting lines and description of tasks, with specific provision for control principles.

2.3 The centrality of the Code of Ethics of PetrolValves

The Code of Ethics of PetrolValves S. p. A. which is an integral part of the Organization Model, indicates the general principles and rules of conduct to which the Company recognizes positive ethical value and to which all Recipients must comply. These are all directors, auditors, employees, including managers, as well as all those who, although external to the Company, work, directly or indirectly, for it.

These values are based on the principles of respect for the law, fairness, impartiality, honesty, integrity and transparency.

In any case, in case of conflict between the provisions of the Code of Ethics and the Organizational Model, the provisions of the Company's Organizational Model shall prevail.

3 The organizational system of PetrolValves S. p. A.

3.1 Brief description of the activities of PetrolValves S. p. A.

PetrolValves S.p.A. is a leading specialist manufacturer of valves for the gas, oil and energy sectors.

PetrolValves is distinguished by its ability to continually produce the most sophisticated engineered valves for the many categories of the oil, gas and energy industries.

PetrolValves' production line covers the following sectors: refining, petrochemical, power plants, marine platforms, subsea installations, oil and gas transportation, drilling.

3.2 The governance system

PetrolValves, a public limited company, has adopted the following system of governance:

Board of Directors

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the company and has the power to carry out all the actions it deems appropriate to achieve the corporate purpose, with the sole exception of those that the law or the Articles of Association reserve to the sole competence of the shareholders.

The Board of Directors may delegate all or part of its powers to an executive committee composed of one or more of its members, even severally (art. 2381 of the Italian Civil Code).

The Board of Directors of PetrolValves may consist of 2 to 9 members.

Board of Statutory Auditors

The Board of Statutory Auditors consists of three standing members and two alternate members and is responsible for fulfilling all the duties imposed by law and the Articles of Association.

Auditing company

Pursuant to the provisions of the Italian Civil Code, PetrolValves has engaged an independent auditing firm to audit its accounts.

In addition, the Company's control activities will be carried out by:

- Compliance Officer. This function will be autonomous with respect to the other operational structures and with respect to the internal control structures; this function is attributable to a second level control which is entrusted with the task of monitoring ex-ante compliance with the reference regulations through the performance of a series of activities, including the development of a Compliance program, assistance to management in the modernization of processes, standardization of internal objectives, monitoring of changes and innovations necessary to assimilate new rules and policies;
- Internal Auditor. This function is attributable to a third level control and will contribute to the identification, measurement, management and monitoring of the Company's corporate risks, assessing the adequacy of the organisational structure, the correctness of the conduct and the functionality of the overall system, as well as subjecting the Compliance function to periodic and independent examination.

3.3 Areas of activity and organisational structure

From an organisational point of view, the company has its registered office in Milan and production facilities in Castellanza (VA) and Piacenza.

In addition to Italy, the company is present in the United States, Norway, the United Kingdom, Saudi Arabia, China, Brazil and Kazakhstan.

For a detailed description of the organisational structure, reference should be made to the company organisation charts prepared by the Company, which identify the hierarchical dependence of the professional figures involved.

The organization charts and the system of delegation of functions and powers of attorney are to be considered an integral part of the organizational model.

3.4 The certifications of PetrolValves S. p. A.

PetrolValves has adopted an integrated compliance system in managing its business risks.

From this point of view, the risk assessment pursuant to Legislative Decree 231/2001 - where necessary - is linked to specific assessments carried out as part of further control activities, recalling, summarising or integrating their contents.

In particular, this system is designed to develop a control system capable of preventing the underlying crimes; in this regard, compliance activities are carried out in full cooperation with the entire internal control system (levels I, II and III).

In this regard, PetrolValves has chosen to establish, document, implement and maintain an Integrated Quality, Safety and Environmental Management System, in accordance with the requirements of the regulations listed below:

- UNI EN ISO 45001 : ed. 2018 ;
- UNI EN ISO 9000 ed. 2015;
- UNI EN ISO 14001 : ed. 2015 ;
- BS OHSAS 18001 : ed. 2007
- API Q 1 ninth edition, June 2003

and to constantly improve its effectiveness in order to ensure compliance with legal and regulatory requirements, guaranteeing full customer satisfaction, respecting the health and safety of its employees, visitors and contractors and respect for the citizens living in the areas surrounding the company, with particular attention to compliance with environmental and safety regulations in force and the continuous improvement of company performance, progressively minimizing the impact of its activities on the environment.

The company also holds the following product certifications: API 6A License, API 6D License, API 6DSS License, API 17D License, API 600 License.

3.5 The financial resources management system

Article 6, paragraph 2, letter c, of Legislative Decree 231/2001, states that the Models must provide for methods of managing financial resources that are suitable for preventing the commission of offences. The reason for this provision is to be found in the fact that numerous types of offences relevant to the discipline in question can be committed using the company's financial resources.

The financial resource management process was analysed to ensure that it is based on specific **control principles** such as:

- the separation of roles at key stages of the process;

- the traceability of the acts and authorisation levels to be associated with the individual operations;
- monitoring the correct execution of the various stages of the process:
 1. specifically formalized request for a payment order;
 2. authorisation from the competent function;
 3. checking that the goods received correspond to those ordered;
 4. verification of payment;
 5. invoice control;
 6. input into accounting;
- documentation of the checks carried out.

4 Structure of the Organisation, Management and Control Model: General Part and Special Part

The Organisation, Management and Control Model consists of a General Part and several Special Parts.

The General Section, consisting of this document, describes the contents and impact of Legislative Decree 231/01, the basic principles and objectives of the Model, the duties of the Supervisory Board, the procedures for adopting, disseminating, updating and applying the contents of the Model, and the provision of the disciplinary system.

The Special Sections, dedicated to the types of offences in relation to which Legislative Decree 231/01 applies, describe in detail:

- the types of offence envisaged by the relevant article of Legislative Decree 231/01;
- the penalties provided for in that Article;
- the areas at risk of offences in relation to the aforementioned criminal offences;
- the general rules of conduct in the areas at risk of crime;
- the particular rules of conduct in the individual areas at risk of crime;
- a description of the sensitive activities, indicating the company functions involved, the ways in which offences may be committed and the preventive controls.

The Special Sections, as mentioned, are divided on the basis of the hypotheses of offence for which the regulations on the administrative responsibility of entities apply, and have been prepared on the basis of the outcome of the risk mapping activity, which has identified the hypotheses of offence that are potentially relevant in relation to the activities of PetrolValves.

They are:

1. Special Part Crimes related to corruption and other crimes against the Public Administration;
2. Special Section Computer crimes and unlawful data processing;
3. Special Part Organized crime and transnational crimes;
4. Special Part Forgery of money, public credit cards, revenue stamps;
5. Special Part Crimes against industry and commerce and counterfeiting of instruments or identifying marks;
6. Special Part Corporate Crimes;
7. Special Part Crimes for the purpose of terrorism or subversion of the democratic order (art. 25 *quater*);

8. Special Part Manslaughter and grievous or very grievous bodily harm committed in violation of the regulations governing accident prevention and the protection of hygiene and health at work (art. 25-septies);
9. Special Part Receiving stolen goods, money laundering and use of money, goods or benefits of illicit origin as well as self laundering (art. 25-octies);
10. Special Section Crimes related to violation of copyright (art. 25-novies);
11. Special Part Crime of induction to make false statements or not to make statements to the judicial authorities (art. 25-decies)
12. Special Part Environmental crimes (art. 25-undecies);
13. Special Section Employment of third party citizens whose stay is irregular (art. 25-duodecies);
14. Special Section Tax Crimes (art. 25-quinquiesdecies)
15. Special Part Contraband (art. 25-sexiesdecies).

From the controls and standards of conduct indicated in the various Special Sections it emerges that the activities of PetrolValves S.p.A. are carried out taking into consideration:

- absolute compliance with the reference legislation in force;
- adherence to the PetrolValves Code of Ethics;
- the segregation of responsibilities and functions within the same process;
- the sharing of decisions;
- traceability of the relevant steps;
- archiving of documentation.

The Organization, Management and Control Model is integrated with the contents of the Code of Ethics adopted by the company.

PetrolValves promotes the adoption and effective implementation by all subsidiaries of appropriate systems to prevent the risk of corporate liability arising from crime.

In this regard, all subsidiaries, Italian and foreign, adopt the Code of Ethics of PetrolValves.

5 Amendments and additions to the Organisation, Management and Control Model

Since the Model is an act of issuance by top management, subsequent amendments and additions are the responsibility of the Company's Board of Directors:

1. modification of the duties of the Supervisory Body;
2. the identification of a different Supervisory Body;
3. adaptation of the document following reorganisation of the corporate structure;
4. the inclusion or deletion of Special Parts;
5. the inclusion of new risk areas;
6. change of company function names;
7. modification or updating of company procedures and/or other components of the Model.

Amendments 4 to 7, which are non-substantial amendments since they do not affect the structure of the Model, may also be referred to the Chief Executive Officer or the Chairman of the Board of Directors.

On the basis of the recommendations provided by the Supervisory Board, the individual functions are responsible for preparing and updating the

organisational procedures. Within each function, the person responsible is identified.

6 Supervisory Board

6.1 Identification of the Supervisory Body: appointment, term of office, replacement, lapse and revocation

The Supervisory Body is appointed by the Board of Directors, which determines its term of office.

PetrolValves, after verifying the possible existence, within the corporate organizational design, of a structure suitable to play the role of Supervisory Board, has identified it as a collegial body.

The members of the Supervisory Board have skills in inspection and consultancy activities, or have knowledge of specific techniques, suitable for guaranteeing the effectiveness of the control powers and the power to make proposals assigned to it.

The composition of the Supervisory Board complies with the requirements of Legislative Decree 231/01 and the indications provided by trade associations.

In fact, Art. 6, paragraph 1, letter b) of Legislative Decree 231/01 provides that the task of supervising the operation of and compliance with the Organisation, Management and Control Model and of promoting its updating is entrusted to a company body with autonomous powers of initiative and control.

The Company's Supervisory Board must be characterized by:

- independence of judgment and interest;

- hierarchical autonomy with respect to the subjects under investigation;
- professionalism;
- autonomy and spending powers;
- continuity of action, since it is a structure set up ad hoc and dedicated to the activity of supervision of the Model, as well as devoid of operational duties that could lead it to take decisions with economic-financial effects.

The Supervisory Body may, in the event of the need for specific technical expertise, avail itself of the advice of external professionals.

For the purposes of constitution, appointment of members and evaluation of the functionality of the Supervisory Board, the Board of Directors of PetrolValves assesses the existence of the following elements:

-autonomy and independence of the Supervisory Body understood as:

-have autonomous powers of initiative and control;

-do not perform operational tasks.

-professionalism of the Supervisory Body intended as:

-have appropriate specialist skills (e.g. inspection and consultancy skills, etc.);

be equipped with specialist tools and techniques to carry out the activity, also making use of internal and/or external specialised collaborations.

-Honorability . All members of the Supervisory Board are required in advance not to be in any of the conditions of ineligibility and/or incompatibility listed below:

-being in a state of temporary disqualification or suspension from holding executive positions in legal persons and companies;

find themselves in one of the conditions of ineligibility or disqualification envisaged by Article 2382 of the Italian Civil Code;

- being in the condition for which criminal action has been taken against him or a measure restricting his personal freedom has been adopted for the commission of crimes, whether in progress at the date of appointment or during the course of the appointment;
- have been convicted of a criminal offence or taken a plea bargain, even if not final;
- having received, in Italy or abroad, a conviction or plea bargaining sentence, even if not final, for violations relevant to the administrative liability of entities pursuant to Legislative Decree no. 231 of 2001.

With reference to the causes of ineligibility and incompatibility, it should be noted that in order to ensure the constraints of autonomy and independence, the members of the Supervisory Board must not be related to the top management of the company, nor must they be linked to it by economic interests or any situation that could generate a conflict of interest, with the exception of employment relationships, provided that the member does not perform an operational role within the Company.

In the event of resignation, supervening incapacity, death, revocation or forfeiture of a standing member of the Body, the Chairman will promptly inform the Board of Directors so that it can decide to appoint a replacement.

Renunciation by members of the Body may be exercised at any time and must be communicated to the Chairman of the SB in writing. If the waiver concerns the Chairman of the SB, he will promptly inform the oldest member of the SB. The Supervisory Board is considered to have lapsed if the majority of its members are no longer present, due to resignation or other causes.

Each member of the Supervisory Board - by accepting the appointment - is bound by a commitment to confidentiality.

The members of the Body may be revoked only for just cause, by resolution of the Board of Directors.

Just cause for revocation shall mean:

- disqualification or incapacitation, or a serious infirmity that renders the member of the Supervisory Board unable to carry out his/her supervisory duties, or an infirmity that, in any case, entails his/her absence from the workplace for a period of more than six months;
- the assignment of operational functions and responsibilities to the Supervisory Board, or the occurrence of events, which are incompatible with the requirements of autonomy of initiative and control, independence and continuity of action, which are specific to the Supervisory Board;
- a serious breach of the duties of the Supervisory Board.

Each member of the Supervisory Board shall be removed from office if he/she has reported:

- a sentence, even if not final, convicting the company pursuant to the Decree, or criminal proceedings concluded through the application of the penalty at the request of the parties, so-called "plea bargaining", where the documents show "omitted or insufficient supervision" by the Supervisory Body, in accordance with the provisions of art. 6, paragraph 1, letter d) of the Decree;
- a conviction, even if not final, against the member of the Supervisory Board, for having personally committed a crime;
- a conviction, even if not final, against the member of the Supervisory Body, to a penalty that entails disqualification, even temporary, from public office,

or temporary disqualification from the management offices of legal persons and companies.

Each member of the Supervisory Board may withdraw from the office at any time by giving at least 3 months' notice.

In the event of termination due to resignation, the outgoing member of the Supervisory Board shall, in any case, be required to perform all the functions provided for by law or by the Model until the person appointed by the Board of Directors in his/her place takes office. Without prejudice to the foregoing, the members of the Supervisory Board appointed in replacement shall remain in office for the period of time for which the persons they replace should have remained in office.

6.2 Duties and powers of the Supervisory Body

The functions of the Supervisory Board of PetrolValves are as follows:

- analyse the actual adequacy of the Organisation, Management and Control Model to prevent the offences covered by Legislative Decree 231/01;
- supervise the effectiveness of the Organisation, Management and Control Model, verifying its consistency with the actual conduct and detecting any violations;
- verify the permanence over time of the requirements of effectiveness and adequacy of the Organisation, Management and Control Model;
- promote the updating of the Organisation, Management and Control Model, when the analyses carried out show the need for corrections or updates following changes in regulations, changes in the company structure or in the activities carried out.

To this end, the Supervisory Body is assigned the task of carrying out the following activities:

- carry out periodic checks on individual operations or acts within the areas at risk of crime, with the help of the department managers³involved;
- involve the operational contacts in the audits, also directly;
- carry out unannounced sample checks in the areas at risk of offence on the effective compliance with the existing procedures and other control systems;
- constantly monitor the evolution of the company organisation and of the business sectors, in order to promote the possible updating, also through external consultants, of the list of company areas at risk of crime, with the collaboration of the managers of the company functions involved;
- request, from the managers of each area at risk of offence, the information considered relevant in order to verify the effectiveness and adequacy of the Model and, if necessary, a periodic self-assessment by the functions;
- collect reports from any employee in relation to:
 - any critical aspects of the measures provided for by the Organisation, Management and Control Model;
 - violations of the same;
 - any situation that may expose the company to the risk of crime;
- collect and store in a dedicated archive:

³ Function Head(s) means the Director of Function or the Director responsible for the units that are hierarchically or functionally dependent.

- the documentation, updated from time to time, relating to the procedures and other measures provided for by the Organisation, Management and Control Model;
- information collected or received in the performance of its activities;
- evidence of the various activities carried out;
- documentation relating to meetings with the corporate bodies to which the Supervisory Board reports;
- check that all the department managers in the areas at risk of offences ensure that the employees who report to them are aware of and comply with the procedures or any other provisions of interest to the department;
- coordinating with the relevant department heads to ensure the ongoing training of personnel in relation to the issues of Legislative Decree 231/01;
- provide recommendations to the other corporate functions concerned, for the drafting of new procedures and the adoption of other measures of an organisational nature, as well as, if necessary, for the amendment of existing procedures and measures;
- monitor, also with the support of the Compliance department and/or with the aid of external consultants, the regulatory provisions relevant to the effectiveness and adequacy of the Organisation, Management and Control Model;
- schedule periodic meetings with the department heads concerned, in order to gather information useful for any updates or changes to the Organisation, Management and Control Model;
- autonomously entrust appointments to professionals and consulting firms, in relation to matters relevant for the purposes of Legislative Decree 231/2001;

- submit, if necessary, written proposals for adaptation of the Organisation, Management and Control Model to the Board of Directors for subsequent approval;
- verify the implementation of the proposals to adapt the Organisation, Management and Control Model previously formulated;
- access all relevant company documentation for the purposes of verifying the adequacy of and compliance with the Organisation, Management and Control Model and the Code of Ethics.

The Supervisory Board will have its own fund for the exercise of its functions, in the amount approved by the Board of Directors.

The activities carried out by the Body cannot be reviewed by any other body or company structure, it being understood, however, that the management body is in any case called upon to carry out a supervisory activity on the adequacy of its intervention, since the management body is ultimately responsible for the functioning and effectiveness of the organisational Model.

In order to be able to fully exercise its functions, the Supervisory Board has adequate financial resources and is entitled to make use of the assistance of the company structures present. Furthermore, while retaining ownership of the activities, it may use the support of external consultants.

The Body formulates regulations for its activities (determination of the time frames for controls, identification of the criteria and procedures for analysis, scheduling of activities, minutes of meetings, etc.).

6.3 Reporting to corporate bodies

The Supervisory Board reports the results of its activities to the Board of Directors and the Board of Statutory Auditors.

In particular, the Supervisory Body:

- constantly reports on its work to the Chief Executive Officer or the Chairman of the Board of Directors;
- reports half-yearly to the Board of Directors, in a written report, on its supervisory activities aimed at promoting the maintenance and updating of the Organisation, Management and Control Model;
- shall send a copy of this report to the Board of Statutory Auditors;
- immediately reports to the Board of Directors and to the Managing Director or to the Chairman of the Board of Directors in the event of facts that highlight serious criticalities in the Organisation, Management and Control Model;
- submits to the Board of Directors, if applicable, and/or to the Managing Director or to the Chairman of the Board of Directors, proposals for amendments and/or additions to the Organisation, Management and Control Model, also taking into account any critical issues identified for subsequent approval. the Board of Directors, if applicable, and/or to the Managing Director or the Chairman of the Board of Directors, proposals for amendments and/or integrations to the Organisation, Management and Control Model, also taking into account any criticalities detected, for its subsequent approval.

6.4 Information flows

The activity of supervising the effectiveness of the Organisation, Management and Control Model is facilitated by a series of information that the individual

company functions must provide to the Supervisory Board, as also provided for by Article 6, paragraph 2, letter d) of Legislative Decree 231/01 or by the so-called information flows to the Supervisory Board (the "Information Flows").

The obligation to provide the information required under Article 6, paragraph 2, letter d) of Legislative Decree 231/01 is addressed to the corporate functions at risk of offence and concerns the periodic results of the activities carried out by them and the atypicalities or anomalies found in the information available.

Furthermore, all information that presents relevant elements in relation to the supervisory activity must be transmitted to the Supervisory Body, such as, by way of example:

- decisions relating to the application for, disbursement and use of public funds;
- measures and/or news coming from the judicial police, or from any other authority, from which it can be inferred that investigations are being carried out, even against unknown persons, for the crimes referred to in the Legislative Decree;
- requests for legal assistance made by employees and/or managers against whom the Judiciary is proceeding for one of the offences referred to in Legislative Decree 231/01;
- statements summarising the contracts awarded following participation in national and European tender procedures, or by private treaty;
- reports prepared by the managers of the Company's Areas/Functions in the context of the control activities carried out, from which facts, acts, events or omissions may emerge that are critical with respect to the provisions of the Decree;

- copy of the periodic reports on health and safety at work (for example, copy of the Risk Assessment Document, any updates, etc.), as well as in relation to accidents, injuries, inspections and/or any other circumstance relevant to the application of the Model;
- news relating to orders awarded by public bodies or subjects that perform functions of public utility;
- the findings of any commissions of inquiry, or internal reports from which responsibility for the offences referred to in Legislative Decree 231/01 emerges;
- summary reports of sensitive activities carried out;
- any amendments and/or additions to the system of delegated and proxy powers;
- information relating to the effective implementation, at all levels of the company, of the Organisation, Management and Control Model, with evidence of any disciplinary proceedings carried out and penalties imposed, or of the measures for dismissing such proceedings with the relative reasons.
- the results of the preventive and subsequent checks carried out during the period of reference on the awarding of contracts to market operators, following national and European tenders, or by private treaty;
- the results of the monitoring and control already carried out during the period of reference, on the contracts acquired from public entities or from subjects carrying out public utility functions.

In addition to the above reporting system, the periodic communications prepared by the Administration, Finance and Control Department regarding the absence of critical issues arising from its activities must be considered as qualifying elements of the control system on financial flows.

The Supervisory Board has the task of requesting, if necessary, any additional information, which must be transmitted to it by the individual company departments.

6.5 Reports to the Supervisory Board

Supervision of the effectiveness of the Organisation, Management and Control Model is also facilitated by reports from employees who become aware of information relating to conduct not in line with the provisions of the Organisation, Management and Control Model and the Code of Ethics (the "Reports").

All employees of the Company and third parties who collaborate with it (including but not limited to attorneys, agents, collaborators in any capacity, consultants, suppliers and business partners) who become aware of information relating to conduct not in line with the provisions of the Model of Organization, Management and Control and the Code of Ethics, issued by the Company, are obliged to inform the Supervisory Board.

This obligation, moreover, falls within the broader duty of diligence and loyalty of the employee; its fulfilment cannot give rise to the application of disciplinary sanctions and confidentiality must be guaranteed to those who report any violations, in order to eliminate the possibility of retaliation.

The Reports received by the Supervisory Body will be used for the purpose of improving the planning of control activities, and do not impose a systematic verification of all the facts reported, since the decision to take action following a report is left to the discretion and responsibility of the Supervisory Body.

In any case, whether the report proves to be unfounded or well-founded, the Supervisory Board must draw up a report setting out the Supervisory Board's assessment of the report in question.

With reference to communications relating to irregularities and offences, Company employees and third parties collaborating with the Company may submit detailed reports in order to protect the integrity of the Company:

- based on precise and concordant evidence of unlawful conduct pursuant to Legislative Decree 231/01; and
- of violations relating to the Organisation, Management and Control Model,

of which they became aware by reason of their duties.

Reporting can take place:

- by written communication sent to the Supervisory Body using the physical boxes at the company;
- by e-mail; the following e-mail address may be used for this purpose: odv@petrolvalves.it.

Anonymous reporting is possible by means of written communication. In any case, the reporting party will be protected in accordance with art. 6, paragraphs 2-bis, 2-ter and 2-quater of the Decree, through:

- the protection of the confidentiality of identity in the management of the report;
- the prohibition of acts of retaliation or discrimination for reasons linked, directly or indirectly, to the report;
- the burden of proof on the employer to show that any dismissal or demotion of the reporter was based on reasons unrelated to the report.

The reporting process is structured as follows:

- **Phase 1 - Initiation of the Investigation:** the process of managing the report is initiated when the Supervisory Body becomes aware of the report through the above-mentioned information channels.
- **Stage 2 - Preliminary Assessment:** once the Supervisory Body has received the report, it makes an initial assessment of its relevance pursuant to art. 6, paragraph 2-bis of the Decree, at the end of which it may decide to
 - close the report if it is not relevant to 231; or
 - file the report if it is not relevant for 231 purposes and if it is relevant to other issues concerning the Company's activities inform the competent corporate functions; or
 - proceed to analyse the substance of the report if relevant for 231 purposes.
- **Stage 3 - Investigation/Assessment of merit:** once the Supervisory Body has assessed the relevance of the report with respect to art. 6, paragraph 2-bis of the Decree, it proceeds with the activity of investigation and analysis of merit, with the support of the competent company functions and/or with the aid of external consultants, possibly using the annual budget.
- **Phase 4 - Conclusion of the investigation:** once the investigation/assessment of the merits of the report is complete, the Supervisory Body may:
 - in the event of a negative result, close the investigation;
 - in case of a positive outcome:
 1. communicate the outcome, by means of a written report detailing the activities carried out (possibly suggesting the application of any disciplinary sanctions), to the Board of Directors and the Board of Statutory Auditors;

2. (if necessary) inform the competent corporate functions for the fulfilment of their duties.

Whenever possible, the whistleblower and the reported person shall be informed of the development of the proceedings. In particular, the following methods of communication towards the reporter (if not anonymous) are foreseen:

- upstream of the investigation compared to the receipt of the report;
- downstream of the investigation in relation to its conclusion without providing information on the determinations made.

As far as the reported person is concerned, on the other hand, communication of the start and outcome of the investigation only takes place in the event that the need arises to take specific measures against him/her and in any case, in compliance with the Workers' Statute and the applicable CCNL.

6.6 Validity of resolutions

In order for the resolutions of the Supervisory Board to be valid, the majority of⁴ the members in office must be present. The presence of all the members of the Supervisory Body in office is required for resolutions concerning sensitive issues, i.e., particularly important issues or issues concerning the company's top management.

The resolutions of the Supervisory Board are passed by an absolute majority of those present. The vote is open, unless otherwise established by the Body itself.

⁴ Half plus one of the members in office.

7 Outcome of the Risk Assessment activity

The types of offences, in relation to which the system of administrative liability of entities is applicable, are listed briefly in this Model, in the chapter dedicated to the description of the regulations pursuant to Legislative Decree 231/01. These offences are identified more fully in the List of offences, as well as in the Special Parts, which represent the outcome of the risk assessment activities carried out at PetrolValves, and which indicate the control measures adopted by the company to prevent the risks identified.

As is well known, the identification of the areas in which the types of offences that may theoretically be committed pursuant to Legislative Decree 231/01 presupposes that all company processes are examined. The company document entitled "Risk assessment" summarises the results of this analysis. In particular, the following operational approach has been adopted to ensure that the Model adequately reflects the reality of the company:

A) IDENTIFICATION OF "CRIME RISK" AREAS

A1. Identification of abstractly relevant "231" offences

In this phase, within the types of offences contemplated by the Decree at the time the activities were carried out, those relevant to the Company were identified, taking into account: the nature of the activities carried out, the characteristics of the transactions involved, the "history" of the entity.

A2. Identification of the main potential ways in which offences can be committed

With reference to the offences identified as abstractly relevant in the previous phase, the main potential ways in which the offences may be carried out have been identified, by way of example.

A3. Identification of the main areas/activities affected by the possible cases of offence and the relative organisational units

Identification of the main areas at risk of offence and, for each of them, of the related sensitive activities, together with the related organisational units, on the basis of the Company's current organisational structure.

B) ANALYSIS OF PREVENTIVE CONTROLS: RISK ASSESSMENT & GAP ANALYSIS

The following steps were taken for each identified risk area:

- the identification and evaluation of existing controls;
- identification of any shortcomings and/or areas for improvement in the design of the control system;
- the formulation of suggestions for overcoming the criticalities/areas for improvement identified;

by analysing the available documentation and conducting interviews with the Company's Management and the company representatives concerned.

The mapping of activities at risk must be constantly updated, both as a result of changes to company processes and as a result of legislative changes relating to the catalogue of offences to which Legislative Decree 231/01 applies.

The results that emerge from the mapping of activities at risk are the subject of a specific periodic communication by the Supervisory Body to the Board of Directors.

With particular reference to the offences of manslaughter and serious or very serious negligent injury committed in violation of accident prevention regulations and the protection of hygiene and health at work, the company has

carried out a careful analysis aimed at identifying the areas potentially affected, not excluding a priori any sphere of activity, since, in an entirely abstract manner, this type of offence could in fact involve all company components.

At the end of the risk assessment activity it emerged that, with specific reference to the activity carried out by PetrolValves, the offences potentially at risk of being committed are the following:

- offences against the Public Administration (articles 24 and 25)
- computer crimes and unlawful processing of data (Article 24-bis)
- organised crime offences (Article 24-ter)
- offences relating to forgery of money, public credit cards and revenue stamps in instruments or signs of recognition (art. 25-bis)
- offences against industry and commerce art. 25-bis. 1)
- corporate crimes (art. 25-ter)
- crimes with the purpose of terrorism or subversion of the democratic order (art. 25-quater)
- culpable homicide and grievous or very grievous bodily harm committed in violation of accident-prevention regulations and the protection of hygiene and health at work (art. 25-septies)
- offences of receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering (art. 25-octies)
- offences relating to violation of copyright (Article 25-novies)
- the crime of inducement not to make statements or to make false statements to the judicial authority (art. 25-decies)
- environmental crimes (art. 25-undecies)
- crime of employment of citizens of third countries whose stay is irregular (art. 25-duodecies)

- tax crimes (art. 25-quinquiesdecies)
- smuggling offences (Article 25-sexiesdecies)
- transnational crimes.

The types of offences envisaged by the following articles have not been identified as possible risk profiles:

- Art. 25-quater. 1 - Practice of mutilation of female genital organs
- Art. 25-quinquies - Crimes against individuals
- Art. 25-sexies - Market abuse;
- Art. 25-quaterdecies - Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices.

For an effective prevention activity, aimed at preventing the commission of offences, which the Model intends to avoid, specific internal control systems have been foreseen based on:

- adherence to legislative provisions, internal rules and principles of conduct;
- adequate record-keeping and traceability of relevant operations (e.g. minutes, preliminary notes, resolutions on access to funding), so that each operation, transaction or action can be verified;
- Formalised separation of functions and matching of signatures (e.g. function requesting the purchase different from the function providing the payment), to avoid the concentration of the management of an entire process on a single person;
- clear definition of tasks and responsibilities, with precise indication of expenditure approval thresholds;

- adherence to the Code of Ethics, to the rules of conduct and to the organisational procedures prepared by the company in order to regulate all company activities and to make them transparent and ethical;
- appropriate requirements of independence, autonomy, professionalism and continuity of action of the Supervisory Body;
- obligation to periodically communicate relevant information, from the individual company departments to the Supervisory Board, in order to ensure a control system capable of providing timely notification of the existence of general or particular critical situations;
- obligation to document the checks carried out (possibly by drawing up minutes);
- application of sanctions for violation of the rules provided for by the Code of Ethics of the rules provided for by the Organisation, Management and Control Model.

With regard to occupational health and safety, the company pays particular attention to:

- recruitment and qualification of staff;
- organisation of work and workstations;
- acquisition of goods and services and communication of the appropriate information to suppliers and contractors;
- normal and extraordinary maintenance;
- qualification and selection of suppliers and contractors;
- emergency management;
- procedures for dealing with non-compliance with the objectives set and the rules of the control system.

The management of health and safety at work includes a phase of verification of the maintenance of the measures of prevention and protection of risks, adopted and evaluated as suitable and effective. The technical, organisational and procedural prevention and protection measures implemented by the company are subject to planned monitoring, as required by the occupational health and safety management system adopted by the company.

8 Training of the recipients of the Model and dissemination of the same in the corporate context

8.1 Staff training and dissemination in the corporate context

The Human Resources Department takes care of the correct training of personnel regarding the application of the Organization, Management and Control Model.

This training is subject to verification by the Supervisory Body.

The dissemination of information may be carried out in the following ways:

- training sessions;
- informational notes;
- annual communications on any changes to the Organisation, Management and Control Model;
- appropriate information published on the company intranet.

In order to facilitate staff training in relation to the contents of the Organisational Model and the Code of Ethics, the company may proceed either through classroom training or through a specific on-line training programme.

The training programmes and the contents of the information notes will be shared with the Supervisory Board.

The company considers specific training on health and safety at work an essential component of the Model.

The performance of tasks that may affect health and safety at work requires adequate competence, to be verified and nurtured through the provision of education and training aimed at ensuring that all personnel, at all levels, are aware of the importance of the compliance of their actions with the organizational model, as well as the possible consequences of conduct that deviates from the rules dictated in the same.

Each worker must receive sufficient and appropriate training with particular reference to his workplace and duties. This training shall take place on the occasion of recruitment, transfer or change of job, or introduction of new work equipment, new technologies, new substances, etc.

The company will provide training as per the needs identified periodically.

8.2 Information to external collaborators

In the letters of assignment to external subjects (e.g. agents, collaborators, suppliers of goods or services), special informative notes will be attached regarding the application of the Organisation, Management and Control Model and compliance with the Code of Ethics. Supply or collaboration contracts (agency, partnership, etc.) will also include specific clauses that make explicit reference to compliance with the provisions of the Code of Ethics which, in the event of violation, will provide for a warning to comply with the aforementioned

provisions, or the application of penalties or, again, termination of the contractual relationship.

9 Sanctioning system

9.1 Disciplinary system

A qualifying point in the construction of the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 is the preparation of an adequate disciplinary system, which is suitable for sanctioning failure to comply with the measures indicated in the Model itself, in the Code of Ethics and in organisational procedures.

In particular, the Model is subject to sanctions in the event of violations committed by persons in a "top management" position, insofar as they hold representative, administrative or managerial positions within the entity or within one of its organisational units with financial and functional autonomy, or hold the power, even if only de facto, to manage or control the entity; in the event of violations committed by members of the control bodies; in the event of violations committed by persons subject to the direction or supervision of others, or operating in the name of and/or on behalf of the Company. The Company reserves the right to include in the contracts stipulated with the latter specific termination clauses that provide for the termination of the contract if the counterparty behaves in a manner contrary to the principles and rules contained in the Model or behaves in a manner that may constitute one of the underlying offences provided for in the Decree, without prejudice to the right of the Company to claim compensation for any damages incurred.

Such violations damage the relationship of trust established with the entity and also constitute a violation of the employee's obligations of diligence and loyalty as per articles 2104 and 2105 of the Civil Code.

Therefore, since the ethical rules imposed by the Model and the Code of Ethics are assumed by the company in full autonomy, regardless of the offence that any conduct may determine, the application of disciplinary sanctions is irrespective of the outcome of any criminal proceedings.

The new precepts will be subject to the procedural guarantees set out in Law no. 300/1970 ("Workers' Statute") and the specific provisions of the CCNL.

This disciplinary system, in addition to being published on the company intranet, is posted at company headquarters, in a place accessible to all, so as to ensure that the recipients identified below are fully aware of it.

Failure to comply with the provisions contained in Legislative Decree 231 of 2001, and with the application measures defined by the Organisational Model and the Code of Ethics, also constitutes a valid reason for the termination of the contractual relationship with collaborators who are not subject to subordination constraints, against whom the general remedies of civil law will be applied.

The type and amount of penalty will be identified in relation to:

- the intentionality of the conduct or the degree of negligence, imprudence or inexperience, with regard also to the foreseeability of the event;
- the overall conduct of the person committing the disciplinary offence, with particular regard to the existence or otherwise of previous disciplinary records of the same, within the limits allowed by law;
- to the duties of the person committing the disciplinary offence;

- to the functional position of the persons involved in the facts constituting the failure;
- to the other special circumstances surrounding the disciplinary violation.

Where the Supervisory Board finds procedural violations in the course of its audits, it reports them to the appropriate Company bodies so that the necessary action can be taken.

The Supervisory Board must be informed of the outcome of the disciplinary proceedings.

9.1.1 Sanctioning measures for employees

Any conduct by workers in violation of the individual rules of conduct set out in the Organisation, Management and Control Model and in the Code of Ethics is defined as a disciplinary offence.

The sanctions that can be imposed on workers are those provided for, in compliance with the procedures and limits referred to in article 7 of Law no. 300 of 30 May 1970 (Workers' Statute), by the National Collective Agreement ("CCNL") for the Metalworking sector (Title VII, articles 8 and following).

The individual cases considered and the sanctions concretely provided for the commission of the facts themselves take on significance depending on the seriousness of the violation.

The sanctions abstractly applicable are:

- VERBAL WARNING;
- WRITTEN WARNING;

- FINE (subject to the maximum limit of 3 hours' pay);
- SUSPENSION FROM WORK AND PAY UP TO A MAXIMUM OF 3 DAYS;
- DISMISSAL WITH NOTICE;
- DISMISSAL WITHOUT NOTICE.

In particular, in application of the CCNL, it is provided that:

- 1) Any worker who violates one of the internal procedures and/or the principles laid down in the Organisation, Management and Control Model and/or in the Code of Ethics and adopts, in the performance of activities in "sensitive" areas, a behaviour that does not comply with the requirements deriving from the aforementioned documents, shall be subject to the VERBAL WARNING. In fact, such behaviour must be considered as non-compliance with the provisions brought to the company's attention by service orders or other suitable means.

- 2) Any worker who repeatedly violates internal procedures and/or the principles laid down in the Organisation, Management and Control Model and/or in the Code of Ethics and who, in carrying out activities in areas at risk, repeatedly adopts a behaviour that does not comply with the prescriptions deriving from the aforementioned documents, shall be subject to WRITTEN WARNING. Such conduct must be considered as repeated non-compliance with the provisions brought to the company's attention by service orders or other suitable means.

- 3) Any worker who violates one of the internal procedures and/or the principles laid down in the Organisational, Management and Control Model and/or in the Code of Ethics, adopts, in the performance of

activities in "sensitive" areas, a behaviour which does not comply with the requirements deriving from the aforementioned documents, exposes the company to a situation of risk of committing one of the offences to which Legislative Decree 231/01 applies.

- 4) The measure of **SUSPENSION FROM WORK AND FROM PAY OF UP TO A MAXIMUM OF 3 DAYS** will be applied to the worker who, in violating the internal procedures and/or the principles provided for by the Model of Organization, Management and Control and/or by the Code of Ethics, adopting, in the performance of activities in the areas at risk, a conduct which does not comply with the prescriptions deriving from the aforesaid documents, as well as carrying out acts contrary to the interests of the company, causes damage to the same and exposes it to an objective situation of danger to the integrity of the assets of the company. In fact, in such conduct one must recognise the determination of damage or of a situation of danger for the integrity of the assets of the company, or the performance of acts contrary to its interests, also deriving from the non-compliance with the provisions brought to the company's attention by service orders or other suitable means.

- 5) Any worker who, in the performance of activities in areas at risk, adopts a conduct which does not comply with the prescriptions of the Model of Organization, Management and Control and/or of the Code of Ethics, unequivocally aimed at committing an offence sanctioned by Legislative Decree 231/2001, shall be subject to the measures of **DISMISSAL WITH NOTICE**. In fact, in such conduct, the

determination of significant damage or a situation of significant prejudice must be recognized.

- 6) Any worker who, in the performance of activities in areas at risk, adopts a conduct in serious violation of the provisions of the Organisation, Management and Control Model and/or of the Code of Ethics such as to determine the concrete application against the company of the measures provided for by Legislative Decree 231/01 shall be subject to dismissal without notice. In fact, such behaviour radically undermines the company's trust in the worker.

9.1.2 Measures against managers

In the event of violation by executives of the principles indicated in the Organisation, Management and Control Model and/or in the Code of Ethics, or of the adoption, in the performance of activities in areas at risk, of a conduct that does not comply with the prescriptions deriving from the aforementioned documents, the most appropriate measures will be applied to the persons responsible in accordance with the provisions of the National Collective Labour Agreement for Executives.

Since, according to the provisions of the CCNL for Managers of Industrial Companies, for everything that "is not otherwise regulated by this contract, the collective contractual and legislative provisions in force for the highest category of employees of the company to which the manager belongs shall apply, insofar as they are compatible with the figure of the manager", for the purposes of identifying the conduct liable to sanctions and the relative measures, reference should be made to the preceding paragraph, numbers 1 to 6.

The company's top management must be informed of the violations committed so that they can take the necessary decisions.

9.1.3 Measures for cases of violation of the reporting discipline

Pursuant to Article 6, paragraph 2-bis of Legislative Decree 231/01, penalties are imposed by the competent bodies, based on the internal rules of the Company and the relevant CCNL:

- 1) who violates the measures to protect the whistleblower;
- 2) those who make reports with malice or gross negligence that prove to be unfounded.

9.2 Other protective measures in case of non-compliance with the Model's prescriptions

9.2.1 Measures against directors

Those who hold top management positions within the company have the duty to guide the company's ethics and to base their activities on respect for the principles of legality, transparency and fairness.

If during the course of the verification activities of the OdV a possible violation by the Directors in relation to the prescriptions of the Model emerges, the OdV is obliged to inform the entire Board of Directors and the entire Board of Auditors as soon as possible; if the latter ascertain the violation, they will take all appropriate initiatives permitted by law.

In the event that any violations are so serious as to compromise the relationship of trust between the individual and the company, the Board of Directors shall convene the Shareholders' Meeting in order to propose the revocation of the appointment.

9.2.2 Measures against Mayors

If, during the course of the verification activities of the OdV, a possible violation on the part of the Statutory Auditors emerges, the OdV is obliged as soon as possible to inform the entire Board of Directors and the entire Board of Statutory Auditors, who will be able to take any appropriate initiative permitted by law.

In the event that any violations are so serious as to constitute a just cause for revocation, the Board of Directors shall convene the Shareholders' Meeting in order to propose the appropriate measures.

9.2.3 Measures against external collaborators

Behaviour by self-employed workers (occasional collaborators, consultants, etc.) that is in contrast with the lines of conduct indicated in the Organisation, Management and Control Model and/or the Code of Ethics will lead to the application of contractual clauses (penalties and/or termination of the contract), as well as the general provisions of law on non-performance and just cause for withdrawal.