



**ORGANIZATION,
MANAGEMENT AND CONTROL MODEL**

**PURSUANT TO
LEGISLATIVE DECREE
NO. 231 OF 8 JUNE 2001**

GENERAL SECTION

REVIEW	DATE	APPROVAL
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COMPANY PRESENTATION

SILGA S.p.A., Società Italiana Lavorazioni Galvaniche (hereinafter referred to as "SILGA" or the "Company") began its activity in 1969 in the field of galvanic processing, to which it soon added the production of printed circuit boards. Specifically, the Company's purpose is the production and trade of flexible and non-metallized, metallized, multilayer and silk-screen printed circuit boards of any material. The Company's purpose is, likewise, screen printing and galvanic processing of any kind, as well as similar and related activities, including the sale of *know-how*, supplies and installation of equipment and brokerage activities in connection with the aforementioned activities.

Over the years, the Company initiates a strong evolution by making investments on increasingly automated production lines and in new production units, guaranteeing a high quality of its products, a high production capacity, a breadth of treatments and a wide range of solutions in numerous fields of application, elements that have enabled the Company to assume an international connotation.

SILGA is a continuously developing company in the field of electroplating and printed circuit board treatment and has always paid special attention to both the environment and occupational safety management.

The Company provides high-quality printed circuit boards for the *automotive*, home appliance, lighting, EMS *Electronic manufacturing service*, medical, power electronics, industrial electronics, telecommunications, information technology, component assembly, and other sectors, as well as innovative electroplating processes for the *automotive*, mechanical industry, electronics, hydraulics, religious items, footwear, leather goods, apparel, furniture, window and door frames, bolts and screws, lighting, stamping, and other sectors.

Its activities are organized into 2 divisions:

- the galvanic division performs a series of mechanical and chemical surface treatments to support galvanic processing, identified as pre-treatments and post-treatments. Specifically, within this division, the following treatments are carried out:
 - Traditional technical-decorative electroplating;
 - Anodic oxidation;
 - Zinc plating and zinc-nickel plating;
 - Painting and protection systems;
 - Pre-treatment;
 - Post-treatment;
- the electronics division also offers component assembly services, "*quick service*" consisting of supplying samples and small production batches of printed circuit boards, fast production, prototype making, *buffer stock*, *trading plus*, technical assistance and industrialization.

In terms of its governance model, SILGA is a joint stock company represented by a five-member Board of Directors, including a Chairman and Chief Executive Officer and three Directors.

The Company has appointed a Board of Statutory Auditors consisting of three members and two alternates and has engaged an auditing firm to audit the accounts.

As part of the system of delegations and powers, powers with single signature have been granted in the areas of accident prevention, occupational hygiene and environmental protection for the purpose of carrying out all the requirements and controls under current regulations, as well as in the areas of quality and management of internal and external relations with personnel.

The Company has its registered office in the municipality of Castelfidardo (AN), at the address Via Carlo Marx No. 54 and is registered with the Register of Companies - Chamber of Commerce of the Marche Region at No. 00092270420, REA No. AN - 61210, as of 01 April 1969.

SILGA bases its activities on an integrated quality, environment and safety system in accordance with the regulations listed below.

Regarding quality and environment, SILGA is certified UNI EN ISO 9001:2015 and UNI EN ISO 14001:2015 (environmental management system) for the plant "SILGA 10" - galvanizing division. The Company has always been committed to ensuring that the activity is carried out in respect and total safety of workers, eliminating or trying to minimize, as far as possible, risks to their safety as well as to produce its products while safeguarding the environment, having sustainable development as an objective and keeping internal and external risks under control, minimizing environmental impacts.

The Company also has for the electronics division IATF 16949:2016 (*automotive* quality management system - PCB division) certification, a specific standard that provides quality management system requirements for continuous improvement, defect prevention, and reduction of variation and waste in the supply chain.

The Research & Development department and in-house laboratories, equipped with highly qualified technical facilities and professional company instrumentation, guarantee the highest quality and reliability, following a careful policy, complying with current regulations, systematically carrying out tests, laboratory tests and controls designed to constantly monitor and verify production processes, overhauling them where necessary, or introducing more performing and innovative ones, with a view to continuous improvement.

The Company's priority objective is to ensure a balance between business purposes and the needs to safeguard the health of people and, more generally, the surrounding environment. Precisely for this reason, SILGA has put in place a Safety Management System in accordance with UNI EN ISO 10617, making its own the inspiring principle of the European Directive 96/82/EC, committing itself not only to ensure compliance with the legislative provisions in force, both environmental and health and safety in the workplace (such as, by way of example, the REACH Regulation, the RoHS Regulation, Legislative Decree 81/2008 and Legislative Decree 334/1999), but also to provide adequate resources in order to ensure technical, organizational and managerial interventions aimed at reducing environmental impacts under safe conditions and in accordance with ergonomic principles.

The Company has a chemical-physical sewage treatment plant in SILGA 10 and a chemical-physical and biological sewage treatment plant in SILGA Via Carlo Marx, which are technologically advanced and equipped with a supervision and remote-control system.

1. ADMINISTRATIVE LIABILITY REGIME PROVIDED FOR LEGAL PERSONS, COMPANIES AND ASSOCIATIONS

1.1 Introduction

On 8 June 2001, in execution of the delegation of authority under Article 11 of Law No. 300 of 29 September 2000, Legislative Decree No. 231 (henceforth, the "Decree"), which came into force on the following 4 July, and which aimed to bring domestic legislation on the liability of legal persons into line with a number of international Conventions to which Italy has long since acceded, such as the *Brussels Convention of 26 July 1995* on the Protection of the Financial Interests of the European Communities, the *Convention* also signed in *Brussels on 26 May 1997* on Combating Bribery Involving Officials of the European Community or Member States, and the *OECD Convention of 17 December 1997* on Combating Bribery of Foreign Public Officials in International and Economic Transactions.

In this way, the Legislature put an end to a heated doctrinal debate by overcoming the principle according to which "*societas delinquere non potest*" and introducing into the Italian legal system a regime of administrative liability for entities in the event that certain specific types of offenses are committed, in the interest or to the advantage of the entity itself, by individuals who hold positions of representation, administration or management of the entity, as well as by individuals who exercise, even de facto, the management and control of the entity (i.e., the so-called persons in top positions), or by natural persons subject to the management or supervision of one of the above-mentioned persons (i.e., the so-called persons in a subordinate position).

The Decree introduced into the national legal system the concept of "administrative" liability of legal persons (substantially referable to criminal liability). The direct recipients of the regulations under consideration are bodies with legal personality, as well as companies and associations without legal personality (art.1 paragraph 2 Legislative Decree 231/2001) with the exclusion of the State, territorial public bodies, non-economic bodies and those with functions of constitutional importance.

The entity's liability may be excluded if it has adopted and effectively implemented, prior to the commission of the offenses, organizational, management and control models suitable for preventing the offenses themselves and, more generally, has complied with the provisions of the decree under review.

The Company within the framework of its *Corporate Governance*, has decided to comply with the requirements contained in the Decree, aimed at preventing the commission of particular types of crimes, by adopting an organization and management model (hereinafter the "Model") and appointing a supervisory body (hereinafter the "Supervisory Board" or "SB"). This choice, which allows the Company to obtain the rewarding effects of the regulation, also responds to the conviction that every element useful for management fairness and transparency is worthy of attention and can contribute positively to the company's image and to the

protection of the interests of corporate *stakeholders* (individuals, institutions and consumers). In this sense, the implementation of the Decree can be considered a continuation of the corporate policies that led to the adoption of the Code of Ethics.

The decision to adopt the Model is believed to constitute, together with the Code of Ethics and the additional elements of corporate *governance*, an awareness-raising tool to encourage the dissemination of ethical and socially responsible behavior by all parties working on behalf of the Company.

The Model has the following purposes:

- determine in all those who work in the name and on behalf of the Company the full awareness of the risks that would be produced in the Company, in case of violation of the provisions contained in this document and, more generally, of all the provisions adopted by the Company itself;
- identify the rules to prevent illegal behavior contrary to the company's interests (even when it could apparently benefit from it), since this is behavior contrary to the ethical-social principles of the Company as well as the provisions of the law;
- enable the Company, through constant monitoring of sensitive processes and thus the risks of commission of crimes, to react in a timely manner in order to prevent and counteract the commission of such crimes.

1.2 The perpetrators of the offense

According to the Decree, the entity is liable for crimes committed for its benefit or in its interest by:

- **so-called "senior management"**, those who hold functions of representation, administration or management of the Company or one of its organizational units with financial and functional autonomy as well as by persons who exercise, even de facto, the management and control of the entity itself;
- **so-called "persons subject to the direction of others,"** those who are subject to the direction or supervision of one of the persons in a top position.

The Company is not liable, by express legislative provision (Article 5, paragraph 2 of the Decree), if the persons named have acted exclusively in their own interest or in the interest of third parties.

1.3 Sanctions

The sanctions provided for by the Decree against the entity for the commission of the crimes that are prerequisite for the application of the Decree are as follows:

1) **financial sanctions**

applied on a "quota basis," in a number not less than 100 and not more than 1,000. The amount of each quota is set by the Judge from a minimum of €258.00 to a maximum of €1,549.00 based on the company's economic and asset conditions in order to ensure the effectiveness of the sanction;

2) **interdiction sanctions**

are also applicable as a precautionary measure and have a duration of not less than three months and not more than two years.

They may consist of:

- a) Disqualification from practice;
- b) suspension or revocation of authorizations, licenses or concessions functional to the commission of the offense;
- c) Prohibition of contracting with the public administration, except to obtain the performance of a public service;
- d) exclusion from benefits, financing, contributions or subsidies and the possible revocation of those granted;
- e) Ban on advertising goods or services.

It should be noted that Law No. 3/2019 made changes in the area of interdiction sanctions. In particular, Article 1, paragraph 9, letter B) of the aforementioned law establishes the increase of the interdiction sanctions imposed with regard to the commission of predicate offenses referred to in paragraphs 2 and 3 of Article 25 of the Decree, distinguishing according to the perpetrator of the predicate offense. If it is a person in top position, the interdiction sanction has a duration of no less than four years and no more than

seven; on the other hand, if the perpetrator is an employee, the duration will range from a minimum of two years to a maximum of four.

3) confiscation (and precautionary seizure in pre-trial proceedings)

against the entity, the confiscation of the price or profit of the crime is always ordered by the conviction, except for the part that can be returned to the injured party. This is without prejudice to the rights acquired by third parties in good faith.

When it is not possible to execute confiscation of the price or profit of the crime, the confiscation may be for sums of money, goods or other utilities of equivalent value to the price or profit of the crime.

4) publication of the judgment in case of the application of an interdiction sanction

publication of the conviction may be ordered when a disqualification sanction is imposed against the entity.

In some cases, the court, as an alternative to the application of the sanction that results in the interruption of the activity, may order the continuation of the activity and the appointment of a judicial commissioner (for example, when the entity performs a public service or a service of public necessity whose interruption may cause serious harm to the community).

In the cases provided for in Article 16 of the Decree, it may even result in the permanent cessation of business operations.

Article 13 provides that interdiction sanctions may apply in relation to the cases expressly provided for in the Decree and when at least one of the following conditions is met:

- the entity has derived a significant profit from the crime and the crime has been committed by individuals in a senior position or by individuals under the direction of others when, in the latter case, the commission of the crime was determined or facilitated by serious organizational deficiencies;
- In case of repeated offenses.

In cases of the commission, in the forms of attempt, of the crimes specified in Chapter I of the Decree (Articles 24 to 25-sexies of the Decree), the financial sanctions (in terms of amount) and disqualifying sanctions (in terms of time) are reduced by one-third to one-half, while the imposition of sanctions is excluded in cases where the entity voluntarily prevents the performance of the action or the realization of the event (Article 26 of the Decree).

The exclusion of sanctions in this case is justified by virtue of the interruption of any relationship of identification between the entity and the individuals who assume to act in its name and on its behalf.

1.4 Interest or advantage for Companies

A further constitutive element of the liability in question is the need for the alleged unlawful conduct to have been carried out by the aforementioned individuals *"in the interest or to the advantage of the Company"* and not *"in the exclusive interest of themselves or of third parties"* (Art. 5 paragraphs 1 and 2 of the Decree).

It follows that the liability of entities arises not only when the unlawful conduct has resulted in an advantage (patrimonial or otherwise) for the entity, but also in the event that, even in the absence of such a concrete result, the offending act finds reason in the interest of the entity.

On the meaning of the terms "interest" and "advantage," the government report accompanying the Decree attributes to the former a "subjective" valence, i.e., referring to the will of the material perpetrator of the crime (a natural person who must have acted having as the purpose of his action the realization of a specific interest of the entity), while to the latter a valence of an "objective" type referring therefore to the actual results of his conduct (the reference is to cases in which the perpetrator, although not directly targeting an interest of the entity, nevertheless realizes an advantage in its favor). The government report, finally, suggests that the investigation of the existence of the first requirement (interest) requires an ex ante verification, conversely,

that of the "advantage," which can be gained by the entity even when the natural person has not acted in its interest, always requires an ex post verification having to assess only the result of the criminal conduct.

Article 12 first paragraph letter a) of the Decree establishes a mitigation of the financial sanction for the case when *"the perpetrator committed the act in his own predominant interest or in the interest of third parties and the entity did not benefit or received minimal benefit from it."*

Therefore, if the individual has acted in pursuit of both his or her own interest and that of the entity, the company will be liable to a sanction. Where the agent's interest prevails over that of the corporation, a mitigation of the sanction itself will be possible provided, however, that the corporation did not benefit or benefited minimally from the commission of the offence; finally, in the event that it is found that the individual pursued exclusively a personal interest or that of third parties, the corporation will not be liable at all regardless of any advantage gained.

1.5 Exemption from liability

To benefit from exemption from liability, entities must design the Model such that it meets the needs of the relevant business realities.

Article 6(1) of the Decree stipulates that the entity is not liable if it proves that:

- a) the management body has adopted and effectively implemented, prior to the commission of the act, suitable organization and management models to prevent crimes of the kind that occurred;
- b) the task of supervising the functioning, effectiveness and observance of the models as well as taking care of their updating has been entrusted to an internal body with autonomous powers of initiative and control;
- c) individuals committed the crime by fraudulently circumventing the organization and management models;
- d) there has been no failure or insufficient supervision by the body referred to in (b) above.

In the case of an offense committed by persons subject to the direction of others, the entity is not liable if it proves that failure to comply with the obligations of direction or supervision did not contribute to the commission of the offense. In any case, liability is excluded if the entity, prior to the commission of the crime, adopted and effectively implemented a Model suitable to prevent crimes of the kind that occurred.

The Decree outlines the content of organization and management models by stipulating that they must meet the following requirements, in relation to the extent of delegated powers and the risk of crimes being committed:

- a) Identify the activities within the scope of which crimes may be committed;
- b) Provide specific protocols aimed at planning the formation and implementation of the Company's decisions in relation to the crimes to be prevented;
- c) Identify ways of managing financial resources suitable for preventing the commission of crimes;
- d) Provide for information obligations towards the body in charge of supervising the functioning and observance of the Model;
- e) Introduce an appropriate disciplinary system to punish non-compliance with the measures specified in the Model.

In addition, the organization and management models, pursuant to Article 6, paragraph 2 *bis* of the Decree and Legislative Decree 24/2023, provide:

- a) internal reporting channels;
- b) Protection from retaliatory effects against reporting parties;
- c) The disciplinary system adopted pursuant to Article 6 paragraph 2 letter e) of the Decree, containing sanctions against those who violate the measures for the protection of the reporter (hereinafter referred to as "Whistleblower" pursuant to Legislative Decree 24/2023), as well as those who make with malice or gross negligence reports that turn out to be unfounded.

2. SILGA'S ORGANIZATION, MANAGEMENT AND CONTROL MODEL

SILGA in order to comply with the provisions of the Decree and to ensure fairness and ethics in carrying out its business activities, has adopted this Model.

The adoption of the Model is aimed, on the one hand, at determining full awareness in the directors, employees and collaborators of the Company of the provisions contained in the Decree and, on the other hand, at establishing an organic set of principles and procedures suitable for managing an internal control system in order to prevent the commission of the following offenses provided for in the Decree:

- A. **crimes committed in relations with the Public Administration** (Articles 24 and 25 of the Decree);
- B. **corporate crimes** (Article 25-ter of the Decree);
- C. **manslaughter or serious or very serious injury committed in violation of occupational health and safety regulations** (Article 25-septies of the Decree);
- D. **environmental crimes** (Articles 25-undecies of the Decree);
- E. **employment of third-country nationals whose stay is irregular** (Article 25-duodecies of the Decree);
- F. **tax crimes** (Art. 25-quindecies of the Decree).

The aforementioned current setting of the Model was the result of an in-depth assessment (specific *risk assesment*) by the Company, also supported by the results of the audits carried out over time both internally within the same and for having been entrusted to the same Supervisory Board *pro tempore* in office. The findings led the Company to assess as applicable to the company, as a matter of **priority**, and, as such immediately incorporated in this version of the Model, the above-mentioned offenses.

That being said, the Model adopted by SILGA in the present version:

- 1) Identifies and assesses the company's risks in relation to the above crimes under the Decree;
- 2) Identifies a system of preventive control;
- 3) Adopts a code of ethics and related system of sanctions that, nonetheless, also offers elements of risk mitigation for all other categories of offenses not specifically, to date, referred to in the Model;
- 4) Provides for the establishment of a Supervisory Board.

2.1 Recipients of the Model

Recipients of the Model (hereinafter referred to as the "Recipients") are the administrative body, individuals involved in the functions of the Supervisory Board, employees, external consultants, business partners, suppliers, and associates.

More generally, the Model is intended for all those who exercise, even de facto, management, administration, direction or control functions in the Company and the persons subject to their direction or supervision, such as employees, collaborators, consultants, agents, proxies, all third parties who act on behalf of the Company within the scope of the activities considered even potentially at risk of committing one of the crimes provided for in the Decree, as well as third parties, including suppliers.

Compliance with the Model is ensured through the adoption of an appropriate system of sanctions and also through the inclusion in contractual agreements of clauses obliging external parties working with the Company (collaborators, consultants, *partners*, customers or suppliers) to comply with the provisions contained in the Model.

2.2 Structure of the Model

The Model consists, in the present version, of the following.

- a General Part, describes the contents of the Decree, briefly illustrates the organization of the Company, how to identify risks and the analysis of the control measures, the appointment and functions of the Supervisory Board, the reference to the disciplinary system, the Model's communication and training activities, and how to update the Model;
- six Special Parts
 - ✓ Special Part, "A" - Crimes against the Public Administration;
 - ✓ Special Part, "B" - Corporate Crimes;

- ✓ Special Part, "C" - Manslaughter or grievous or very grievous bodily harm committed in violation of occupational health and safety regulations;
- ✓ Special Part, "D" - Environmental Crimes;
- ✓ Special Part, "E" - Employment of third-country nationals whose stay is irregular;
- ✓ Special Part, "F" - Tax Crimes;

according to a rationale per abstractly conceivable "offense," which contain the sensitive activities for each offense relevant to 231, the general behavioral principles to be observed, and the control safeguards to be ensured for the prevention of risk-offenses.

They form an integral part of the Model:

- 1) the corporate organizational chart, time to time in force;
- 2) the Code of Ethics;
- 3) the procedure adopted pursuant to Legislative Decree 24/2023 for the management of reports of wrongdoing (also relevant under Legislative Decree 231/2001) and/or violations of the Company's Model - so-called whistleblowing system;
- 4) the document called "Information Flows to the Supervisory Board";
- 5) the *risk assessment*, a document that, while constituting an integral and essential part of the Model, due to the fact that it contains sensitive information on the Company's internal organizational data and processes, remains segregated from the Recipients and at the motivated disposal only of the competent Bodies and/or Authorities, during briefings, audits, inspections, inspections, etc.).

3. MODEL IMPLEMENTATION PROCESS

The essential features of the method followed to construct the Model correspond to a typical risk assessment and management process (*Risk Assessment and Risk Management*).

The Model must contain operational protocols and specific precautions designed to prevent the commission of crimes, effectively managing the identified risks, bringing them down to a level of risk defined as "acceptable," which can be identified in a "*prevention system such that it cannot be circumvented except fraudulently*," in line with the regulatory provision that provides as an objective criterion for attributing liability the fraudulent circumvention of the Model.

Accordingly, the risk threshold must be such that the person acting on behalf of the Company is unaware of the Company's directives and that the crime can be committed due to a mere misjudgement of those directives.

3.1 Model construction phases

The construction of the Model adopted by SILGA is characterized by the following stages:

1) DIAGNOSTIC PHASE



This phase of work involves the implementation of the following activities:

- Organization, planning, communication and initiation of activities;
- Collection of documentation and preliminary information;
- Interviews with senior individuals and their subordinates involved in sensitive processes.

2) RISK ASSESSMENT



This phase of work involves the implementation of the following activities:

- Identification and analysis of risk areas;
- Identification of the specific processes sensitive to the crimes under the Decree that emerged from the detailed analysis;
- Risk assessment through the mapping of sensitive processes in terms of the crimes to which each process is exposed, potential implementation methods, organizational functions involved, and the level of effectiveness of the controls in place;
- *Gap analysis*.

3) RISK MANAGEMENT



This phase of work involves the implementation of the following activities:

- Drafting the general section of the Model;
- Arrangements of the special parts of the Model;
- Adoption of the Model by resolution of the Administrative Body.

Within the special parts of the Model, based on the results obtained from the previous *risk assessment* activity, the individual cases of crime, the company's sensitive areas in which the crime is likely to be committed, and the protocols and rules of conduct are analyzed.

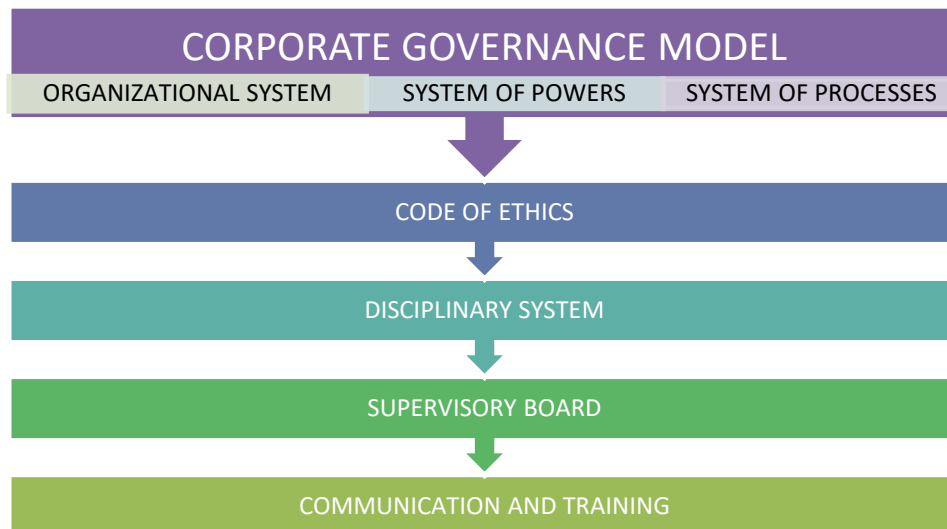
4) MONITORING AND REVIEW OF THE MODEL

The procedures and protocols established by the Model must be adhered to and updated over time. Consistency in the pursuit of the ethical values expressed in the relevant code and in the application of the procedures introduced, is an indispensable condition for the requirement of adequacy required by the regulations to be said to have been verified.

Updating of the Model, including as a result of any reports by the Supervisory Board, may become necessary either because of regulatory changes or because of changes in the company structure or in the activities carried out by the Company.

4. COMPONENTS OF THE MODEL

The components of the Model adopted by SILGA can be summarized in the following structure:



5. CORPORATE GOVERNANCE MODEL

In order to pursue an efficient and effective governance of the Company to achieve its goals, it is necessary to organize the Company according to a governance model that ensures a sound internal control and *compliance* system, contemplating an organizational system, a system of powers and a system of processes.

5.1 Organizational system

SILGA's organizational system is formalized through the definition of:

- corporate organizational chart;
- lines of hierarchical dependence;
- functions and related responsibilities, indicating any delegated or proxy powers conferred.

The corporate organizational chart is an integral part of the Model and is attached to it.

These documents are updated periodically and any permanent significant organizational changes must be promptly communicated to the Supervisory Board by the Head of Human Resources or, in case of his absence or inability, by the Chairman of the Board of Directors.

5.2 System of powers

SILGA's system of powers is structured to define the following three levels:

- **"External" powers** (proxies or powers of attorney): these are powers granted to certain corporate functions to perform certain activities in the name and on behalf of the Company with respect to third parties, such as signing a contract for hiring personnel or purchasing goods or services, opening a current account, etc;
- **"internal" powers**: these are internally effective authorizations under which business functions exercise power or control within a given process, e.g., authorizing a purchase request, verifying and confirming receipt of a requested good or service, authorizing a payment, etc;
- **Special powers of attorney**: these are the powers of attorney or proxies given for the exercise of a single act.

All powers conferred must comply with the principle of separation of duties, must be in writing.

5.3 System of processes

A business process is a set of steps, each consisting of a series of activities, carried out in sequence and/or in parallel, that starting from a given initial *input* enable a given final *output* to be achieved.

In the more general sphere of corporate processes, SILGA has identified those so-called "sensitive" ones with regard to the potential commission of the crimes provided for in Legislative Decree 231/2001 and for which it has defined control "Protocols," i.e., a set of principles, organizational, operational and behavioral mechanisms, functional for the management of the risk of crime, in the sense that their proper application - also in combination with other rules of conduct - is such as to prevent the commission of the crimes contemplated in the Decree.

Business processes, and particularly sensitive ones:

- are defined in accordance with principles and norms of behavior adopted by the Company (fairness, transparency, honesty, cooperation, integrity, etc.);
- provide for internal control mechanisms;
- are characterized as far as possible by the principle of segregation of functions in the conduct of the process;
- are consistent with assigned organizational responsibilities, internal and external powers, the Code of Ethics, and applicable regulations;
- are traceable and verifiable in order to demonstrate implementation and compliance with the points above;
- are updated as the organizational, *business* and regulatory environment evolves;
- are subject to control in relation to their functional validity and risk management and prevention;
- are formalized within company documents and/or procedures that govern their operating methods, responsibilities and prevention protocols; these documents are disseminated to all company functions involved in the relevant process.

5.4 Crime prevention system

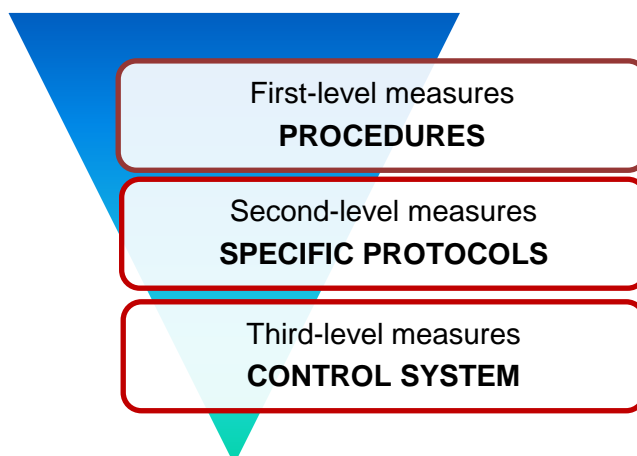
The Model adopted by SILGA contains a crime prevention system based on three levels as outlined below.

First-level supervision refers to the adoption of **procedures** having the following characteristics:

- 1) **separation of activities** - there must be, as far as possible, separation between those who execute, those who control and those who authorize the sensitive process and, similarly, between those who request (and use) resources or services, those who fulfill the request and those who make payment against the fulfilled request;
- 2) **standards** - there must be suitable corporate provisions to provide at least the general reference principles for regulating the sensitive process (including any reference to the content of existing regulations);
- 3) **signatory and authorizing powers** - there must be formalized rules for the exercise of signatory and authorizing powers to be exercised toward third parties outside the company and/or internally within the company;
- 4) **traceability** - appropriate mechanisms must be in place to trace the content of sensitive activities and identify the individuals involved;
- 5) **reporting**-appropriate reporting must be prepared that includes indicators of anomalies deemed effective in preventing and/or identifying risks.

Second-level oversight involves the adoption of **specific protocols** applicable to individual processes or activities, in addition to the first-level procedural measures.

The third-level safeguards refer to a **control system** that takes the form of the appointment of a Supervisory Board, the company's adoption of an organizational structure, a Code of Ethics and a disciplinary system.



6. CODE OF ETHICS

The Code of Ethics, as an annex and integral part of the Model, is a document adopted by SILGA in which general principles and rules of conduct are identified and given positive ethical value.

It is intended to ethically direct the company's actions, and its provisions are consequently binding on the conduct of all directors of the company, its managers, employees, consultants and anyone who establishes a relationship with it in any capacity.

7. DISCIPLINARY SYSTEM

The company disciplinary system below refers to the provisions of the collective bargaining agreement applied by the Company.

In order to meet the requirement of Legislative Decree 231/2001, therefore, these provisions are also supplemented with the provision of sanctions applicable in the event of violation of the rules and principles established within the Model, with particular reference to the rules contained in the Code of Ethics, the general rules of conduct and the obligations set forth in the special parts of the Model.

The sanctions system outlined above applies to individuals in top positions, employees and third parties. Third parties are defined as all those who in various capacities have employment, collaboration or business relations with the Company, including temporary employees, consultants, agents, intermediaries, suppliers and *business partners*.

Specific sanctions have also been introduced for non-compliance with the provisions of the Model by members of the Administrative Body and suppliers, external collaborators and associates acting in the name and on behalf of the company, providing for specific contractual clauses.

Alleged violations must be promptly reported to the Supervisory Board, which may carry out checks and controls in full autonomy and, if necessary, forward its own report to the Administrative Body regarding the adoption of measures deemed appropriate.

7.1 Disciplinary violations: enforcement

The application of sanctions stems from:

- a) the violation of the provisions of the Code of Ethics, the prescriptions of the Model and the Operating Procedures that are an integral part of it, and is independent of the conduct and outcome of any criminal proceedings initiated by the Judicial Authority;

- b) conduct that exposes the Company to the risk of the commission of one of the crimes covered by Legislative Decree 231/2001;
- c) violations of the provisions of Legislative Decree 24/2023.

7.2 Criteria for selection and commensuration of sanctions. Principle of cross-examination

Disciplinary sanctions are divided into conservative and termination of employment:

- a) **conservative disciplinary sanctions:** may be imposed in the presence of violations of procedural or organizational rules, consisting of the omission or insufficient implementation of information obligations, reporting, or violation of procedural and substantive precautions governing the Company's decisions in areas at risk of crime;
- b) **Resolutive disciplinary sanctions:** these are applied only in the event of conduct that exposes the Company to serious damage or proceedings for administrative liability for crime under Legislative Decree 231/2001, or in the event of a repetition of the violations indicated in subparagraph A) above.

For the purpose of commensuration of the applicable sanction shall be taken into account:

- a) Of the concrete ways in which the violation was carried out;
- b) Of the intensity of intent and degree of guilt;
- c) Of the perpetrator's behavior prior to and following the commissioning of the violation;
- d) Of the infringer's qualification and economic condition.

However, no sanction may be imposed without first hearing the person concerned, objecting to him or her accurately and in writing, and allowing him or her adequate time within which to state his or her case.

7.3 Sanctions for employees

With regard to employees, the decree stipulates that the disciplinary system must comply with the limits related to the sanctioning power imposed by Article 7 of Law No. 300/1970 (the so-called "Workers' Statute") and by sector and company collective bargaining.

With reference to the sanctions that can be imposed, it should be noted that they will be adopted and applied in accordance with the procedures set forth in the national and company collective regulations applicable to the employment relationship.

Without prejudice to the principle of linkage between disciplinary measures that can be imposed and the cases in relation to which they can be taken, the principle of proportionality between offense and sanction must necessarily be observed in the imposition of disciplinary sanction.

The sanctions that may be imposed are those stipulated in the CCNL applied by SILGA.

The body competent to ascertain the violation and decide on the imposition of sanctions for the violations committed is the Administrative Body, which, also following a report by the SB, identifies and instructs it to carry out the appropriate checks. Upon completion of the investigation, the Administrative Body will exercise disciplinary action or proceed to dismiss the proceedings.

7.4 Sanctions for executives

Violation of the general principles of the Model, of the rules of conduct imposed by the Code of Ethics and of the obligations provided for in the special parts of the Model carried out by managers or individuals who actually perform managerial functions, determines the application of the sanctions provided for in the CCNL applied by SILGA.

The body competent to ascertain the violation and decide on the imposition of sanctions for the violations committed is the Administrative Body, which, also following a report by the SB, identifies and instructs it to carry out the appropriate checks. Upon completion of the investigation, the Administrative Body will exercise disciplinary action or proceed to dismiss the proceedings.

7.5 Sanctions for directors, auditors and members of the SB

Violation of the general principles of the Model, the rules of conduct imposed by the Code of Ethics and the obligations set forth in the special parts of the Model carried out by directors or individuals who actually perform administrative and/or management functions, members of the Board of Statutory Auditors or members of the Supervisory Board, may result in the application of the following sanctions against them:

- verbal admonition;
- the written warning;
- the fine of 5,000 to 30,000 euros;
- the revocation of one or more proxies;
- removal from office, in cases where the violation is so serious as to irreparably damage the relationship of trust existing between them and the company.

The body competent to ascertain the existence of a violation is composed of the chairmen of the Board of Directors, the Board of Statutory Auditors - if appointed - and the Supervisory Board, who submit their response to the Board of Directors. In the event that the Chairman of the Board of Directors or the Chairman of the Board of Statutory Auditors or the Chairman of the Supervisory Board is involved, the most senior member from among the remaining members of the respective bodies will be involved within the said body. The administrative body on the basis of the information received, if it has to propose the imposition of a sanction against a director, auditor or member of the Supervisory Board for the violations ascertained, shall convene the shareholders' meeting for the consequent resolution.

7.6 Sanctions for consultants, external collaborators and third parties

Violation of the general principles of the Model, the rules of conduct imposed by the Code of Ethics, and the obligations set forth in the special parts of the Model carried out by consultants, collaborators, or individuals outside the Company may result in the application of the following sanctions:

- verbal admonition;
- the written warning;
- the immediate termination of the contractual relationship; in this regard, a specific termination clause will be included in the relevant contracts, however named, which will be stipulated after the entry into force of the Model. In any case, if conduct contrary to the provisions of this Model is found to have been put in place by said persons, they will be subject to written censure and/or, in cases of greater seriousness (commensurate on the basis of elements, such as, by way of example, intentionality, previous violations of the Model by the same person, level of representation of the Organization, etc.) and on the basis of the applicable provisions of law, acts of termination for just cause, with any possible consequences also in terms of compensation.

These actions are motivated by the fact that the Company has an interest in extending the culture of business legality as far as possible even with respect to those who have contact, albeit occasional, with the structure; therefore, special clauses are included in the contractual agreements in which the formal adherence of these individuals to compliance with all the behavioral procedures existing in the company will be provided for, as well as a sanction to be activated in the event of non-compliance with the same clauses.

The competent body for the imposition of sanctions is identified in the Board of Directors, which will decide on the imposition of sanctions.

7.7 Sanctions for violation of regulations regarding *whistleblowing*

Pursuant to Article 6, paragraph 2bis, letter d) of the Decree as well as pursuant to Article 21, paragraph 2 of Legislative Decree 24/2023, those who violate the *whistleblower* protection measures adopted by SILGA (see Section 9.3 "*Whistleblowing* Mechanisms and Protections" of this Model), as well as those who make, with malice or gross negligence, reports that turn out to be unfounded, are subject to the above sanctions.

The competent body for the imposition of sanctions is identified in the Board of Directors. In the event that the violation of the whistleblower protection measures was committed by a member of the administrative body, the competent body as well as the process of imposing sanctions is, on the other hand, the one indicated in Section 7.5 above.

8. SUPERVISORY BOARD

8.1 Identification

In compliance with the provisions of art. 6, paragraph 1, letter b) of Legislative Decree 231/2001, a body with supervisory and control functions is established at SILGA which is entrusted with the mandate to supervise the operation, effectiveness, adequacy, compliance and updating of the Model.

In exercising its functions, the SB must conform to principles of autonomy and independence.

To guarantee the principle of third-party status and independence, the SB is placed in the top hierarchical position of the Company. It must report directly to the Administrative Body.

8.2 Members and requirements

The members of the SB can be monocratic or collegial; in the case of a collegial body, it consists of at least three members, at least two of whom are external to the company, who appoint, from among the external members, the Chairman, if the Administrative Body has not done so.

For the purpose of verifying the requirements of the Decree, external members must be asked for their respective *resumes*. No external member can be identified who:

- directly or indirectly controls the Company or is able to exercise significant influence over it;
- is or has been a prominent member of the public administration;
- is or has been a prominent member of the Society;
- had intensive business, financial and professional relations with the Company;
- is a close family member of a person who is in one of the situations listed in the above points.

They constitute grounds for ineligibility and disqualification as a member of the SB:

- a) having been prosecuted in connection with one of the crimes (committed or attempted) provided for in Articles 24 et seq. of Legislative Decree 231/2001;
- b) being the recipient of coercive and disqualifying personal precautionary measures for one of the crimes set forth in Article 24 et seq. of Legislative Decree 231/2001;
- c) having been convicted by a judgment, even if not final, of a punishment that entails the disqualification, even temporary, from public office or from the executive offices of legal persons and enterprises; a plea-bargaining judgment is considered equivalent to a conviction;
- d) having been convicted by a judgment, even if not final, for one of the offenses provided for in Title XI of Book V of the Civil Code; a plea bargain judgment is considered equivalent to a conviction;
- e) having served in the previous three years as a member of the Supervisory Board in companies in which predicate offenses were committed while in office for which the sanctions provided for in Article 9 of Legislative Decree 231/2001 were subsequently applied;
- f) having been definitively subjected to one of the prevention measures provided for in Article 10 paragraph 3 Law No. 575/1965, as replaced by Article 3 of Law No. 55 of 1990, as amended;
- g) be a spouse or relative or relative-in-law within the fourth degree of management, directors and auditors of the Company or group companies;
- h) having been disqualified, incapacitated, supported by a support administrator, having been absent without justified reason from at least three meetings of the SB in the three-year period.

In any case, the SB is established by a resolution of the Administrative Body, the term of office is three years, and its members are eligible for re-election. It is understood that the SB remains in office until a successor is appointed.

The SB adopts its own regulations regarding the operation and functioning of the Body.

The requirements to be met by the Supervisory Board for effective performance of the tasks delegated to it are:

1. **autonomy and independence.** The Supervisory Board must be devoid of operational duties and have only staff relations with the company's top operational management. Independence must be ensured by a number of objective and subjective conditions. The members of the Body, first of all, must not be linked to the Entity at which they exercise their control functions by any kinship ties with top management, significant economic interests (e.g., shareholdings) or any situation that could generate a conflict of interest;
2. **professionalism in the performance of its institutional duties.** To this end, the members of the said body must have specific knowledge in relation to any useful technique to prevent the commission of crimes, to assess those that have already been committed and identify their causes, as well as to verify compliance with the Model by those belonging to the corporate organization. In the Guidelines prepared by Confindustria it is provided that "this connotation refers to the baggage of tools and techniques that the Body must possess in order to effectively carry out the assigned activity. These are specialized techniques peculiar to those who carry out inspection activities, but also consultancy in the analysis of control systems and of a legal and, more specifically, criminal type." It is, in fact, essential to have knowledge of the techniques of risk analysis and assessment, *flow charting* of procedures and processes, and the structure and implementation methods of crimes. To ensure compliance with the requirement of professionalism, the external members of the SB must be chosen from among those who have already held that position for the duration of at least 5 years;
3. **continuity of action.** In order to ensure the effective implementation of the Organizational Model, as well as to exonerate the company from any liability resulting from the commission of an offense provided for in Legislative Decree 231/2001, it is essential that the SB carry out all the activities necessary for the performance of the tasks assigned to it.

The SB must ensure constant operation over time and in continuous interaction with the administrative and control bodies of the company. Assurance that cannot be considered achieved in the presence of occasional, merely bureaucratic activity, flattened on mere passive *reporting*. With a view to the pursuit of continuity of action, the planning activities of the activity, consisting of carrying out (periodic or unannounced) checks, inspections, etc., will assume particular importance: in short, the SB must manifest its own autonomous operational strategy, free of solutions of continuity, capable of bringing out critical issues and proposing the necessary corrective and adjustment actions. Obviously, in order to function, the SB must be the recipient of adequate financial resources.

8.3 Duties of the Supervisory Board

The SB essentially performs two types of functions, inspectional and preventive, which consist of the following tasks:

- 1) Periodically verify the activities put in place under the sensitive processes identified by the Model;
- 2) Conduct periodic audits aimed at ascertaining the provisions of the Model and, in particular, that the procedures and controls therein are put in place and documented in a compliant manner and that the principles of the Code of Ethics are complied with;
- 3) Verify the adequacy, effectiveness and updating of the Model;
- 4) Prepare an annual written report for submission to the administrative body, highlighting the work done, any problems encountered and identifying corrective actions to be taken;
- 5) Promote initiatives for the training of recipients of the Code of Ethics and the Model, their communication and dissemination.

All communications must be made in writing.

In carrying out its assigned duties, the SB has unrestricted access to company information for investigation, analysis and control activities. There is an obligation to inform, in the head of any corporate function, employee and/or member of the corporate bodies, in the face of requests from the SB or upon the occurrence of events or circumstances relevant to the purposes in the performance of the SB's duties.

8.4 Operational and financial autonomy

The SB, also by delegating internal structures, has free access to all company functions without the need to obtain any consent each time, in order to receive or collect information or data useful for carrying out its activities.

At the time of its appointment, the administrative body must allocate the SB an allocation of financial resources from which the SB may dispose of for any needs necessary for the proper performance of the duties it is required to perform (specialized consultancy, travel, etc.) and for which it must present a detailed account in its annual report.

8.5 Remuneration of the members of the SB

The Governing Body at the time of appointment gives individual members of the SB an annual compensation by special resolution.

9. REPORTING AND TRAINING

9.1 Supervisory Board reporting to the corporate bodies

The SB reports on the implementation of the Model, the emergence of any critical aspects, and communicates the outcome of the activities carried out in the exercise of the tasks assigned to the Administrative Body. The following information flows from the SB are provided:

- 1) **periodic** to the administrative body by sending a semi-annual report highlighting:
 - what emerged from the activities carried out by the SB over the year in the performance of its duties;
 - The plan of activities it intends to carry out in the following year;
 - Any regulatory changes regarding the administrative liability of entities;
 - Any proposals or suggestions regarding updating the Model;
 - An account of how the financial resources constituting the *budget* allocated to the SB are used;
- 2) **occasional** to the Administrative Body regarding:
 - Serious violations of the Model identified during the conduct of audits;
 - Any significant issues that arose from the activity.

9.2 Required information to be forwarded to the SB

The Supervisory Board must mandatorily be informed by means of special reports by the persons required to comply with the Model regarding conduct or events that could generate even abstractly the responsibility of SILGA pursuant to Legislative Decree 231/2001 and in any case of non-compliance with the provisions contained in the Model.

Reports may be made directly through communications, including oral ones, or by sending communications addressed to the SB on its dedicated e-mail address. The Body acts in such a way as to ensure the anonymity of the reporter and the confidentiality of the facts reported by the reporter, without prejudice to legal obligations and the protection of the rights of the company.

The e-mail address of the SB is disseminated:

- by internal e-mail communication to all Recipients;
- on the occasion of each training activity carried out in accordance with Section 9.5 below;
- through the posting of a specific notice on company bulletin boards.

The SB evaluates the reports received and the activities to be put in place and reports to the Administrative Body for application by the latter of any consequent measures in accordance with the provisions of the disciplinary system.

In addition to the above reports, all recipients of the Model are obliged to comply with the provisions contained in the document called "Information Flows to the Supervisory Board," which contains a summary of the parties concerned, the manner in which communications are sent, their content, and their timing.

Any other information, which has come to the direct knowledge of the Supervisory Board, whether from employees, Shareholders, or third parties, pertaining to the commission of conduct not in line with the Model should be brought to the attention of the Supervisory Board.

The SB will evaluate the reports received with discretion and responsibility. To this end, it may hear the author of the report and/or the person responsible for the alleged violation, giving reasons in writing for any decision not to proceed.

9.3 "Whistleblowing" reporting mechanisms and protections

SILGA, has adopted, pursuant to Legislative Decree 24/2023, the procedure for the management of reports of offenses (also relevant under Legislative Decree 231/2001) and/or violations of the Company's Model - so-called whistleblowing system and has established its own internal reporting channel. With reference to the procedures for sending reports, as well as their management, full reference is made to what is regulated in the aforementioned procedure which, together with the platform *link*, is available on SILGA's website.

9.4 Collection and storage of information

Any information, reports, reports provided for in the Model are kept by the SB in a special computer and/or paper file.

9.5 Communication and circulation of the Model

The Company, in order to effectively implement the Model, intends to ensure proper circulation of its contents and principles within and outside its organization.

In particular, the Company's goal is to extend the communication of the contents and principles of the Model not only to its directors and employees, but also to individuals who, although they do not hold the formal title of employee, work-even occasionally-to achieve the Company's objectives by virtue of contractual relationships.

Therefore, an effective communication and training activity diversified according to the recipients to whom it is addressed and marked by principles of completeness, clarity, accessibility and continuity is envisaged, in order to enable the various recipients to be fully aware of those corporate provisions they are required to comply with and of the ethical standards that must inspire their behavior.

Communication of the Model and Code of Ethics

In line with the provisions of Legislative Decree 231/2001 and the Confindustria Guidelines, the Company is committed to widespread, effective, clear and detailed communication, with periodic updates related to changes in the Model.

Specifically, recipients of the communication are:

- all personnel employed by the Company (executives, clerks, managers and workers, essayists, individuals with training contracts, project collaborators, consultants, etc.) as of approval;
- new personnel when they are hired and/or appointed to the Company.

Communication pertaining to the Model is carried out on the basis of the manner the administrative body deems appropriate. Within the scope of the guidance provided by the administrative body, the communication activity is supervised by the Supervisory Board.

Circulation of the Model

Notice of the Administrative Body's adoption of this Model shall be made public on the Company's website, or otherwise by suitable means aimed at making customers, suppliers, agents, business partners, investors, etc. aware of the existence of the Model.

The Company ensures that Recipients can access and consult the documentation constituting the Model.

In addition, the Company undertakes to forward detailed information, concerning the introduction of the Model and the contents of the Code of Ethics, to third parties who have contractually regulated collaborative relationships with the Company (external consultants, agents, brokers, etc.).

Training courses

For the purposes of implementing the Model, the Company, in compliance with the provisions of the Confindustria Guidelines and case law on the administrative liability of entities pursuant to Legislative Decree No. 231/01, promotes an adequate training program aimed at the Company's current staff that takes into account the duties and roles of the various recipients.

Participation in training courses is obligatory for all personnel serving the Company. This obligation is a fundamental rule of this Model, the violation of which is connected with the sanctions provided for in the disciplinary system.

Training activities are supervised by the Supervisory Board.

Training recipients, are required to:

- Gain knowledge of the principles and contents of the Model;
- Know the operating methods by which their activities must be carried out;
- Contribute actively, in relation to their role and responsibilities, to the effective implementation of the Model, reporting any deficiencies found in it.

In particular, training activities are carried out

- To the adoption of the Organizational Model;
- In case of changes and/or updates of the same;
- As part of the training activities for newly hired employees;
- in any case in which, in the course of carrying out its duties, the SB deems it necessary.