

UDOR S.P.A.

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL (ITALIAN LEG. DECREE No. 231/2001)

GENERAL SECTION

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CHAPTER 1

1 DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1. Introduction

With Italian Legislative Decree no. 231 of 8 June 2001 (hereinafter, “**Leg. Decree 231/2001**”), by virtue of the power of attorney conferred to the Government by Art. 11 of Law no. 300 of 29 September 2000,¹ regulations on the “*liability of companies for administrative offences resulting from a crime*” were dictated.

In particular, these regulations apply to legal entities and to companies and associations, including those devoid of legal personality.

Leg. Decree 231/2001 finds its primary genesis in certain international and EU conventions ratified by Italy which require forms of liability of collective entities for certain types of crimes.

In fact, according to the regulations introduced by Leg. Decree 231/2001, companies can be held “liable” for certain crimes committed or attempted, in the interest or to the advantage of the companies themselves, by members of top management (i.e. those “in senior management” or “in top positions”) and by those who are subject to the direction or supervision of the latter (Art. 5, paragraph 1 of Leg. Decree 231/2001).

The administrative liability of the companies is independent of the criminal liability of the natural person who committed the crime and it flanks the latter.

This increased liability basically aims at involving, in the punishment of certain crimes, the companies’ assets and, ultimately, the economic interests of the shareholders, who, until the Decree in question came into force, did not suffer direct consequences from crimes committed by directors and/or employees, in the interest or to the benefit of their company.

Leg. Decree 231/2001 innovates the Italian legal system, as companies are now directly and independently subject to sanctions of both a monetary and interdictive nature, in relation to crimes committed by people functionally linked to the company, pursuant to Art. 5 of the Decree.

¹ Leg. Decree 231/2001 is published in the Official Gazette dated 19 June 2001, no. 140 and Law 300/2000 is published in the Official Gazette dated 25 October 2000, no. 250.

However, the administrative liability of the company is excluded if the company has, among other things, adopted and effectively implemented, before the crimes were committed, organisational, management and control models suitable for preventing the crimes themselves; these models may be adopted on the basis of Codes of Conduct (guidelines) drawn up by associations representing the companies, including Confindustria and Confcooperative, and communicated to the Ministry of Justice.

The administrative liability of the company is, in any case, excluded if the senior managers and/or their subordinates acted exclusively in their own interest or in the interest of third parties.

1.2. Nature of liability

With reference to the nature of administrative liability *pursuant to* Leg. Decree 231/2001, the Explanatory Report linked to the Decree points out the “*creation of a tertium genus that combines the essential features of the criminal system and of the administrative system in an attempt to reconcile the reasons of preventive effectiveness with those, even more inescapable, of maximum guarantee*”.

Leg. Decree 231/2001 has, indeed, introduced in our set of rules, an “administrative” type of corporate liability – in accordance with Art. 27 of our Constitution – but with many things in common with a “criminal” type of liability.

In this sense, see – among the most significant – Articles 2, 8 and 34 of Leg. Decree 231/2001, where the first article reaffirms the principle of legality typical of criminal law; the second article affirms the autonomy of the company's liability with respect to the ascertainment of the liability of the natural person who committed the crime; and the third article provides for the circumstance that such liability, depending on a crime, is ascertained in the context of criminal proceedings and is, therefore, assisted by the guarantees of the criminal proceedings. The afflictive nature of the sanctions applicable to the company should also be considered.

1.3. Offenders: individuals in top positions and individuals under the direction of others

As mentioned above, according to Leg. Decree 231/2001, the company is liable for any crimes committed in its interest or to its advantage:

- by “people in representation, administration or management positions of the company or of one of its organisational units with financial and functional autonomy, as well as by people who manage and control the company itself, even *de facto* (the above-defined individuals “in senior management” or “in top positions”; Art. 5, paragraph 1(a) of Leg. Decree 231/2001);
-

- by people subject to the direction or supervision of one of the senior managers (i.e. subordinates; Art. 5, paragraph 1 (b) of Leg. Decree 231/2001).

It should also be reiterated that the company is not liable, by express legislative provision (Art. 5, paragraph 2 of Leg. Decree 231/2001), if the above-mentioned people acted exclusively in their own interest or in the interest of third parties.

1.4. Types of crimes

On the basis of Leg. Decree no. 231/2001, the company can be held liable only for crimes expressly referred to in Leg. Decree no. 231/2001, if committed in its interest or to its advantage by the people qualified *under* Art. 5, paragraph 1 of the Decree itself, or in the case of specific legal provisions that refer to the Decree, as in the case of Art. 10 of Law no. 146/2006.

The types of crimes can be divided, for sake of convenience, into the following categories:

- A. Crimes committed in relations with the Public Administration (Art. 24 and 25);
- B. Computer crimes and unlawful data processing (Art. 24a);
- C. Organised crime (Art. 24b);
- D. Forgery of money, public credit cards, revenue stamps and identification instruments or signs (Art. 25a);
- E. Crimes against industry and commerce (Art. 25a.1);
- F. Corporate crimes, including the crime of bribery among private individuals and incitement to bribery among private individuals (Art. 25b);
- G. Crimes with the aim of terrorism or the subversion of democratic order (Art. 25c);
- H. Female genital mutilation practices (art. 25c.1);
- I. Crimes against individuals (Art. 25d);
- J. Market abuse offences (Art. 25e);
- K. Crimes of involuntary manslaughter and serious or very serious personal injuries committed with the violation of accident prevention regulations and occupational health and safety protection regulations (Art. 25f);
- L. Receipt, laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering (Art. 25g);
- M. Crimes relating to means of payment other than cash (Art. 25g.1);
- N. Crimes concerning the violation of copyright laws (Art. 25h);
- O. Incitement not to make statements or to make false statements to the Judicial authority (Art. 25i);

- P. Environmental crimes (Art. 25j);
- Q. Employment of citizens of other countries without residence permits (Art. 25k);
- R. Crimes of racism and xenophobia (Art. 25l);
- S. Fraud in sports competitions, abusive gaming or betting and gambling carried out using forbidden devices (Art. 25m);
- T. Tax crimes (Art. 25n);
- U. Smuggling (Art. 25o);
- V. Crimes against cultural heritage (Art. 25p);
- W. Laundering of cultural property and devastation and looting of cultural and landscape heritage (Art. 25q);
- X. Liability of companies for administrative offences resulting from crimes [constitute a prerequisite for companies operating in the virgin olive oil supply chain] (Art. 12, L. 9/2013);
- Y. Transnational crimes (Art. 10, L. 146/2006).

Annex 3 (Risk Assessment) contains a list of the types of crimes that are actually relevant in relation to the activities carried out by UDOR S.p.A.; the list is accompanied by examples that refer directly to these activities. In particular, the crimes included in the group «Involuntary manslaughter and serious or very serious personal injuries committed with the violation of accident prevention regulations and occupational health and safety regulations» (Art. 25f), as well as the offences included in the group «Environmental crimes» (Art. 25j) were considered potentially relevant.

1.5. Sanctioning system

Art. 9-23 of Leg. Decree 231/2001 provides for the following sanctions against the company as a result of the above crimes being committed or attempted:

- monetary sanctions (and preventive seizure) which may range from a minimum of 25,822.00 Euro to a maximum of 1,549,370.00 Euro;
- Interdictive sanctions (also applicable as a precautionary measure) lasting from a minimum of three months to a maximum of two years (with the clarification that, pursuant to Art. 14, paragraph 1 of Leg. Decree 231/2001, "*Interdictive sanctions are aimed at the specific activity to which the company's offence refers*") which, in turn, may consist of: (i) prohibition to carry out the activity; (ii) suspension or revocation of permissions, licences or concessions functional to the crime committed; (iii) prohibition to negotiate with the public administration, except to obtain the performance of a public service; (iv) exclusion from incentives, funding, contributions or subsidies and possible revocation of those granted; (v) prohibition to advertise goods or

services; (vi) confiscation (and precautionary seizure); (vii) publication of the sentence (in case of application of a interdictive sanction).

Interdictive sanctions apply exclusively in relation to the crimes for which they are expressly envisaged and provided that at least one of the following conditions is met: (a) the company has obtained a significant profit from the crime and the crime has been committed by senior managers or by subordinates when, in the latter case, the crime was determined or facilitated by serious organisational deficiencies; (b) in case of reiteration of the offences.

The judge determines the type and duration of the interdictive sanction, taking into account the suitability of the individual sanctions to prevent offences of the type committed and, if necessary, may apply them jointly (Art. 14, paragraph 1 and paragraph 3 of Leg. Decree 231/2001).

The sanctions that prohibit the conduction of business, prohibit negotiations with the public administration and prohibit the advertisement of goods or services can be - in the most serious cases - permanent. It is also possible for the company's activity to be continued (instead of the sanction) by a commissioner appointed by the judge pursuant to and under the conditions of Art. 15 of Leg. Decree 231/2001.

1.6. Attempted crimes

In the event that the crimes sanctioned pursuant to Leg. Decree 231/2001 are attempted crimes, the monetary sanctions and interdictive sanctions are reduced by one third to one half, in terms of amount for the former and duration for the latter.

Sanctions are excluded in cases where the company voluntarily prevents the action or event (Art. 26 of Leg. Decree 231/2001). In this case, the exclusion of sanctions is justified by virtue of the interruption of any relationship of identification between the company and the people acting in its name and on its behalf.

1.7. Offence investigation procedure

Liability for administrative offences resulting from a crime is ascertained in criminal proceedings. In this regard, Art. 36 of Leg. Decree 231/2001 states *"The jurisdiction to hear administrative offences committed by the company belongs to the competent criminal court for the crimes on which the offences depend."*

1.8. Organisational, management and control models

An essential aspect of Leg. Decree 231/2001 is the attribution of an exempting value to the organisational, management and control models of the company. In fact, in the event of a crime committed by a senior person, the company is not liable if it proves that (Art. 6, paragraph 1 of Leg. Decree 231/2001):

- a) the management body adopted and effectively implemented, before the crime was committed, organisational and management models capable of preventing crimes of the type committed;
- b) the task of supervising the functioning and observance of the models and ensuring that they are updated has been entrusted to a body of the company with autonomous powers of initiative and control;
- c) those who committed the crime fraudulently circumvented the organisational and management models;
- d) there was no omission or insufficient supervision on part of the Supervisory Board.

The company must therefore prove its non-involvement in the crimes committed by the senior person by proving the existence of the above-mentioned requirements and, consequently, the circumstance that the crime did not derive from its own “organisational fault”².

Contrarily, in the event of a crime committed by subordinates, the company is liable if the crime was made possible by the violation of management or supervisory duties that the company is obliged to fulfil³.

In any case, the violation of management or supervisory obligations is excluded if, before the crime was committed, the company adopted and effectively implemented an organisational, management and control model suitable to prevent crimes of the type committed.

Art. 7, paragraph 4 of Leg. Decree 231/2001 also defines the requirements for the effective implementation of organisational models:

- periodic verification and possible modification of the model when significant violations of provisions are detected, or when changes occur in the organisation and in the business activity;

² The Explanatory Report linked to Leg. Decree 231/2001 states, in this regard: “For the company to be held liable, therefore, it will not only be necessary for the crime to be objectively attributable to it (the conditions under which this occurs, as already seen, are regulated by Art. 5); furthermore, the crime must also be an expression of the company policy or at least derive from an organisational fault”. And again: “the Decree starts from the presumption (empirically well-founded) that, in the case of a crime committed by a senior person, the “subjective” requirement for the company’s liability [i.e the so-called “organisational fault” of the company] is met, since senior management expresses and represents the company policy; in order for this not to be presumed, it is up to the company to prove its non-involvement, and it can do this only by proving that a series of requirements were concurrently met.”

³ Art. 7, paragraph 1 of Leg. Decree 231/2001: “Individuals subject to the direction of others and company organisational models – In the case provided for by Art. 5, paragraph 1(b), the company is liable if the crime was made possible by non-compliance with management or supervisory obligations”.

- a disciplinary system with sanctions for those who fail to comply with the measures indicated in the model.

This shifts the burden of proof to the claimant, who must, in the hypothesis of the case contemplated by Art. 7, provide evidence of the failure to adopt and effectively implement an organisational, management and control model suitable to prevent crimes of the type committed.

Leg. Decree 231/2001 describes the contents of the organisational and management models and states that, in relation to the extension of powers delegated and the risk of crimes being committed, as specified by Art. 6, paragraph 2, they must:

- identify the activities in which crimes may be committed;
- provide specific protocols aimed at planning the formation and implementation of the decisions of the body in relation to the crimes to be prevented;
- identify ways to manage financial resources that are appropriate to prevent crimes from being committed;
- provide for the obligation of information to the body responsible for supervising the operation and compliance of the models;
- introduce a disciplinary system with sanctions for those who fail to comply with the measures indicated in the model.

1.9. Codes of Conduct drawn up by the associations representing the companies

Art. 6, paragraph 3 of Leg. Decree 231/2001 states *“The organisational and management models can be adopted, guaranteeing the requirements referred to in paragraph 2, on the basis of codes of conduct drawn up by the associations representing the companies, communicated to the Ministry of Justice which, in agreement with the competent Ministries, may formulate - within thirty days - observations on the suitability of the models to prevent crimes”*.

The main Guidelines used as a basis for this Model are those issued by Confindustria, last updated in June 2021 (hereinafter, **“Confindustria Guidelines”**); these documents provided, among other things, methodological indications for the identification of risk areas (sector/activities in which crimes may be committed), the design of a control system (the so-called protocols for planning the formation and implementation of the

company's decisions) and the contents of the organisational, management and control model.

1.10. Assessment of suitability

The ascertainment of the company's liability, assigned to the criminal court, is carried out by:

- verifying the existence of the crime for which the company is liable;
- verifying the suitability of the organisational models adopted.

The judge's assessment of the abstract suitability of the organisational model to prevent the crimes referred to in Leg. Decree 231/2001 is carried out according to the criterion of the so-called "retroactive prognosis".

The judgement of suitability must be formulated according to an essentially *ex ante* criterion, whereby the judge places himself, ideally, in the company's position at the time when the crime was committed, in order to test the consistency of the model adopted. In other words, the organisational model that, before the crime was committed, could and should be deemed "suitable to prevent crimes" should be judged to be such as to eliminate or at least minimise, with reasonable certainty, the risk of the crime that was later committed.

CHAPTER 2

2. DESCRIPTION OF THE COMPANY: ELEMENTS OF UDOR S.P.A.'S GOVERNANCE MODEL AND GENERAL GOVERNANCE STRUCTURE

2.1. UDOR S.p.A.

UDOR S.p.A. (hereinafter, for brevity, “**UDOR**” or “**Company**”) was established on 26 January 1967 and registered on 10 February 1967 at the Chamber of Commerce of Reggio Emilia – REA Number: RE-99716. Its registered office is in Rubiera (RE), Via Corradini, no. 2.

Within the corporate purpose, the envisaged activities are: “A) *the production and marketing of membrane or piston pumps, mounted or wheeled spraying units, motor-pump units and accessories for spraying, weeding and industrial washing in general. B) the purchase, construction, leasing, management in general, sale and exchange of real estate of all types and kinds*”.

The Company's origins date back to 1966, when Giovanni Zanasi, the founder, started to produce Membrane Pumps used in agriculture.

Today, UDOR, after over fifty years of activity, has become a leading Company in the field of Membrane Pumps and Piston Pumps, expanding its business into new markets.

Over the years, the Company has maintained its status as a family-run business, a type of business characterised by a set of strong points that represent the basis of UDOR's success: **(i)** strong leadership concentrated in the hands of the Zanasi family, which guides the Company's growth while guaranteeing fast decision-making and stability, **(ii)** full dedication to work manifested by the entrepreneur, which results in a strong spirit of belonging felt by all employees, **(iii)** extreme attention to customer needs, **(iv)** scrupulous product research, **(v)** cost reduction; **(vi)** less bureaucratisation of processes.

The Company is certified according to the **ISO 9001:2015** Standard (quality management).

2.2. UDOR S.p.A.'s Governance

UDOR's Articles of Association state, in Art. 19, that: «*The administration of the Company is entrusted, pursuant to Art. 2380, paragraph 1 of the Italian Civil Code, at the discretion of the shareholder's meeting, to the **Board of Directors, made up of a maximum of five (5) members**, or to the Sole Director*».

According to the provisions of paragraph 6 of the same article «*the Board of Directors elects a **Chairman** among its members, by an absolute majority of its members, unless*

the chairmanship is assigned to one of the members of the Board of Directors upon its appointment by the shareholders' meeting».

Art. 22, paragraph 2, states that: *«the Board of Directors can appoint, from among its members, **one or more Managing Directors** or an executive committee, defining their powers and remuneration».*

In compliance with the above-mentioned provisions of the Articles of Association, the Company is currently governed by a traditional, family-based administration system, with a Board of Directors consisting of five members:

| | |
|-----------------|--------------------|
| Marco Zanasi | Chairman |
| Giovanni Zanasi | Managing Directors |
| Stefano Zanasi | |
| Enrica Zanasi | |
| Eugenio Zanasi | Director |

Based on the provisions of the Articles of Association (Art. 23), when dealing with third parties and in legal proceedings, with the power to act in any venue and at all levels of judgement, the Company is represented by:

- the Chairman of the Board of Directors, subject to Board resolution,
- the Managing Directors, within the scope of the powers granted to them.

Again at the *governance* level, the following integrate the Company's Control System: (i) the Board of Statutory Auditors and (ii) the Statutory Auditor.

2.3. Control principles inherent to the general organisational system

All Sensitive Activities must be carried out in compliance with current laws, the Company's values and policies and the rules contained in this Model.

In general, **the Company's organisational system must meet the essential requirements of formalisation and clarity, communication and separation of roles**, particularly with regard to the attribution of responsibilities, representation, definition of hierarchical lines and operational activities.

The Company must have **organisational tools (organisational charts, organisational communications, procedures, etc.) based on the following general principles:**

- a. clear description of reporting lines;
- b. awareness, transparency and publicity of the powers granted (within the Company and towards stakeholders);
- c. clear and formal delimitation of roles, with a full description of the tasks of each function, their powers and responsibilities.

The internal procedures must be characterised by the following elements:

- (i) separation, within each process, between the person making the decision (decision-making impetus), the person executing the decision and the person controlling the process (so-called "**segregation of functions**");
- (ii) a written record of each significant step of the process (so-called "**traceability**");
- (iii) suitable level of **formalisation**.

In particular:

- the Company's organisational chart and the areas and responsibilities of the corporate functions must be defined clearly and precisely by means of specific documents, made available and known to all employees;
- special *policies* and operating procedures must be defined, with particular reference to processes relating to areas where there is a risk of crimes being committed;
- the roles and tasks of the internal managers of each risk area, who must have the power to direct, drive and coordinate the subordinate functions, must be defined clearly and precisely.

CHAPTER 3

3. ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL - INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

3.1. Foreword – Purpose of the Model

The adoption of an organisational, management and control model in accordance with Leg. Decree 231/2001 (hereinafter “**Model**”), and its effective and constant implementation, is not only a reason for exempting the Company from liability when certain types of crimes are committed, but it is also an act of social responsibility by UDOR, which leads to benefits for all stakeholders: shareholders, employees, creditors and all other parties whose interests are linked to the Company's fate.

The introduction of a business control system, together with the definition and dissemination of ethical principles, improve the already high standards of conduct adopted by the Company, increase UDOR's reputation and makes it more trustworthy in the eyes of third parties and, above all, fulfil a regulatory function, since they regulate the conduct and decisions of those who work for the Company on a daily basis in accordance with the above-mentioned ethical principles.

By adopting the Model, the Company intends to pursue the following objectives:

- prohibit conduct that may constitute the types of crimes set out in the Decree;
- spread awareness that violation of the Decree, of the provisions contained in the Model and of the principles of the Code of Ethics, may result in the application of sanctions (monetary and interdictive), also against the Company itself;
- disseminate a business culture based on legality, making everyone aware of the express disapproval by the Company of any conduct contrary to the law, regulations, internal provisions and, in particular, the provisions contained in the Model;
- make available clear, simple and effective rules that allow everyone to carry out their functions and/or work assignments while behaving and operating in full compliance with the relevant laws;
- allow the Company, thanks to a control system and constant monitoring of the correct implementation of this system, to prevent and/or counter the crimes set out in the Decree in a timely manner;
- provide a Supervisory Board, in direct contact with the Board of Directors, in charge of monitoring and verifying the effective functioning and observance of the Model;
- constant attention to the continuous improvement of the Organisational, Management and Control Model, by examining not only the provisions of the

procedures, but also the Company's conduct and practices, promptly intervening with corrective and/or preventive actions where necessary.

The provisions of this Model are binding for **(i)** people with functions of representation, administration or management of the Company, **(ii)** the Company's employees with fixed-term or permanent employment contracts, **(iii)** all collaborators, consultants, self-employed workers who carry out their activities, including internships, training, apprenticeships within the Company, **(iv)** those who, although not functionally linked to the Company, have contractual relations for the achievement of corporate objectives, such as: partners, customers, suppliers (hereinafter, the “**Recipients**”).

3.2. Definition of the Organisational, Management and Control Model pursuant to Leg. Decree 231/2001

The methodology followed to draw up the Model was inspired not only by the provisions of the Decree, but also by the Guidelines prepared by Confindustria and the provisions of Art. 30 of Leg. Decree no. 81/08.

The Risk Assessment activity was carried out in the following ways:

- by **(i)** examining the relevant Company documentation (including the Company's organisational chart, the Articles of Association, attribution of powers, procedures and policies, certifications, etc.) and **(ii)** conducting structured interviews with Top and Middle Management, the **Company Processes that represent Risk Areas** in relation to the crimes included in Catalogue 231 - and considered relevant in relation to the activities carried out by the Company - were identified;
- by identifying, within the Processes, **(i)** any business activities at risk of the crimes pursuant to Leg. Decree 231/2001 (so-called **Sensitive Activities**) and any **Instrumental Processes** in the context of which the conditions and/or instruments for committing crimes could be created;
- by identifying **(i)** the **Presumable Crimes** that may be committed, **(ii)** an illustrative description of the possible ways in which these crimes may be committed, **(iii)** the Company functions involved;
- by assessing the level of potential risk associated with each sensitive activity/process (**Inherent** or **Intrinsic Risk**), based on the following: (i) Probability (degree of possibility that the risk event will occur), (ii) Impact (consequences of the occurrence of the risk event). Specific assessment parameters have been assigned to each point, which are illustrated in Annex 3 (**Risk Assessment**).
- by preparing a summary document containing the Risk Assessment described above;
- by preparing, on the bases of the results obtained, the Special Sections of the Model.

3.3. Internal Control and Risk Management System

The Company has an Internal Control (IC) and Risk Management (RM) System represented by the set of rules, procedures and organisational structures aimed at allowing for the identification, measurement, management and monitoring of risks. The adequacy of the IC-RM System depends on the solidity of the Company's processes and relative control systems, but also on the Company's ability to deal with and adapt to changes in the risk scenarios characterising the economic-social context and the markets in which it operates, changes induced not only by “ordinary” phenomena (e.g.: legislative and/or regulatory interventions), but also by unpredictable factors or factors that are difficult to control, such as (i) technological progress, (ii) political and macro-economic instability, (iii) serious worldwide crises.

The IC-RM System includes:

- 1) Horizontal control systems, of a general nature and applicable to all Processes;
- 2) Vertical control systems, specific to the various Processes, which can be found in the Special Section of the Model.

For the sake of completeness, it should be noted that the degree of control that the Company decides to implement for each activity at risk depends not only on an assessment in terms of cost-benefit, but also on the risk threshold considered acceptable by the Company itself for that specific activity. As is known, the idea of “acceptable risk” is an essential element in the creation of a preventive control system since, if it is not determined beforehand, the quantity/quality of the controls put in place would be virtually infinite, with perceivable consequences in terms of Company operability.

Having said that, as pointed out by the Confindustria Guidelines, with regard to intentional crimes, the conceptual threshold of acceptability consists of a prevention system that cannot be circumvented unless done fraudulently (see Art. 6, paragraph 1(c) of Leg. Decree 231/2001); as pointed out in case law, the “fraud” referred to in Leg. Decree 231/2001 does not necessarily require actual artifice and deception; at the same time, however, the fraud cannot consist merely in the violation of the provisions contained in Model 231. It presupposes that the violation of Model 231 is in any case caused by a circumvention of the safety measures capable of forcing their effectiveness.

With regard to intentional crimes, on the other hand, the “acceptable risk” threshold is represented by «conduct in violation of the organisational prevention model (and, in the case of crimes concerning health and safety, of the underlying mandatory fulfilments provided for by the prevention regulations), despite full compliance with the supervisory obligations by the Supervisory Board pursuant to Leg. Decree 231/2001».

On the basis of these principles, for all Processes considered to be “at risk” of crimes, the Company's Model 231 was created with the aim of defining protocols: 1) that are reasonably capable of preventing all possible intentional crimes, except following

fraudulent circumvention, and 2) that provide for an adequate control system for those fulfilments whose omission could lead to intentional crimes.

3.4. IC-RM System - Horizontal control systems

The control systems that have a preventive impact on all Processes at risk are the following:

| | |
|----------------------------|--|
| CONTROL ENVIRONMENT | <p>Control Environment represents the foundation of the entire IC-RM System, affecting all other components of the system, as well as the entire organisational structure of the Company; the Board of Directors is fully aware and plays the role of defining the nature and risk level compatible with the Company's strategic objectives and structures the IC-RM System accordingly.</p> |
| | <p>Code of Ethics sets forth the values and rules of "corporate ethics" that the Company recognises as its own and which must be complied with by the Recipients of this Model. The Code of Ethics is the charter of values and principles that inspire the business: the charter of moral rights and duties that defines the ethical-social responsibility of each person who takes part in the business organisation. The objective of the Code of Ethics is to establish a cultural and regulatory climate which - in addition to discouraging conduct that could give rise to crimes - ensures that the Company is perceived and valued as a guarantee of moral responsibility.</p> |
| | <p>An organisational system that is sufficiently up-to-date, formalised and clear includes: (i) a system for the attribution of <u>proxies and powers of attorney</u> reflecting managerial responsibilities with consistent and never</p> |

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| | <p>unlimited representation and spending powers, (ii) the presence of an <u>up-to-date organisational chart</u> and with clear reporting lines, (iii) <u>job descriptions</u> containing a clear and formal delimitation of roles, with a full description of the duties of each position, their powers and responsibilities.</p> |
| | <p>Commitment to attracting, developing and retaining competent resources: the Company is actively committed to identifying resources with suitable skills to achieve its objectives; it is attracted to talent, develops the potential of human resources, cultivates growth and plans and manages succession.</p> |

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| <p>RISK ASSESSMENT AND CONTROL SYSTEMS</p> | <p>Clear definition of corporate objectives: the Company implements a policy of clearly defining its organisational and management objectives in the medium to long term and assigning them to the various levels of the corporate structure (e.g.: operational and industrial plans, budgets, investments). This makes it possible to assess the risks associated with achieving these objectives. Planning also contains a forecast of the related costs.</p> |
| | <p>Change management: the Company identifies and assesses changes that may have an impact on the pursuit of the objectives; alert systems are in place, which promptly report and address any new risks.</p> |
| | <p>Supervisory Board: this body has autonomous powers of initiative and control aimed at ensuring the supervision of the effective</p> |

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| | <p>implementation and actual application of the Model.</p> |
| | <p>Board of Statutory Auditors: it supervises the activities carried out by the directors and makes sure that the Company is managed and directed in accordance with the law and the certificate of incorporation; it verifies the adequacy of the Company's organisational structure, internal control system and administrative-accounting system, as well as the reliability of the latter in correctly representing management events.</p> |
| | <p>Forms of accounting control: the Company is subject to statutory audit pursuant to Leg. Decree no. 39 of 27 January 2010.</p> |
| | <p>Protection and Prevention Service: it is internally organised with a structure and characteristics proportionate to the Company and it performs the tasks required by Art. 34 of Leg. Decree no. 81/2001. The person in charge of the service is external.</p> |
| | <p>Quality Manager: he/she carries out both preventive activities aimed at ensuring that the production processes meet the quality standards and checks the conformity of the final product to the predefined specifications and requirements.</p> |
| | <p>Third-party audits: the Company is subject to periodic and continuous audits by accredited certification bodies; periodic and extraordinary audits by public authorities can be assimilated to these activities.</p> |
| | <p>Certifications: the Company has UNI ISO 9001:2015 certification.</p> |
| | <p>Procedures: Company processes are supervised and regulated by</p> |

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| | <p>appropriate provisions in compliance with the principles of segregation of roles, traceability and control; the procedures inherent to sensitive activities are an integral part of this Model even where not expressly referred to.</p> |
| | <p>Roles and responsibilities: the roles, duties, responsibilities of each Company function involved in risk activities are defined.</p> |
| | <p>Segregation of functions: in the management of processes, the principle of separation of roles is guaranteed by assigning to different subjects the crucial phases of which the processes themselves are made up and, in particular, the decision-making, authorisation, execution and control phases.</p> |
| | <p>Traceability, filing and preservation of documentation: documental traceability of the significant steps of the process is pursued, as well as correct filing, preservation and verifiability of significant documentation in relation to each process, operation or transaction. For each operation, it is possible to identify who authorised the operation, who actually performed it, who recorded it and who checked it. Traceability of operations is ensured with a higher level of certainty by using information systems capable of managing the operation, allowing compliance with the requirements described above.</p> |
| | <p>Control documentation: the documentability of the controls performed (both internal and third-party audits) is ensured. It is possible to retrace the control activities carried out, so that the consistency of the methodologies adopted and the</p> |

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| | <p>correctness of the results can be evaluated.</p> <p>Contractual clauses: the Company protects itself from violations of the Model and Company procedures put in place by business partners by informing them about the compliance tools adopted and the consequences of non-compliance.</p> <p>Financial resource management system: financial management is supported by structured expenditure authorisation processes and dedicated IT tools set up on work flows consistent with the formally defined spending powers and organisational roles. These systems and processes are inspired by the principles of: (i) separation of duties (the person requesting the expenditure is different from the person authorising it, who is different from the person who actually makes the payment and records it); (ii) traceability of all financial movements and reconciliation of the same with the administrative-accounting system; (iii) identification of the rationale for the expenditure to be incurred; (iv) prevision of standard forms of payment; (v) adoption of a budgeting and management control process that allows for the traceability and <i>a posteriori</i> reconstructability of the individual steps; (vi) strict application of the principle of predeterminacy and measurability in relation to the definition of mechanisms to determine disbursements or payments by the Company (e.g. variable component of remuneration to employees, consultants' fees, etc.).</p> <p>GDPR no. 679/2016: the Company has adopted a management system for the implementation of GDPR no. 679/2016</p> |
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| | on Personal Data Protection and free movement of personal data. |
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| INFORMATION AND COMMUNICATION | <p>Communication and training: communication must concern Model 231, authorisation powers, hierarchical reporting lines, procedures, information flows and everything that contributes to transparency in daily operations. Communication must be widespread, effective, authoritative (i.e. issued from an appropriate level), clear and detailed, and periodically repeated. Moreover, it is necessary to allow access to and consultation of the documentation constituting the Model via the Company Intranet. An adequate training program must also be developed, illustrating the recipients, the content of the training courses, the frequency, the delivery methods, the fact that it is mandatory to attend the courses, attendance checks and quality controls on the content of the programs, and the systematic updating of the content of the training events when the Model is updated.</p> |
| | <p>Information flows: the Company has introduced a specific procedure on the basis of which the Managers of the Company functions involved in the processes concerned must inform the Supervisory Board of any important information in relation to the specific activity and, in particular, any situations in which the same has been carried out in violation of the Company procedures in force.</p> |
| | <p>Adoption of a Whistleblowing system: the Company, in compliance with current regulations, guarantees the</p> |

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| | <p>protection - both in terms of confidentiality and protection from retaliation - of whistleblowers, in order to encourage the emergence and, consequently, the prevention of risks and situations prejudicial to the organisation itself.</p> |
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| <p>MONITORING AND DISCIPLINARY SYSTEM</p> | <p>Reports and Reporting: the control activities described above are documented in dedicated reports; the control bodies periodically report to the Board of Directors on the implementation status of the IC-RM System.</p> |
| | <p>Adoption of a Disciplinary System: in order to guarantee the effective implementation of the Model, the system contains the disciplinary measures applicable in case of violation of the requirements contained in the Model itself. In accordance with Art. 21, paragraph 2 of Leg. Decree no. 24/2023 (so-called Whistleblowing Decree), this disciplinary system also applies to those who are found to be responsible for the offences referred to in paragraph 1, Art. 21 of Leg. Decree no. 24/2023, as these offences are understood as violations of the Model itself.</p> |

3.5. Integration of the Control and Risk Management Systems

The Internal Control and Risk Management System described above has made it necessary to have an integration process among its various actors. This has made it possible to rationalise activities (in terms of resources, people, etc.), improve the effectiveness and efficiency of compliance activities and make it easier to share information through an integrated view of the different compliance requirements, also by carrying out joint risk assessments. This integrated approach tends to contemplate common procedures that guarantee efficiency and simplification and that do not

cause roles to overlap (or lack of controls), duplication of controls and corrective actions.

The implementation of the integrated system is based on specific and continuous mechanisms of coordination and collaboration among the Company's main stakeholders, including, but not limited to, the Employer and other figures guaranteeing OHS, the Prevention and Protection Service, the Board of Statutory Auditors and the Supervisory Board.

The integrated compliance Model is a governance tool aimed at achieving the Company's strategic objectives to ensure sustainable success. Its approach is based on the effectiveness and efficiency of the internal control system, as it enhances synergies to mitigate risks; the cornerstones that make this possible are: (i) Top level commitment, (ii) Culture of control and business ethics, and (iii) Coordination among the actors of the internal control system.

CHAPTER 4

4. THE SUPERVISORY BOARD PURSUANT TO LEG. DECREE 231/2001

4.1. The Supervisory Board

Based on the provisions of Leg. Decree 231/2001, the Company may be exonerated from liability resulting from crimes committed by senior managers or subordinates, if the management body has:

- adopted and effectively implemented organisational, management and control models suitable to prevent the crimes considered;
- entrusted the task of supervising the functioning and observance of the Model and ensuring that it is updated by a body of the Company with autonomous powers of initiative and control;

Entrusting these tasks to a body with autonomous powers of initiative and control, together with the proper and effective performance of the same, is therefore an essential prerequisite for exemption from liability under Leg. Decree 231/2001.

The Confindustria Guidelines identify autonomy and independence, professionalism and continuity of action as the main requirements of the Supervisory Board.

In particular, the requirements of **autonomy and independence** are found where the control initiative is free from any interference and/or conditioning by any component of the Company; in this sense, it is essential to include the Supervisory Board “as a *staff unit in the highest hierarchical position possible*” with “*reporting*” to the highest operational management of the Company, i.e. the Board of Directors.

It is also essential for the Supervisory Board not to be entrusted with operational tasks, which, by making it a participant in operational decisions and activities, would compromise its objectivity of judgement when verifying conduct and the Model.

The characteristic of **professionalism** must refer to the “*set of tools and techniques*” required to carry out the activity of the Supervisory Board effectively; in this sense, the Company has decided to enhance specialised techniques used by those who carry out “*inspection*” activities, but also consultancy in the analysis of control and management systems and of a legal type, with particular attention to criminal issues.

With particular regard to occupational health and safety figures, the Supervisory Board must use all the resources offered by the Company for the management of the relative aspects and, in particular, the Prevention and Protection Service Manager.

Continuity of action, which guarantees the effective and constant implementation of the organisational model, is ensured by the presence of a structure dedicated exclusively, and full-time, to the supervisory activities.

4.2. General principles concerning the establishment, appointment and dismissal of the Supervisory Board.

In the absence of specific indications in Leg. Decree 231/2001, UDOR has opted for a solution that, taking into account the purposes pursued by law, is able to ensure, in relation to its own dimensions and organisational complexity, the effectiveness of the controls entrusted to the Supervisory Board. In particular, it has identified its Supervisory Board as an external single-subject body.

The Supervisory Board holds office for three years and can be re-elected.

In general, it is necessary for the members of the Supervisory Board to have, in addition to appropriate professional skills, subjective requirements that guarantee the autonomy, independence and reputation required by the task (see Art. 5 of the Bylaws of the Supervisory Board – **Annex 4**).

A member of the Supervisory Board can be removed in the cases indicated by Art. 6 of the Bylaws of the Supervisory Board (**Annex 4**).

The functions and powers of the Supervisory Board are indicated in Art. 9 of the Bylaws of the Supervisory Board (**Annex 4**).

In order to be able to supervise the effectiveness and efficacy of the Model, the Supervisory Board must be the recipient of accurate, complete, timely and constant information flows; the type and content of the information flows, the corporate functions who are obliged to provide information and the timing are regulated in **Annex 5 – Information Flow Procedure**.

Again in general, direct communication with the Supervisory Board must be allowed and facilitated for all Recipients of the Model. In this sense, the channel to be set up (and clearly communicated to the Recipients) is the dedicated email address odv@udor.it.

With specific reference to the application of Leg. Decree no. 24/2023 (so-called **Whistleblowing**), the relative rules are contained in **Annex 6**.

As for the **obligation of information of the Supervisory Board towards the corporate bodies**, the relative rules are contained in Art. 16 of the Bylaws of the Supervisory Board (**Annex 4**).

CHAPTER 5

5. DISCIPLINARY SYSTEM

5.1. Function of the disciplinary system

Leg. Decree 231/2001 indicates, as a condition for the effective implementation of the organisational, management and control models, the introduction of a disciplinary system with sanctions for those who fail to comply with the measures indicated in the model.

Therefore, the definition of a suitable disciplinary system is an essential prerequisite for the justifying value of the organisational, management and control model with respect to the administrative liability of companies.

The sanctions provided for by the disciplinary system will be applied to any violation of the provisions contained in the Model, regardless of whether or not a crime is committed and regardless of the course and outcome of any criminal proceedings initiated by the judicial authority.

In accordance with Art. 21, paragraph 2 of Leg. Decree no. 24/2023 (so-called Whistleblowing Decree), this disciplinary system also applies to those who are found to be responsible for the offences referred to in paragraph 1, Art. 21 of the same Decree, as these offences are understood as violations of the Model itself.

The measures set out in paragraphs 5.2., 5.3., 5.4., 5.5. and 5.6. therefore also apply to those who are found to be responsible for the following offences:

- retaliation, hindering or attempt to hinder the reports referred to in Leg. Decree no. 24/2023 and violation of the confidentiality obligation referred to in Art. 12 of the same Decree (Art. 21, paragraph 1(a)) of Leg. Decree no. 24/2023);
- failure to set up reporting channels, failure to adopt procedures for making and handling reports or adoption of procedures which do not comply with those set out in Art. 4 and 5 of Leg. Decree no. 24/2023, as well as failure to verify and examine the reports received (Art. 21, paragraph 1(b)) of Leg. Decree no. 24/2023);
- cases referred to in Art. 16, paragraph 3, or, except as provided for in Art. 20 of Leg. Decree no. 24/2023, when the liability of the reporting person for defamation or calumny crimes or, in any case, for the same crimes committed with the report to the judicial authority, or his/her civil liability for the same offence, in cases of wilful misconduct or gross negligence, is established, even by a judgement of first instance (Art. 21, paragraph 1(c)) of Leg. Decree no. 24/2023).

These offences are considered as violations of this Model, as they are committed in violation of the Whistleblowing Procedure, constituting Annex 6 to the General Section of the Model itself.

5.2. Measures against employees

Compliance with the provisions and rules of conduct of the Model constitutes fulfilment by employees of the obligations provided for by Art. 2104, paragraph 2 of the Italian Civil Code; obligations of which the content of the Model is a substantial and integral part.

The violation of the individual provisions and rules of conduct of the Model by employees always constitutes a disciplinary offence.

The measures indicated in the Model, the non-observance of which is intended to be sanctioned, are communicated by means of an internal circular to all employees, displayed in a place accessible to all and binding for all employees of the Company.

Disciplinary measures are imposed on employees in accordance with the provisions of Art. 7 of Law no. 300 of 20 May 1970 (so-called “Workers’ Statute”) and any special regulations applicable.

When a violation of the Model is notified, the procedure for the ascertainment of the violation is started, in accordance with the CCNL (National Labour Contract) applicable to the specific employee involved. Therefore:

- whenever a violation of the Model is notified, an investigation procedure is initiated;
- if, following the procedure, a violation of the Model is ascertained, the disciplinary sanction provided for by the applicable CCNL is imposed;
- the sanction imposed is proportionate to the severity of the violation.

More specifically, on the basis of the ascertainment of the violation, at the request of the Supervisory Board, and having heard the hierarchical superior of the author of the violation, the Board of Directors identifies - after examining the employee's motivations - the disciplinary sanction applicable on the basis of the relative CCNL.

After applying the disciplinary sanction, the Board of Directors communicates its imposition to the Supervisory Board.

All legal and contractual requirements relating to the imposition of the disciplinary sanction are complied with, as well as the procedures, provisions and guarantees

provided for by Art. 7 of the Workers' Statute and by the specific CCNL applicable in relation to disciplinary sanctions.

5.3. Violations of the Model and relative sanctions.

In accordance with the provisions of the relevant legislation and in accordance with the principles of typicality of violations and typicality of sanctions, UDOR intends to inform its employees of the provisions and rules of conduct contained in the Model, the violation of which constitutes a disciplinary offence, as well as the applicable sanctions, taking into account the severity of the violations.

Without prejudice to the Company's obligations deriving from the Workers' Statute, the conduct that constitutes a violation of the Model and the relative sanctions are the following:

1. A worker who violates one of the internal procedures set out by the Model (e.g. does not comply with the procedures, does not communicate the required information to the Supervisory Board, does not carry out inspections, etc.) or behaves, when carrying out sensitive activities, in a manner that does not comply with the provisions of the Model, will receive a “verbal warning”. This conduct constitutes failure to comply with the provisions laid down by the Company.
2. A worker who repeatedly violates the procedures of the Model or behaves, when carrying out sensitive activities, in a manner that does not comply with the provisions of the Model, will receive a “written warning”. This conduct constitutes repeated failure to comply with the provisions laid down by the Company.
3. A worker who, in violating the internal procedures laid down by the Model, or behaving, when carrying out sensitive activities, in a manner that does not comply with the provisions of the Model, exposes the integrity of the Company's assets to a situation of objective danger, will receive a “fine not exceeding three hours of pay”. This conduct, carried out in non-compliance with the provisions laid down by the Company, leads to a situation of danger for the integrity of the Company's assets and/or constitutes acts contrary to its interests.
4. A worker who, in violating the internal procedures laid down by the Model, or behaving, when carrying out sensitive activities, in a manner that does not comply with the provisions of the Model, causes damage to the Company by performing acts contrary to its interests, or a worker who repeatedly commits the offences referred to in sections 1, 2 and 3 more than three times in a calendar year, will incur the measure of “suspension from work and pay up to a maximum of three days”. This conduct, carried out in non-compliance with the provisions laid down by the Company, results in damage to the Company's assets and/or constitutes acts contrary to its interests.

5. A worker who, in violating the internal procedures laid down by the Model, or behaving, when carrying out sensitive activities, in a manner that does not comply with the provisions of the Model and unequivocally aimed at committing a crime or an offence, where such conduct is likely to cause significant damage or an injury, or a worker who, in violation of the internal procedures laid down by the Model, behaves, when carrying out sensitive activities, in a manner that is clearly not in line with the requirements of the Model and such as to determine the concrete application against the Company of the measures provided for by the Decree, as such conduct must be recognised as the performance of “acts such as to radically undermine the Company's trust in him/her”, or the determination of serious prejudice for the Company, will incur the measure of “dismissal”.

The type and extent of each of the above-mentioned sanctions will be applied also considering:

- the intentionality of the conduct or the degree of negligence, imprudence or inexperience, also with regard to the foreseeability of the event;
- the worker's overall conduct, with particular regard to the existence of any previous disciplinary record, within the limits permitted by law;
- the worker's duties;
- the functional position of the people involved in the facts constituting the misconduct;
- any other special circumstances accompanying the disciplinary offence.

This is without prejudice to UDOR's prerogative to claim compensation for any damages resulting from the violation of the Model by an employee. Any damages claimed will be commensurate:

- ✓ to the level of responsibility and autonomy of the employee involved in the disciplinary offence;
- ✓ to the existence of any previous disciplinary record against him/her;
- ✓ to the degree of intentionality of the conduct;
- ✓ to the severity of its effects, meaning the level of risk to which the Company reasonably believes it has been exposed - pursuant to and for the purposes of Leg. Decree 231/2001 - as a result of the misconduct.

5.4. Measures applied against managers.

In the event of violation of the Model by managers, ascertained in accordance with the previous paragraph, the Company will adopt, against those responsible, the measure deemed most appropriate, taking into account their specific qualification and, therefore, the particular relationship of trust underlying their employment relationship with the Company.

If the violation of the Model causes the relationship of trust to be broken, the sanction is dismissal for just cause.

5.5. Measures against members of the Board of Directors and the Board of Statutory Auditors

Upon receiving a report of violation of the provisions and rules of conduct of the Model by members of the Board of Directors or the Board of Statutory Auditors, the Supervisory Board will promptly inform the entire Board of Directors, the Board of Statutory Auditors and the Shareholders. The recipients of the information from the Supervisory Board may, in accordance with the provisions of the Articles of Association, take the appropriate measures in order to adopt the most suitable measures provided for by law, including the revocation of any powers delegated to the member or members of the Board of Directors responsible for the violation.

5.6. Measures against business partners, consultants, collaborators.

The violation, by business *partners*, consultants, external collaborators or other people with contractual relations with the company, of the provisions and rules of conduct of the Model, in the context of the contractual relations in force with UDOR, will result in the termination of the contract, in accordance with appropriately signed clauses.

This is of course without prejudice to the Company's prerogative to claim compensation for any further damages resulting from the violation of the provisions and rules of conduct of the Model by the above mentioned third parties.

CHAPTER 6

6. TRAINING AND COMMUNICATION PLAN

6.1. Foreword

UDOR, in order to effectively implement the Model, intends to ensure the correct dissemination of its contents and principles within and outside its organisation.

In particular, UDOR's objective is to extend the communication of the contents and principles of the Model not only to its own employees, but also to any people who, although not formally employees, work to achieve UDOR's objectives by virtue of contractual relationships.

The communication and training activity will be diversified according to the recipients, but it must in any case be based on principles of completeness, clarity, accessibility, authority and extensiveness; it must also be periodically repeated in order to make the various recipients fully aware of the corporate provisions they are required to comply with and of the ethical rules on which their conduct must be based.

Communication and training on the principles and contents of the Model are guaranteed by the Company's Top Management, which identifies the best way to use these services (e.g. training courses, information programs, dissemination of information material).

Communication and training activities are under the supervision of the Supervisory Board.

Each employee is required to: (i) acquire awareness of the principles and contents of the Model; (ii) be familiar with the operating methods to be used to carry out their activities; (iii) contribute actively, in relation to their role and responsibilities, to the effective implementation of the Model, reporting any deficiencies found in it; (iv) take part in training courses, differentiated on the basis of the various Sensitive Activities.

In order to guarantee an effective and rational communication activity, the Company intends to promote and facilitate the employees' knowledge of the contents and principles of the Model, with a degree of depth that varies depending on their position and role.

Each employee must receive a summary of the essential principles of the Model accompanied by a communication that makes explicit the fact that compliance with the principles contained therein is a condition for the correct performance of the employment relationship.

Appropriate communication tools will be used to update employees on any changes made to the Model, as well as any significant procedural, regulatory or organisational changes.

The activity of communicating the contents and principles of the Model must also be addressed to any third parties who have contractually regulated collaboration relationships with UDOR or who represent the Company without a relationship of dependency.

CHAPTER 7

7. ADOPTION OF THE MODEL - CRITERIA FOR UPDATING AND ADAPTING THE MODEL

7.1. Adoption of the model – Criteria for updating and adapting the Model

The Board of Directors decides when the Model should be updated and adapted in relation to any changes and/or additions that may become necessary as a result of:

- ✓ violations of the provisions of the Model;
- ✓ changes in the internal structure of the Company and/or in the ways in which the business activities are carried out;
- ✓ regulatory changes;
- ✓ results of inspections.

Once approved, the changes and the instructions for their immediate application are communicated to the Supervisory Board.

In any case, the Supervisory Board retains duties and powers with regard to the care, development and promotion of the constant updating of the Model. To this end, it formulates observations and suggestions, concerning the organisation and the control system, to the relevant corporate structures or, in particularly important cases, to the Board of Directors.

In any case, it remains the exclusive competence of the Board of Directors to decide on updates or adaptations of the Model due to the following factors:

- ✓ intervention of regulatory changes regarding the administrative liability of companies;
- ✓ identification of new sensitive activities, or variation of those previously identified, also possibly connected to the launch of new business activities;
- ✓ commission of the crimes referred to in Leg. Decree 231/2001 by the recipients of the provisions of the Model or, more generally, of significant violations of the Model;
- ✓ detection of deficiencies and/or omissions in the provisions of the Model, following verifications on its effectiveness.

The Model will, in any case, be subject to periodic review every three years, to be decided by resolution of the Board of Directors.