ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

pursuant to Legislative Decree no. 231/01

Revision no. 1 dated 12.07.2024.

Approved by the Board of Directors on: 12.07.2024

GENERAL PART

General Part

DEFINITIONS (in alphabetical order).
Within the scope of this document, the following terms shall be used with the meanings below:

Abra Beta S.p.A.: Abra Beta S.p.A. with registered office in Pian Camuno (BS) 25050, Via delle Sorti no. 10, (hereinafter also the Company);

Areas/Risk Areas: areas in which opportunities may be hypothetically created relating to the realisation of the illegal conduct envisaged by the Decree;

Code of Ethics: a set of fundamental principles, an expression of Abra Beta S.p.A.'s ethics, adopted by the same, together with the Organisational, Management and Control Model, which is an integral part of Abra Beta S.p.A.'s Organisational, Management and Control Model;

Decree: Legislative Decree no. 231 of 08 June 2001 as amended;

Recipients: persons required to acknowledge, apply and comply with the Model, as defined in § 3.9;

Employees: persons employed by Abra Beta S.p.A.;

Senior Management: Business area(s) of Abra Beta S.p.A., as per the Organisational Chart;

Beta Group: group of subsidiaries of Beta Utensili S.p.A. with registered office in Sovico (MB), Via Volta no. 18 (also holding Company), 75% stake in Abra Beta S.p.A., and 100% stake in 3D Beta S.r.l., with registered office in Biassono (MB), Viale delle Industrie no. 38, 95% stake in BM Group S.p.A.: with registered office in Rozzano (MI), Via Milano no. 54/56 and 100% stake in Helvi S.p.A., with registered office in Sandrigo (VI), 36066, Via Galilei 123;

Guidelines. Confindustria Guidelines issued on 7 March 2002, partially amended on 31 March 2008, updated on 23 July 2014, approved by the Ministry of Justice and further updated in June 2021;

Model or Organisational, Management and Control Model: Organisational, Management and Control Model pursuant to Leg. Decree no. 231/2001 consisting of a General Part, Special Part Risk Assessment and Prevention Protocols;

Administrative Body or Governance: the Chair of the Board of Directors, the Directors, with or without power of attorneys, comprising the Board of Directors of Abra Beta S.p.A.;

SB or S.B.: The Abra Beta S.p.A Supervisory Body;

Organisational Chart: a graphical representation of the organisational structure of the Company, indicating the business units, the various functions and how they are linked to each other. The Organisational Chart comprises the following:
a) **Area Managers**: Senior Management and organisational unit Managers;
b) **Process Managers**: the individual decision-maker within each Area, that is, the person to whom the Area Manager decides to assign the management and responsibility of a process;

Risk processes: processes in which, in line of principle, the conditions and/or instruments for committing the offences referred to in the Decree could occur;

Prevention Protocols: documents designed to schedule the training and implementation of the decisions taken by the Company regarding risk processes, so as to prevent the commission of Predicate Offences;

Predicate Offences: these offences regulated by Leg. Decree no. 231/2001 as amended;

Administrative liability: the liability to which Abra Beta S.p.A. may be subject in the event it commits any of the Predicate Offences pursuant to the Decree;

Recipient: subject who, in whatever capacity, is the recipient of whistleblowing disclosures;

Whistleblower or Reporting Individual: the Whistleblower is an individual who submits Disclosures or publicly disseminates information on violations obtained within the scope of the work context;

Accused Party: the person accused of allegedly committing the wrongdoing/unlawful conduct referred to in the Disclosure;

Disclosure: the verbal or written communication of information on the breaches of conduct pursuant to Leg. Decree no. 24/2023;

Internal Reporting Channel: channels that guarantee the confidentiality of the identity of the Whistleblower using IT tools;

Disciplinary System: set of rules envisaged to sanction breaches of the Model, Code of Ethics and Leg. Decree no. 24/2023;

Company or Entity: Abra Beta S.p.A.;

Senior Management or members of Senior Management: persons that, regardless to their own job description, hold representative, administrative or management positions within Abra Beta S.p.A. or one of its organisational units with financial and operational autonomy or by persons that actually carry out the management and control of the Company, (BoD members, General Managers, legal representatives etc).

Subordinate persons or Subordinates: those who, although granted a considerable level of autonomy, (therefore liable to engage in illicit conduct), are subordinate to the management and supervision of Senior management (for example, economically dependent self-employed workers, temporary workers etc. ...);

Whistleblowing: disclosures regarding illicit conduct, breaches of national or European Union legal provisions that constitute a danger to the public interest or integrity of the public administration or the Company, which people (Whistleblowers) became aware of in the workplace environment, inside the Company or in other circumstances.

1. The administrative liability of Bodies.

1.1. Juridical responsibility framework.

The Decree introduced to the Italian legal framework a special form of liability on the part of companies, associations and entities in general, for certain offences when committed in their interest or to their advantage by a natural person, member of Senior Management or another employee.
This liability, although formally defined as the administrative type, is in fact essentially of a criminal nature, attributing sanctions directly to the Body in addition to the personal liability regarding the perpetrator of the offence.
The prerequisites for the assigning of liabilities to the Body pursuant to Leg. Decree no. 231/ 2001 are as follows:

- the Body falls within the scope of those regulated by the Decree (art. 1 Decree);
- the commission of a Predicate Offence referred to in the Decree (art. 24 et seq. Decree), in the interest or to the advantage of the Body;
- the Senior Management (art. 6 Decree) or subordinate (art. 7 Decree) position of the person who committed the Predicate Offence within the Body;
- failure on the part of the Body to adopt or implement an Organisational, Management and Control Model which is able to prevent others from committing the offences similar to the type in question;
- alternatively, but only in cases where a criminal offence is committed by a member of Senior Management, failure to grant independent initiative and control powers to a dedicated organism within the Body (or insufficient supervision by the latter) and the fraudulent circumvention by the member of Senior Management of the Organisational, Management and Control Model adopted by the Body.

1.2. The regulatory policy.

In order to be classified as an administrative offence committed by the Body, specific **positive elements** must be present and specific **negative elements** must be absent simultaneously.

1.2.1. The positive elements.

The Decree applies to any company or association, including those which have no legal personality, as well as to any other Body with legal personality, except for the State and Bodies performing constitutional functions, Territorial Public Bodies and other non-economic Public Bodies.
Consequently, the liability arises when an offence has been committed:
- and falls within the scope of the Decree (art. 24 et seq. Decree);
- **in the interest of** or to the **advantage** of the Body, unless in the latter case the offence was committed in the sole interest of the offender or another third party;
- by natural persons serving as representatives, or holding administrative or senior executive positions within the Body or an organisational unit of the same, and being financially and functionally independent, as well as by persons actually exercising management and control of same (so-called **Senior Management**) or a so-called **subordinate Person**, i.e. a natural person who is under the supervision of a member of Senior Management within the Body.
The types of offences pursuant to Leg. Decree no. 231/2001 may be included in the following categories for ease of display:

- Offences during relations with the Public Administration **(arts. 24 and 25 of Leg. Decree no. 231/2001**).
- Computer crimes and unlawful data processing (**art. 24-*bis* of Leg. Decree no. 231/2001**).
- Organised crime offences (**art. 24-ter of Leg. Decree no. 231/2001**).
- Forgery of legal tender, public credit cards, stamp duty and identification instruments or trademarks (**art. 25-*bis* of Leg. Decree no. 231/2001**).
- Offences against industry and commerce (**art. 25-*bis*.1 of Leg. Decree no. 231/2001**).
- Corporate crimes (**art. 25*ter* Leg. Decree. 231/2001**).

- Offences of terrorism or subversion of the democratic order (**art. 25-*quater* of Leg. Decree no. 231/2001**).
- Practices of female genital mutilation (**art. 25 *quater* 1 of Leg. Decree no. 231/01**).
- Crimes against the person (**art. 25-quinquies) of Leg. Decree no. 231/2001**).
- Market abuse **(art. 25-sexies of Leg. Decree no. 231/2001**).
- Manslaughter and grievous bodily harm, committed in violation of health and safety in workplace regulations. **(art. 25-septies of Leg. Decree no. 231/2001**).
- Receiving of stolen goods, money laundering and the use of money, goods or assets of unlawful origin, including self-laundering (**art. 25-*octies* of Leg. Decree no.); 231/2001**).
- Offences pertaining to payment instruments other than cash (**art. 25-octies of Leg. Decree 231/01**).
- Offences related to the breach of copyright laws (**art. 25-novies of Leg. Decree no. 231/2001**).
- Induction not to make statements or to make false statements that can be used in criminal proceedings (**art. 25-*decies* of Leg. Decree no.**) **231/2001**).
- Environmental crimes **(art. 25-undecies of Leg. Decree no. 231/2001**).
- Employment of third-country nationals whose stay is irregular (**art. 25-*duodecies* of Leg. Decree no. 231/2001**).
- Racism and xenophobia (**art. 25 *terdecies* of Leg. Decree no. 231/2001**).
- Fraud in sporting competitions, unlawful gaming, betting and gambling using prohibited devices (**art. 25 *quaterdecies* of Leg. Decree no. 231/2001**).
- Tax Offences (**art. 25 *quinquiesdecies* Leg. Decree no. 231/2001**).
- Smuggling (**art. 25 *sexiesdecies* Leg. Decree no. 231/2001**).
- Offences against cultural heritage **(art. 25-septiesdecies, Leg. Decree no. 231/01).**
- Laundering of cultural heritage and devastation and looting of cultural and landscape heritage **(art 25-duodevicies, Leg. Decree no. 231/01).**
- Transnational offences **Law no. 146/2006**).
- Offences referred to in art. 12 of Law no. 9/2013.

1.2.2. The negative elements.

Although all positive elements have occurred, the Body shall **not be liable** if the offence has been committed:

➢ By a **member of Senior Management**, where the Body provides evidence of:

- **the adoption and effective implementation** of an Organisational, Management and Control Model before the offence was committed, and which aim to prevent the offence in question;
- fraudulent circumvention of the Organisational, Management and Control Model adopted by the Body, by the persons who committed a criminal offence;
- appointing a Body granted independent monitoring and control powers (Supervisory Body), the task of overseeing the Company's implementation and compliance with the Organisational, Management and Control Model and control the updating of the same;
- lack of or insufficient supervision by the Supervisory Body;

➢ by a **subordinate Person** where there has been no failure to comply with management or supervisory obligations. However, non-compliance with these obligations is excluded if the Body, prior to having committed the offence, adopted and efficiently implemented an Organisational, Management and Control Model.

1.3. The sanctions.

The sanctions envisaged by the Decree charged to the Body are:

(i) the **financial sanction**: consists of the payment of a sum of money as established by the Decree, on the basis of a quota system. The quotas can not be less than 100 (one hundred) and more than 1,000 (one thousand), while the amount of the quota varies between a minimum of Euro 258.22= and a maximum of Euro 1,549.37= (art. 10 of the Decree). The amount of the sanction may not, however, be less than € 10,329.00= and higher – except in specific cases – than € 1,549,000.00= and must be determined in practise in a Court of Law;

ii) the **disqualification sanctions** consist of:
- disqualification of the Company business and entails the suspension or cancellation of authorisations, licences or permits related to business activities or the committing the offence,
- the prohibition, temporary or permanent to enter into contract negotiations with the Public Administration;
- exclusion from all financing, public grants, contributions and subsidies with revocation of those already granted;
- the prohibition, temporary or permanent, regarding the advertising of goods or services.

These sanctions only apply, also jointly, to the offences which are expressly envisaged by the Decree, if the Body gained a profit from the offence of a significant severity and the offence is committed by a member of Senior Management or by a subordinate Person when, in this latter case, committing the offence is caused or facilitated by severe organisational shortcomings or in cases of reiteration of the offences.

However, **disqualification sanctions shall not apply** if, prior to the opening of the proceedings, the Body:
- has **provided full compensation for the damage** and **eliminated all harmful or hazardous consequences of the offence** or otherwise, if it took effective action to that end;
- has **eliminated the organisational shortfalls** giving rise to the offence by adopting and implementing an Organisational, Management and Control Model;
- has **made the profits obtained available** for confiscation;

iii) **the publication of the court sentence:** by the Court Clerk, either in an abridged form or in its entirety, in one or more newspapers indicated by the Judge in the sentence, at the expense of the Body, and posted in the Court Register in the borough where the Body has its registered offices. The judge may order that the conviction be published when the body is disqualified;

(iv) **confiscation**: it consists of the compulsory acquisition by the State of the price or profit generated by the offence, except for the part which can be returned to the injured party and, in any case, without prejudice to the rights acquired by third parties in good faith. When it is not possible to effect confiscation, sums of money, assets or other valuable interests equivalent to the proceeds or the profits of the offence may be confiscated.

Sanctions shall be applied at the end of a criminal trial. However, **disqualification sanctions** may also be applied as a **precautionary measure**, although never jointly with each other, at the request of the Judge to the Public Prosecutor, where both of the following conditions are met:
- the presence of serious indications that the liability of the Body is applicable in accordance with the Decree;
- specific established elements which make it clear that there is a real danger that such offences could be committed again.

1.4. Offences committed abroad.

Art. 4 of the Decree establishes that the Body may be made accountable in Italy, in relation to offences committed abroad.

In order for the Body to be deemed liable:
- the offence must have been committed abroad by an individual functionally connected to the Body under art. 5 (1) of the Decree;
- the Body must have its headquarters in the territory of the Italian State;

- the Body can only respond in the cases and at the conditions provided for by articles 7, 8, 9, 10 of the Italian Criminal Code, whereas the State in the location in which the offence was committed decides not to take the prosecution any further.

1.5. The attempt.
In cases where the sanctioned offences pursuant to the Decree arise from the attempt to commit the crime, the monetary sanctions (in terms of the amounts) and the disqualification sanctions (in terms of time) are reduced from one-third to half (arts. 12 and 26 Leg. Decree no. 231/2001).
The Body is not liable or responsible when it carries out the activity voluntarily or realises the scale of the event (art. 26 Leg. Decree no. 231/2001). In this case, the exclusion of sanctions is justified, in such cases, provided that all business relations are broken off between the Body and the individuals concerned, who agree to act in their own name and on their behalf.
1.6. Events modifying the Company.
The Decree also regulates the assumptions of administrative liability in cases of transformation, merger, spin-off and termination, and transfer, of a holding.
In the case of:
- **reorganisation** of the Body: this has no impact on the administrative liability regarding offences committed prior to the date on which the reorganisation entered into force (art. 28 Decree). It follows that the new Company shall be the recipient of the sanctions applicable to the original Company regarding offences committed prior to the reorganisation;
- **merger**, also by incorporation: the resulting company is liable for offences for which the Bodies taking part in the Company merger were liable (art. 29 Decree);
- **spin-off**, also partial, of the Body: this has no impact on liability of the Body demerged in relation to the offences committed prior to the date on which the spin-off came into force. However, the Bodies benefiting from the spin-off, total or partial, are jointly and severally liable to pay any monetary sanctions due by the demerged Company for offences committed prior to the spin-off. The obligation is limited to the actual value of the net worth transferred to the individual Body, unless it is a Body to which the branch of business within which the offence is committed, is transferred, even in part. In any case, the disqualification sanctions are applied to the Bodies to which the branch of business pursuant to which the offence was committed has remained or has been transferred, even in part. (art. 30 Decree).
- **termination and transfer** of companies: the transferee is jointly and severally obliged with the transferor to pay the monetary sanctions, within the limits of the value of the Company. Moreover, the obligation on the part of the transferee is limited to monetary sanctions recorded in the mandatory accounting ledgers, or otherwise due in relation to unlawful administrative acts about which it has been aware. This is without prejudice to the benefit of the prior enforcement of the transferring Company (art. 33 Decree).
In the event of the **termination of the Body** and **its cancellation from the Business Register**, the offence committed by the Body is extinguished, and the spin-off regulations applicable. However, according to the most recent case-law, the monetary sanctions applicable to the Body are the responsibility of the shareholders of the spin-off Body - for physiological reasons - within the limits received in the financial statement liquidation (see Supreme Court Section IV, 22.02.2022, no. 9006). However, where the purpose of the cancellation from the Business Register of the Body, is to remove the Body from any liability assessment, the case law states that this cancellation is not contrary to an investigation of the Body's liability for facts prior to its cancellation (Supreme Court Section II, 08.10.2023, no. 37655).
Finally, in relation to the **bankruptcy of the Body**, not governed by the Decree, the case law has ruled out that this event would be the cause of extinguishing the liability of the Body, since – until the moment of cancellation from the Business Register - they could return to *in bonis*. The Body would not, therefore be in an irreversible situation which would render the celebration of a process uneconomical and the State's claim could, in any case, be satisfied by insinuation of liabilities as a privileged creditor (see Supreme Court Section V. 15.11.2012, no. 44824).

2. Abra Beta S.p.A.

2.1. Business activity.

Abra Beta S.p.A. was established in 1975, and is a Company producing and trading abrasive points, bonded and coated abrasives, as well as components and accessories for the production of abrasives.
The Company has grown over the years, consolidating its presence on both the domestic and foreign markets, earning a primary position in the production of bonded abrasives.
The Company has its registered office in Pian Camuno (BS), where the offices and some production departments are located, in addition to a warehouse and depot, while the facility in Narzole (CN) houses the production of coated abrasives.
In 2018 Abra Beta S.p.A. joined the Beta Group and started its project focused on industrial growth: in particular, the Company is 75% controlled by Beta Utensili S.p.A. with registered office in Sovico (MB), Via Volta no. 18 (the parent Company). In 2020, the Company completed the acquisition of Elpa Abrasivi S.r.l., a reference point for the production of coated abrasives. This acquisition allowed Abra Beta to complete its range of production of solid discs with flap discs and wheels.
The Company is ISO 9001 certified; it is also a member of the Organisation for the Safety of Abrasives (OSA).

2.2. Governance.

The corporate governance regulations are included in the Articles of Association, where it is stipulated that the Company may be managed, as it is managed, by the Chair of the Board of Directors, and legal representative. The Chair of the Board of Directors has been granted the relative powers by the Board of Directors, to be exercised with a single and independent signature, including spending powers, whereby the latter also includes indication of annual budget limits or total annual thresholds.
In addition, the Board of Directors has issued operational power of attorneys to the Managing Directors, including spending powers and relative thresholds.
In relation to occupational health and safety aspects, the Company identified the employer, the Managing Director for Safety and the Environment, both for the Pian Camuno (BS) and Narzole (CN) plants, the PPSM and ASPP, the latter figures outside the Company, and the persons in charge.
Special powers of attorney have also been issued, with details on the powers and spending limits granted.
All of the above powers have been duly publicised, so that they are known and recognisable outside the Company, and any variation is kept constantly updated.
In addition, in accordance with the consolidated case-law (see Supreme Court Section II, 28.03.2024, no. 13003), in the event that the Chair of the BoD is suspected and/or charged in relation to unlawful administrative acts, pursuant to art. 39 Leg. Decree no. 231/01, the Board of Directors also decided to assign the legal representation of the Body to someone else.

The Board of Statutory Auditors consists of three statutory auditors and two substitute auditors, whose eligibility, honourability and professional skills comply with the requirements of the laws in force. The Board of Statutory Auditors is responsible for guaranteeing that the Company complies with correct administrative principles and standards pursuant to the laws in force and the Articles of Association, particularly the adequacy of the organisational, administration and accounting structures and systems adopted by the Company, and the ability of the same to assure their correct implementation.
The legal audit is carried out by an Audit Firm appointed by the Meeting of Shareholders pursuant to a proposal submitted by the Board of Statutory Auditors. The appointment, dismissal, job duties, powers and responsibilities shall be regulated by the applicable laws in force.
Finally, the Company's organisational chart identifies the business Managers with details on their relative superiors.
The set of governance tools adopted (summarised above) and the provisions of this Model make it possible to identify, in relation to all activities, how decisions are taken and put into place by the Company (see art. 6, paragraph 2 lett. b, Leg. Decree no. 231/01).

3. The Abra Beta S.p.A. Model.

3.1. Purpose of the Model.

The decision of the Board of Directors of **Abra Beta S.p.A.** to adopt, and keep the Organisational, Management and Control Model up-to-date, as well as representing the means to avoid the committing the types of offences envisaged by the Decree, is an act of social responsibility towards all stakeholders (partners, employees, customers, business partners, suppliers, *etc.*), and the community.

This initiative was taken onboard with the conviction that the adoption of the Model – regardless of the forecasts of the Decree, which indicate the Model as an optional and not a mandatory element – and can represent a valid instrument to promote awareness in all those who operate with and for the Company, so that they adopt the correct conduct when performing their designated tasks to the extent where they can prevent the committing of the offences envisaged by the Decree.

The forecasts contained in this Model involve the identification of Areas and Processes at risk and the dissemination of Prevention Protocols to prevent the criminal conduct referred to in the Decree, as well as the affirmation and dissemination of a legality-based business culture. For this reason, no unlawful conduct, whether performed in the interests of or to the advantage of the company, can be considered in line with Company policy. Furthermore, the Model also aims to foster a control-based culture, which must govern all the decision-making and operational phases of corporate activities, in full awareness of the risks arising from the possible commission of offences.

Accomplishing the above-mentioned goals involves the adoption of measures designed to improve the efficiency of business operations and aim to maintain constant compliance with statutory and regulatory provisions, identifying and eliminating risk situations in a timely manner.
In particular, the objective of achieving an efficient and balanced business organisation, suitable for preventing the commission of criminal offences, shall be pursued with interventions, in particular, in the processes relating to training and implementation of Company decisions, preventive and follow-up controls, and both internal and external information flows.

3.2. Guidelines.

Art. 6, paragraph 3, of Leg. Decree no. 231/2001 provides that "*The organisational and management models may be adopted, by guaranteeing that the requirements set out in paragraph 2 are met, on the basis of codes of conduct drawn up by the associations representing the Bodies, notified to the Ministry of Justice which, in concert with the competent ministries, may, within thirty days, draw up observations on the suitability of models designed to prevent offences*".
During the drafting and updating of this Model, the Company took inspiration from the Confindustria Guidelines issued on 7 March 2002, partially amended on 31 March 2008, updated on 23 July 2014, approved by the Ministry of Justice and further updated in June 2021.
In defining the Organisational, Management and Control Model, the Guidelines foresee, amongst other entail the following project phases:
- identification of the risks, namely the analysis of the Company environment in order to highlight in which business areas and in what ways the offences envisaged by the Decree can occur;
- the preparation of a control system using Protocols suitable to prevent the risks of crime, identified in the previous phase, through the evaluation of the existing control system within the Company and its level of adaptation to the requirements set forth by the Decree.

3.3. Relationship between the Model and the Code of Ethics.

The code of conduct contained in the Model integrates with those of the **Code of Ethics, which is an integral part of the Model** despite the two documents have a different purpose.
In this sense:

- the Model, while inspired by the principles of the Code of Ethics, responds to specific requirements envisaged by the Decree, and aimed at identifying and preventing particular cases of Predicate Offences attributable, even apparently, to the Company;
- the Code of Ethics is an official document of the Company, and is susceptible to the application of the general plan and aims to express its principles of "good corporate governance and practice" which all the Stakeholders are called upon to comply with. These principles, which are essential elements of the preventive internal control system, must be observed by all Recipients. The Code of Ethics recommends, promotes or prohibits certain conduct by imposing penalties commensurate to the gravity of the breach committed.

The Code of Ethics, which is adopted in its entirety, is to be considered an **essential element of the Model**, since the provisions contained in the Model envisage compliance with the Code of Ethics, to form a single set of internal regulations, aimed at disseminating a culture of business ethics and transparency.
Compliance with the provisions of the Model and Code of Ethics also involves the Disciplinary System adopted by the Company in the event of violations of the Model and Code of Ethics, to which reference is made.

3.4. The core principles of the Model.
The drawing up of this Model is inspired by the following key principles:
- to foresee the assignment of powers and tasks consistent with the assigned organisational responsibilities to those involved in the training and implementation of social policies, through a clear and comprehensive system of written proxy and/or power of attorney, including with regard to spending powers, constantly updated and approved by the **Board of Directors**;
- to establish realistic social and individual objectives consistent with the actual possibilities of the Recipients~~;~~
- to manage the recruitment of Company employees and collaborators based on the requirements of skills and professional expertise, in accordance with the provisions of the Code of Ethics, the Model, and in compliance with the relevant legislation and standards;
- to encourage the circulation of information flows, while respecting confidentiality, in order to identify any behaviour that infringes the conduct envisaged by the Model. This information must be of particular relevance for the mapping of risk processes, and a prerequisite for suitable preventive organisation;
- to ensure transparency and traceability of any significant transaction in the context of processes at risk of committing Predicate Offences and the consequent possibility of *ex post* verification of conduct within the Company, with non-alterable truthful documentation. When using IT systems, it is necessary to set limitations in relation to specific business functions;
- to guarantee that Recipients receive constant training and are kept up to date on the legal provisions relating to the performance of their duties, the indications of the Code of Ethics and the Protocols identified in the Model or when referring to it, for whatever reason;
- to enable the dissemination to Companies of business rules, procedures and policies that comply with the principles set out in the Model and the involvement of all levels of the Company with relative implementation;
- to verify that the Model is functioning correctly and to update it regularly, on the basis of the indications arising from the experience of the application;
- to sanction all conduct of the Recipients beyond their duties or in breach of the Protocols envisaged by this Model.

3.5. Structure of the Model.
In accordance with the Guidelines, the **Abra Beta S.p.A.** Model is composed as follows:
- **General Part:** this part sets out the basic principles of the accountability of Bodies and companies, the business activity and governance of the Company, the principles and objectives of the Model, the role and functions of the Supervisory Body, as well as the regulation of information flows, so-called

Whistleblowing, under Leg. Decree no. 24/2023, the sanctioning System envisaged in cases of a breach of the Model, the indication of the obligations to disseminate the Model and train all its Recipients;
- Special Part - Risk Assessment: it contains the analysis of the Areas and Processes at risk, as well as the risk assessment divided by Predicate Offences, and the Protocols, organised by process and processed on the basis of the mapping of risk Areas. Under no circumstances shall the provisions contained in the Company's procedures justify lack of compliance with the provisions of this Model.

3.6. Realisation of the Model.
In addition, the activities carried out by the Company for the updating of the Model, as illustrated in greater detail in the Special Part Risk Assessment, an integral part of the Model, to which reference is made:
1) Mapping of risk Areas (i.e. inventory of business areas of activity);
2) Risk Assessment;
3) Design of the control system (Protocols for the planning of training and implementation of Body decisions).

3.7. Adoption, amendments and additions to the Model.
The Board of Directors (also the BoD) has exclusive competence to adopt, amend and add to the contents of the Model and, in carrying out these activities, makes use of the SB, under art. 6, paragraph 1, lett. b) and 7, paragraph 4, lett. a) of the Decree, acting also on all the disclosures filed by the Recipients.
The Recipients shall have the possibility to submit proposals to the BoD for updating or supplementing the Model and shall be required to report in writing, without delay, any facts, circumstances or organisational shortcomings identified during supervisory activities, that highlight the need to update or make additions to the Model.
The SB performs the necessary dynamic updating of the Model, with suggestions and proposals for adaptation in relation to the business Bodies/functions involved, carrying out a subsequent verification, to assess the efficacy of the proposed solutions. The SB is obliged, **at least every six months**, to highlight these observations in its report, ensuring an effective flow of communication to and from the Board of Directors.
In any case, the Model shall be immediately amended or supplemented by the Board of Directors, also pursuant to a proposal by the SB and, after consulting the same, whereas:
(i) breaches or circumventions of the Model have taken place which highlight its inadequacy, inefficiency or ineffectiveness in relation to its role focused on the mitigating and containment of the crime risk;
ii) an amendment which made significant changes of the internal structure of the Company and its manner of conducting its corporate business;
iii) there have been regulatory changes affecting Leg. Decree no. 231/01 or Predicate Offences;
(iv) criminal investigations arise for Predicate Offences against its stakeholders and/or for administrative offences charged to the Company;
v) the BoD itself identifies the need for integration or amendments to the Model.
The operational procedures adopted pursuant to this Model, shall be amended by the BoD, pursuant to a proposal from the relevant Area Managers, following a non-binding opinion issued by the SB, if they prove to be ineffective in ensuring the correct implementation of the provisions of the Model. Area Managers may also express opinions on the amendments and additions to operational procedures that may be required to implement any revisions to this Model.
Any amendments, updates and additions to the Model and the Protocols must always be reported to the SB.
The first version of the Company Model – for protection against offences under art. 25 *septies* and 25 *undecies* of the Decree, was approved by the Company's Board of Directors on 12.06.2024. The complete version was approved by the Board of Directors on 12.07.2024.

3.8. Organisational structure.
The organisational set-up of the Company plays an important role as regards to the implementation of the Model, depending on which the fundamental organisational structure is identified, the relative areas of competence and the main responsibilities assigned to the same. In this respect, reference is made to the description of the current organisational set-up in the Company's Organisational Chart.

3.9. Recipients.
Senior Management, subordinate Persons (see below) and all the subjects who are functionally connected to the Company (e.g. agents, independent consultants etc.) including those operating abroad, are required to fully comply with all aspects of the Model, including who to turn to when envisaged by this Organisational, Management and Control Model:
- the Beta Group business functions which participate, in whole or in part, in the Company processes and which are expressly identified in the Special Part and in the Prevention Protocols;
- all **suppliers** operating within the scope of an outsourced business function. Since outsourcers, where applicable, are based outside the Company, they have their own organisational autonomy which is characterised by processes and risks different from those of this Company, each outsourcer is required to observe and apply the aspects presented in the General Part, including the steps specifically dedicated to managing relations with outsourcers, and the prevention Protocol that regulates supplier relationships, must also make explicit reference to them in the list of functions involved.
Furthermore, the Company considers it appropriate to regulate its relations with suppliers in such a way as to monitor, to the extent practicable by the Company itself, any risks connected to the outsourcing of certain activities.
It should be specified that the risk of committing an offence on the part of the supplier is not directly manageable by the Company, since the Company has no organisation and control powers regarding the activity of the aforementioned outsourced Company, at the most being able to exercise an action based on moral suasion. This is based on the compliance with specific decisions provided for in individual contract clauses imposed by the Company, as well as by continuously monitoring the quality and conformity of the outsourced service, including by structuring a flow of information to the SB, which can be implemented by the Supplier.
For these reasons, in accordance with the provisions of the current Guidelines on the subject matter and the provisions of the best practises, the Company has structured the management of the crime risk pursuant to its relations with Suppliers, identifying the following essential moments of control and organisational supervision:
i. verification of requisites of good repute and professional skills,
ii. formalisation and traceability of relations with qualified suppliers;
iii. inclusion in the Contract/Agreement with the Supplier of specific contractual clauses 231, with the commitment of the Supplier – on its own behalf and that of any sub-suppliers, – to comply with the Model and the Code of Ethics and with express termination of the Contract/Agreement in case of breach thereof;
iv. contractual provision that commits the Supplier – on its own behalf and that of any sub-suppliers if any – to comply with the ***Supplier Code of Conduct***, containing specific organisational and conduct standards, which the Supplier must comply with in carrying out its business on behalf of the Company, as well as the Model and Code of Ethics, and with express termination of the Contract/Agreement in the event of any breach thereof;
v. verification *ex post* the correspondence between the service provided by the Supplier and the subject matter of the Contract/Agreement, also from a qualitative point of view.
The prevention Protocol referred to as the Purchasing Protocol implements these principles, which are further supplemented by the specific procedures referred to therein.
In this way, the Company has created an instrument for the application of specific protection safeguards, deemed essential, which is genuinely feasible despite the peculiarities of the Customer-Supplier relationship and, above all, compatible with the inevitable area of entrepreneurial autonomy that each Supplier necessarily retains. At the same time, mere style clauses have been avoided requiring, without

any adjustment to the concrete characteristics of the relationship and the underlying risks, the general application of this Model in situations characterised by different risks and over which the Company and its SB will never have real and complete power over organisation and control.

4. The Supervisory Body.

Art. 6, paragraph 1 lett. (b) of the Decree, identifies the Supervisory Body as one of the essential elements of the Model and declares it should be '*a unit within the Body having independent initiative and control powers'*, and assigned the duties of monitoring the performance and level of compliance of the Model and take responsibility for ensuring relative updates.

4.1. Supervisory Body break down.

The Decree does not establish the number of the SB members. For this reason, the number of members to be elected is left to the Board of Directors, where the decision took into account the following parameters:
- size, geographical location and organisational complexity of the Company,
- number of the risk Areas;
- number of Protocols to be checked;
- geographical dislocation of risk Areas.

4.2. Supervisory Body requirements.

The requirements of the Supervisory Body are identified as follows:

- **autonomy and independence:** The SB acts in complete autonomy in performing the controls, without any interference or conditioning by any Company personnel, especially Senior Management. Moreover, the SB is included as a *staff unit* in a hierarchical position as high as possible and must report to the maximum level of corporate management available. The above requirements are also guaranteed with the conferral to the SB of an expense budget, i.e. economic recognition for the activity carried out and the autonomous implementation of its own Regulation. The SB shall not be assigned operational tasks which, by nature, would jeopardise the objectiveness of its opinions. In the case of a mixed collegiate set-up, with the participation of an individual within the Company, the requirement of the SB independence must therefore be assessed in its entirety;
- **professional proficiency**: the SB must have a wealth of knowledge, tools and techniques necessary to perform its designated activities effectively. To this end, the SB must have a **specialist connotation** and significant competence in the inspection audit and consulting services fields, i.e. knowledge of all the specific techniques, aimed at ensuring the effectiveness of the control powers and the proactive powers assigned to the same, as well as experience in legal matters, preferably in the criminal law field;
- **continuity of action**: a requirement that ensures the effective and continuous implementation of the Model, which can envisage the appointing, as a member of the collegiate SB, of a member of staff working inside the Company, who can offer an ongoing contribution. The continued activity of the SB is guaranteed by the fact that it can operate directly and autonomously within the Company and can make use of the Company or independent structures as and when required.

4.3. Supervisory Body tasks and powers.

The **tasks** assigned to the SB are set out in arts. 6 and 7 of the Decree, and consist of:

- verification of the **effectiveness** of the Model, so that the conduct within the Company corresponds to what is envisaged by the Model;
- Verification of the **efficacy** of the Model, in order to verify that it is actually suitable to prevent the occurrence of the offences provided for in the Decree;
- verification of the **adequacy** of the Model, i.e. its actual, not just formal, ability to prevent the prohibited conduct and behaviour.
- analysis of the Model's ability to maintain its stability and functionality in the long term;

- need to **update** the Model dynamically (suggestions, proposals, *follow up*).

In order to carry out his tasks, the SB has a duty to draw up its own Regulation which sets out the rules for the fulfilment of its own functionality.
In addition, the Supervisory Body has the **power** to organise inspections and audits, access confidential and non-confidential business documents, information or other data, procedures, accounting data or any other data, acts or information deemed useful. The SB must have free access to all documents and the business premises, without the need for any prior approval – but with prior notification, if it is not a question of a 'surprise' audit – in order to obtain all information or data deemed necessary for the execution of the envisaged tasks. Therefore, the SB is allowed to avail itself - under its direct supervision and responsibility - of the support of all the Company's structures, including independent consultants as and if deemed necessary. In the event of a request from the SB or the occurrence of a major event, all Recipients are required to provide all the information requested. Conduct to the contrary shall be punished with disciplinary sanctions.
The activity carried out by the SB cannot be syndicated by any Recipient, notwithstanding the BoD's duty to monitor the adequacy of the interventions put in place by the SB.

4.4. Information flows to and from the Supervisory Body.

4.4.1. Reporting to Corporate Bodies.

The SB. is responsible for **reporting** to the Board of Directors:

- **on an annual basis** as regards to the Work Plan it intends to adopt so as to achieve and fulfil the tasks assigned to it;
- **on a six months basis** as regards to a report on the work carried out, to be sent to the Board of Directors and the Board of Statutory Auditors (even if a member of these Boards is also a member of the SB);
- **in a timely manner**, unless there are special privacy and confidentiality requirements for the performance of its duties, regarding significant circumstances and facts related to its office or any criticalities concerning the Model that have arisen during the supervisory activities or reported by Area Managers.

The **six-monthly report** referred shall, inter alia, include the following information:
- the activities carried out during the reference period;
- any criticalities that have emerged, any Whistleblower Disclosures received and any breaches of the Model encountered;
- the need to introduce any updates to the Model, to update/integrate the risk assessment or adopt new measures to cover newly identified issues/disclosures/breaches.

This report must be duly filed and retained, also in order to prevent access to such documents by persons other than the members of the SB and the Board of Directors.
The Board of Directors also has the possibility to convene a meeting with the SB, also on behalf of the other control Bodies, in order to obtain information on the activities performed by the same. Similarly, the SB may also request that the BoD and other corporate control Bodies be convened.

4.4.2. Reporting to the Supervisory Body.

Art. 6, par. 6 lett. d) of the Decree envisages the obligation to provide information to the SB and, in the absence of clarification in the annexed report, as also indicated in the Guidelines, the same shall be interpreted as follows: '*The obligation to provide information appears to have been conceived as an additional tool to facilitate the monitoring of the effectiveness of the Model and the subsequent audits and investigations of the causes that led to the occurrence*'.

Communications to the SB shall take place via two main methods:

a) event-based disclosures;
b) periodic information flows.

a) **Event-based disclosures**
The following are subject to event-based disclosure:
- all inspections, audits, claims, or disputes issued by the Judicial Authorities or those appointed by the same, the Supervisory Authorities and any other Public Authority that conducts audits on the business activities of the Company or its corporate entities (e.g. Revenue Agency, ATS, etc.), ...);
- all the information, documents and disclosures expressly envisaged as event-based communications in the Prevention Protocols, to which reference is made in its entirety;
- the information flows provided for in § 3.7 and, in more detail, the flows relating to the modification of the governance Model, the organisational structure and the corporate organisation chart, as well as, in any case, extraordinary operations, the modification of the internal control system, modification of the business procedures referred to in the Prevention Protocols;
- the positive results of *Whistleblowing* Disclosures concerning the offence referred to in the Decree.
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b) Periodic information flows.
All Recipients of the Model, in compliance with due diligence and loyalty obligations envisaged by law (arts. 2104 and 2105 of the Italian Civil Code), shall notify any information to the Supervisory Body that may facilitate the controls carried out to verify the correct implementation of the Model.
In this respect, for the periodic flows to the SB, please refer to what is indicated in the Prevention Protocols.
In addition, all **Area Managers** shall, if they should find **areas for improvement** in the definition or application of the Prevention Protocols defined in this Model, **promptly** draw up, send and transmit a 'note' (e.g. report, email, checklist, etc.) to the SB including at least the following content:
- a description, even a short summary, of the status of implementation of the Prevention Protocols for the activities they are responsible for;
- a description, even a short summary, of the verification activities carried out on the implementation of the prevention Protocol and the effectiveness of the improvement actions put in place;
- an indication, even a short summary, of the possible need for amendments to the Prevention Protocols and their implementing procedures,
- any additional content, as may be expressly requested from time to time by the SB.
The obligation to provide information to the SB regarding all the corporate functions that may communicate:
- periodic reports summarising the control activities carried out,
- synthesis charts;
- technical reports;
- specific assessments;
- any other document identifying anomalies and atypical situations encountered during the course of one's work.
The Area Managers are then required to communicate the results of the controls already carried out, and not simply send a mere transmission of data. The information flows organised in this manner allow Management to exercise control activities, while the SB, used as an assurance mechanism, makes it possible for only the results of the controls already carried out to be assessed.
The SB shall also be the recipient of all periodic reporting regarding environmental and occupational health and safety regulations.
The obligation to provide information to the SB is intended to maintain an appropriate level of authority to requests for documentation that may become necessary to the SB during its verifications.

The information sent to the SB may concern:

- issuing and updating of organisational documents;
- changes in the responsibility of the functions involved in the risk Areas;
- the proxy and power of attorney system and all relative updates;
- the main elements of the operations of an extraordinary nature initiated and concluded;
- significant operations within risk Areas;
- all relevant information for evaluating the implementation of the safety system (including accident analysis and risk assessment) and the environment;
- reports prepared by the Area Managers within the scope of their assessment activities, which can bring to light facts, actions, events or omissions of a critical level relating to compliance with the regulations of the Decree or the provisions of the Model and the Code of Ethics;
- the disciplinary proceedings initiated due to breaches of the Model or serious occurrences committed by an employee to the detriment of the Company;
- any requests for legal assistance made by Directors/ staff regarding criminal procedures for any offences listed in the aforementioned Decree, that refer directly or indirectly to the Company;
- decisions on requests for the disbursement and use of public funds;
- information on the progress of the Company's activities, as defined in the implementing procedures for the Protocols;
- all information however useful, for the performing of supervisory activities.

Area Managers, who submit the communication for their specific area, in the event of a negative judgement of the SB, must then refrain from further considerations or judgements, in order to avoid situations of incompatibility, even at a potential level. The information provided to the SB is intended to allow it to improve its planning and control activities, leaving it to its own discretion to determine in which cases it should take action.
The reporting system will be effective as the principle of confidentiality of communications is guaranteed.

The communications referred to in this paragraph may be sent to the SB by:

- email to the **electronic mail address** specifically created for the purpose: **OdV@abrabeta.it**
- registered letter with advice of receipt addressed to the attention of the Chair of the Supervisory Body, Avv. Italia Caminiti, c/o Studio Legale Isolabella, via Fontana n. 4, 20122 Milan;
- insertion in physical boxes at the Company facilities.

In relation to the flows towards the Supervisory Body, the Company adopts the protections envisaged by art. 6, paragraphs 2 *-ter* and 2-*quater* of the Decree.
In performing its duties, the SB may make additional arrangements for the establishment of designated communication channels for its own use.
All employees and members of the Company’s Corporate Bodies may ask the SB for clarification on the correct interpretation and application of the Code of Ethics, the Model and the Prevention Protocols.

4.4.3. Relations between the Abra Beta S.p.A. Supervisory Body, and the Beta Utensili S.p.A. Supervisory Body

In order to facilitate the exchange of information and to allow Beta Utensili S.p.A. to assess the methodological consistency and the update status of this Model, the Abra Beta S.p.A. Supervisory Body shall inform the Beta Utensili S.p.A. Supervisory Body as regards to:

a) the relevant facts and the anomalies identified as a result of the controlled activities already carried out;
b) any disciplinary sanctions applied,

when the same have highlighted the fact that it is necessary/recommended to amend or update this Model.

The Abra Beta Spa Supervisory Body is also required to promptly comply with requests for information from the Beta Utensili Spa Supervisory Body and to communicate to the Supervisory Body of the parent Company any facts regarding the performance of the activities within the scope of its responsibility.
The Abra Beta S.p.A. Supervisory Body sends a declaration to the Beta Utensili S.p.A. Supervisory Body, on an annual basis, confirming that it has carried out the control activities as required, and highlighting any major criticalities or anomalies that may have emerged during the aforementioned activity, and the actions put in place to resolve the same.
Abra Beta S.p.A. and its employees remain the sole parties responsible for the assessments and relative actions to be put in place to resolve criticalities or anomalies.

4.5. Grounds for ineligibility, disqualification and revocation from office.
The Company identifies the following **causes of ineligibility,** on the basis of which the members of the SB must not:
a) be spouses, cohabiting partners, relatives or similar up to fourth degree, of directors, persons holding a significant number of shares/participating interest in the Company (or of its subsidiaries or holding companies) and auditors appointed by independent audit firms;
b) be, or have recently been, a top-level representative (e.g. member of the Board of Directors or Senior Management with strategic and operational responsibilities) of the Company or any other related Company, or a Company that controls it or is able to exercise significant influence over the same;
c) directly or indirectly, have or have recently had a significant commercial, financial or professional relationship with the Company or other Company belonging to the same Group or with an entity which controls the Company or is able to exercise significant influence over the same;
d) be in a position of particularly close personal relationship or economic dependence involving directors or reference shareholders;
e) be in any other situation of obvious or potential conflict of interest;
f) have been subordinate to preventive measures ordered by the Judicial Authority pursuant to Law no. 1423 of 27 December 1956 (*Law on prevention measures against potentially dangerous persons in terms of safety and public morality*) or Law no. 575 of 31 May 1965 (*Provisions against mafia type relations*);
g) have been prosecuted or convicted, even if the sentence is not yet final or issued pursuant to art 444 et seq. of the Italian Code of Criminal Procedure (so-called plea bargaining) or even in relation to suspended sentences and the effects of rehabilitation:
- for one or more offences among those strictly provided for by Leg. Decree no. 231/2001;
- incarceration for a period of time of no less than two years for any crime with malicious intent;

h) the condition of being interdicted, incapacitated, bankrupt or convicted, even if the sentence is not final, of a crime that results in disqualification, even temporarily, from public offices or incapacitated from taking on management positions.
If, after the date of the position appointment, one of the de facto conditions relating to independence, autonomy and good repute precluding the appointment arises, this will lead to incompatibility with the term of office and the consequent automatic **revocation.** If any of the causes for revocation should arise, it must be promptly notified to the Board of Directors by the person concerned, and the Board is required to promptly replace the same.

The SB or individual members of the SB may be **revoked solely for just cause** with a decision passed by the Board of Directors.
The following shall constitute grounds for **revocation** of the position on the SB for just cause:
- loss of the above listed eligibility requirements;
- failure to comply with the obligations arising from the assignment;
- lack of good faith and diligence in the performance of their duties;
- lack of cooperation with the other members of the SB;
- unjustified absence from more than two meetings of the SB;

- allocation of functions and operational responsibilities within the Company which are incompatible with the requirements of the SB itself;
- inability or impossibility to fulfil the tasks of the appointed position.

In the event of a **revocation**, the Board of Directors will promptly appoint a substitute. In such a case, as in the event of **voluntary resignation or death** of one or more members of the SB, the previous SB shall be **extended.**
In cases of particular gravity, the Board of Directors is in any case allowed to suspend the powers of the SB and appoint another Body *ad interim*.

4.6. The Abra Beta S.p.A. Supervisory Body.
Abra Beta S.p.A. decided to set up a **collegial type** Supervisory Body.
The SB was appointed by the Board of Directors, which acknowledges the compatibility with the requirements of professional expertise, autonomy and independence.
The selection of the members of the SB took place by verifying that they held all the specific professional expertise, thus not limited simply to the evaluation of the curriculum vitae but also verifying that the candidates had skills and expertise in *"inspection and consultancy activities, including the knowledge of specific technical skills required to ensure the effectiveness of the control powers and the proactive powers assigned to the same"*. The Board of Directors also assessed the criminal profile of the candidates.
At the time of the acceptance of the office, the SB, having taken into consideration the Model and formal compliance with the Code of Ethics, undertook to carry out the functions assigned to the same, guaranteeing the necessary continuity of action, independence and autonomy, and immediately notified the Board of Directors about any event that may affect the continued compliance with the above requirements.
Following the appointment of the SB, the Board of Directors will periodically check that its members continue to hold the subjective requirements.
In the event of invalidation, death, resignation or revocation of one of the members of the SB, the BoD shall promptly substitute the outgoing member.
In order to guarantee its full autonomy and independence, the SB shall remain in office for a period of three years, unless the Administrative Body or the Meetings of Shareholders decide otherwise.
The SB can take advantage of the "permanent guest" option who will perform the duties of Secretary.
The SB will draw up its own Regulations, which will provide the rules applicable to its operations and the way in which information flows are managed.
At least every six months the SB shall guarantee a flow of information, via a special report, to the Board of Directors and the Board of Statutory Auditors and shall have autonomous powers in terms of initiative, control and expenditure on the basis of an annual budget, approved by the Board of Directors, pursuant to a proposal drawn up by the Body itself.
The SB shall draw up an annual expenditure plan for the activities to be performed the following year, to be submitted to the Board of Directors within 90 days of the end of the financial year.
In any case, the SB may request an addition to the allocated funds, if they are not sufficient to carry out its duties effectively and, on its own initiative, can extend its spending autonomy in the event of any exceptional or urgent situations, which shall then be reported to the BoD at a later date.

5. The Whistleblowing System.
5.1. Whistleblowing Management.
With the entry into force of Leg. Decree no. 24/2023 the Whistleblowing System – previously regulated by Law no. 197/2017 - underwent major changes. The above-mentioned Decree transposing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 regulates, in even more detail, the **protection of persons who report**:

- breaches of national or European Union legal provisions that constitute a danger to the public interest or integrity the public administration or private Body, which they became aware of in a public or private workplace environment;
- illicit conduct according to the Decree or breaches of the Model.

The new update distinguishes between the activation of channels for:
- internal reporting, with management that can be appointed to a person or internal dedicated, independent office, with specially trained staff, or to an external entity, also independent;
- external reporting, with the involvement of ANAC,

and highlights the importance of **ensuring the confidentiality of** the identity of the Whistleblower, the person involved and the person otherwise mentioned in the Disclosure, as well as the content of the Disclosure and the relative communication.

The objective of Leg. Decree no. 24/2023 is the **prohibition of retaliation** against Whistleblowers and the envisaged sanctions - otherwise graded and applicable by ANAC – for three different hypotheses:
(i) when retaliation is established, or when it is established that the Disclosure has been obstructed or there has been an attempt to obstruct it or when the confidentiality obligation has been violated (penalty from € 10,000 to € 50,000);
(ii) when it is established that no Whistleblowing reporting channels have been established and no procedures have been put in place for the making and management of the Whistleblowing Disclosure (penalty from € 10,000 to € 50,000);
iii) when the criminal liability of the Whistleblower is ascertained for crimes including libel or slander (from €500 to €2,500).

In the light of the new reform, the Company has adapted to the new framework by:

(a) the opening of an internal Whistleblowing reporting channel that guarantees the confidentiality of the identity of the Whistleblower, the person involved and the person otherwise mentioned in the Disclosure, as well as the content of the Disclosure and the relative communication;
b) the identification as the recipient of the Disclosures of an independent and specifically trained external entity, namely the Recipient;
c) the adoption of a specific procedure for the management of Whistleblowing Disclosures on illicit and/or irregular actions, which is an integral part of the Model and construed in its entirety herein;
(d) the adaptation of the Model and the Code of Ethics according to Leg. Decree no. 24/2023, in compliance with the provisions on the processing of personal data envisaged by Regulation (EU) 679/2016.
Please refer to the Procedure adopted by the Company, which is an integral part of this Model.

5.2. Sanctions related to the Whistleblowing System.
In accordance with the new guidelines, this Model establishes the prohibition of any discriminatory act, even threatened or attempted, against the Whistleblowers. In this respect, the Company has adopted a disciplinary system pursuant to the Model, with the imposition of disciplinary sanctions against:
- individuals who violate the protection measures envisaged by Leg. Decree no. 24/2023;
- individuals who, with wilful misconduct or gross negligence, submit false Disclosures or submits defamatory or slanderous Disclosures, and have been convicted by a Court of Law, including Courts of First Instance.
Therefore, in accordance with the Procedure adopted by the Company, the Recipient will request the disciplinary authority within the Company, to enforce the disciplinary system in the event that the Disclosure provides evidence of the reported breach (as a result of an internal investigation) or in the

event where there is reason to believe that the prohibition of retaliation or discrimination has been infringed to the detriment of the Whistleblower.
This is without prejudice to the compensation due in the event of damage caused to the Company.

6. The Disciplinary system.

6.1. General principles.

The effective implementation of the Model requires an appropriate **sanctioning system.** In fact, according to art. 6 par. 2, lett. e), 2 *bis*, lett. d) and 7, par. 4, lett. b) of the Decree, the Model can only be considered to be effectively implemented if it provides a **disciplinary System** capable of **sanctioning** any non-compliance with the measures as set out in the same.

The necessary requirements for the disciplinary system are:

- **specificity and autonomy:** ***specificity*** is evident when drawing up a sanctioning system within the Company aimed at sanctioning any breaches of the Model and/or the Code of Ethics, regardless of whether or not it results if the offence was actually committed. ***Autonomy*** translates into self-sufficiency of the functioning of the internal disciplinary System in relation to the external systems (e.g. a criminal sentence). The Company is required to sanction the breach regardless of the pace foreseen for any criminal proceedings that have taken place;
- **compatibility:** the investigation procedure, the sanction application procedure and the sanction itself must comply with the legal and contractual rules governing the employment relationships with the Company;
- **suitability:** the system must be efficient and effective in its crime prevention capabilities;
- **proportionality:** the sanction applicable or applied, shall be proportional in relation to the reported breach and the type of employment relationship established with the employee (full-time, part-time, member of Senior Management etc.) taking into account the specific discipline on the legal and contract levels.
- **drafting in writing and appropriate disclosure:** the disciplinary system must be drafted in writing, making it available to all employees, also by posting the same on notice boards that are easily accessible, and subject to timely information and training for the Recipients.

6.2. Definition and scope of the disciplinary responsibilities.

This section of the Model identifies and describes the relevant breaches identified pursuant to what envisaged by the Decree as amended, the corresponding disciplinary sanctions that may be imposed and the procedure for submitting claims.
The Company is fully aware of the need to comply with applicable laws and regulations in force, and shall ensure that the sanctions imposed under this disciplinary system comply with the provisions of the National Collective Labour Agreements applicable to the sector in question; it shall also ensure that the procedure for the submitting of claims, and the implementation of the sanctions according to art. 7 of Law no. 300 of 30 May 1970 (Workers' Regulations).
For individuals who are bound by contracts of a nature other than an employment relationship, the applicable measures and sanction procedures must be in accordance with the law and the contract terms and conditions.

6.3. Disciplinary offences.

Disciplinary offences arising from, but not limited to the:

- failure to comply with the requirements of the Model and its Prevention Protocols involving actions or conduct or omissions;
- failure to comply with the requirements of the Code of Ethics and its actions or behaviour or omissions;
- incomplete or false information on the documentation envisaged by the Model, its Prevention Protocols and the Code of Ethics;

- facilitate or encourage the drawing up, also by a third party of incomplete or false documentation required by the Model and its Prevention Protocols and the Code of Ethics;
- failure to draft the documentation envisaged by the Model and its Prevention Protocols and the Code of Ethics;
- breach and/or circumvention of the control system envisaged by the Model and/or Code of Ethics, under whatever circumstances, such as - for example - by means of the removal, destruction or alteration of documentation relating to Prevention Protocols, obstruction of controls, preventing access to information and documentation to persons in charge of the controls of Prevention Protocols and relative decisions;
- prevent control of or access to information and documentation to the relevant individuals, including the SB;
- failure to comply with the obligations regarding the information to be forwarded to the SB on questions and topics that expose the Company to the objective risk of committing any of the offences referred to in the Decree;
- as far as the whistleblowing aspects are concerned, inter alia, actions or conduct in breach of the measures envisaged to protect the Whistleblower; the performance of retaliatory or discriminatory actions, direct or indirect, against the Whistleblower for reasons directly or indirectly related to the Disclosure; the issuing, with wilful misconduct or gross negligence, of Disclosures which prove to be unfounded or defamatory or slanderous Disclosures with conviction and sentencing, including by Courts of First Instance.

It should also be noted that breaches of Model 231 also include the failure to observe the reference corporate tools, whilst performing risk processes, where the control measures introduced in the Model are illustrated, further to the breach of the principles envisaged by the Code of Ethics.

6.4. Recipients and their duties: procedure steps.

In short, the disciplinary System, which is an integral part of the **Abra Beta S.p.A.** Model, is aimed at employees, managers, directors, and all those who provide services to the Company.
They are obliged to ensure their conduct complies with the principles set out in the Code of Ethics and with all the principles and measures envisaged by the Organisational, Management and Control of the business as defined in the Model.
Any breach of the foregoing shall, if confirmed, represent:

- in the case of employees and managers, a **breach of contract** in relation to the obligations arising from the employment relationship pursuant to art. 2104 of the Italian Civil Code, and relative application of art. 2106 of the Italian Civil Code;
- as for the directors, failure to perform their duties imposed on them by law and by the Articles of Association pursuant to art. 2392 of the Italian Civil Code;
- as for the independent individuals, a breach of contract that could legitimise the termination of the contract, notwithstanding claims for compensation for damages.

The **procedure** for imposing the sanctions below takes into account the particularities arising from the legal status of the subject that the procedure is against.
As for the employees, the disciplinary procedures and the issuance of the sanctions remain within the scope of the Employer.
The principles on which the sanctioning procedure is based adopt the following criteria:

- **legality and typicality**: the sanctions that can be adopted are those indicated in the Model and the Code of Ethics and the charge that justifies them must correspond to the disputed charge;
- **integrability**: the sanctioning system envisaged by the Model and Code of Ethics is integrated with the disciplinary system established by the National Collective Bargaining Agreement (CCNL) applicable in companies;
- **publicity**: the Company must publicise and boost awareness of the sanctioning system to the extent possible. The SB makes sure that specific procedures have been adopted to inform all the

aforementioned subjects as to the existence and contents of this disciplinary system, as soon as they start working with the Group Company.

- **contradictory**: any claims relating to the charges shall be submitted in writing and in a specific manner, and in any case, the right of defence of the individual relating to the disputed charge must be guaranteed;
- **timeliness**: the disciplinary proceedings and the possible application of sanctions shall take place within a certain and reasonable deadline;
- **gravity**: the sanctions are divided into different levels according to the various gravity of the breaches committed.

6.5. General principles of sanctions.

Sanctions imposed on breaches must, in any case, comply with the principle of graduality and proportionality depending on the gravity of the breaches or infringements committed.

The determination of the typology, as well as the level of the sanction imposed as a result of a breach committed, must take into account:

- the severity of the breach;
- the position held by perpetrators within the business organisation, in particular in view of the responsibilities related to their assigned tasks;
- any aggravating and/or mitigating circumstances that may be identified in relation to the conduct of the subject (such as the committing of unlawful actions and/or the application of previous disciplinary sanctions against the same subject).

6.6. Sanctions imposed on employees.

The sanctions imposed on employees are part of those envisaged by the Company disciplinary system and/or the sanctioning system envisaged by the CCNL, in accordance with the relative procedure regulations provided for in art. 7 of the Workers' Statute and any applicable special regulations.

In particular, as far as employees are concerned, the following sanctions are imposed according to the **National Collective Bargaining Agreement for Chemicals & Pharmaceuticals Industry – Abrasives Sector**:

a) verbal reprimand: in cases of slight non-conformities with the internal procedures of the Model (for example, failure to comply with the prescribed procedures, failure to notify the required information to the SB, failure to carry out checks, etc. ...) or the adoption of a slightly negligent conduct which does not comply with the requirements of the Model and the Code of Ethics or the tolerance of minor irregularities in relation to the Code of Ethics and/or the Model committed by other workers;

b) written reprimand: in cases of a slight breach of the internal procedures envisaged by the Model or the adoption of a conduct which does not comply with the requirements of the Code of Ethics and/or the Model, as well as repeated failures punishable by verbal reprimand and tolerance of minor irregularities in compliance with the Model and/or Code of Ethics committed by other workers;

c) fine equal to no more than 4 hours basic salary: In the event of repeated breaches of the procedures envisaged by the Model or adoption of a conduct which does not comply with the Code of Ethics and/or the Model, as well as gross negligence resulting in a Disclosure pursuant to Leg. Decree no. 24/2023 which proves to be unfounded or the breach, as a result of gross negligence, of the protection measures of the Whistleblower pursuant to Leg. Decree No 24/2023;

d) suspension from work and up to 8 days salary: in cases concerning:

- breach of the internal procedures envisaged by the Model or the adoption of a conduct which does not comply with the Code of Ethics and/or the Model, including the performance of activities which are contrary to those of interest to the Company;
- omissions punishable by written reprimand which, for objective circumstances, for consequences or for repeated offences, are of a more significant nature;

- in similar cases where the worker is recidivist and the breach requires a written reprimand,
- In cases of tolerance of serious breaches in compliance with the Code of Ethics and/or the Model committed by other workers, or those which expose the Company to an objectively dangerous situation or to determine negative consequences for the Company,
- recidivist with repeated breaches and gross negligence of a Disclosure pursuant to Leg. Decree no. 24/2023 which proves to be unfounded or the repeated breach, as a result of gross negligence, of the protection measures of the Whistleblower pursuant to Leg. Decree no. 24/2023;

e) dismissal: for breaches that are so serious as to make it impossible to continue the employment relationship, even temporarily, consisting in engaging in serious misconduct in violation of the requirements of the Code of Ethics and/or the Model~~,~~ such as to determine the concrete application of the measures foreseen in the Decree within the Company, as well as the deliberate or grossly negligent execution of a Disclosure referred to in Leg. Decree no. 24/2023, which proves to be unfounded and particularly serious for the reported person, or submits defamatory or slanderous Disclosures, and have been convicted by a Court of Law, including Courts of First Instance, or the fraudulent breach of the protection measures of the Whistleblowers pursuant to Leg. Decree no. 24/2023.

Claims against dismissals pursuant to breach of the provisions referred to in point e) of this article can be lodged as envisaged by art. 7 of Law no. 604 of 15 July 1966.

The disciplinary procedure, leading to the application of the above-mentioned measures is regulated by the C.C.N.L. in force and therefore:

a) no disciplinary measures can be imposed on an employee without discussing the matter with the same beforehand;

b) except in the case of verbal reprimands, the claim shall be lodged by employees in writing, with specific indication of the facts constituting the breach;

c) disciplinary measures shall not be enforced until 8 days have elapsed since the claim was lodged, during which time employees may present their defence case. If the disciplinary measure is not issued within 8 days of the first 8 days envisaged for the submission of evidence, and therefore within 16 days of the lodged claim, the defence case shall be deemed accepted.

d) the measure shall be issued within 16 days of the lodged claim, even if the employee does not provide any form of defence. In the event that the offence in question is of a level of severity which also contemplates dismissal measures, workers may be suspended from their post as a precautionary measure until the actual disciplinary measure is imposed, without prejudice to the right to received remuneration for the period in question. The enforcement of the measures must be clearly motivated and notified in writing. The employee may appeal against the disciplinary measures other than dismissal in the Trade Unions, according to the contractual rules envisaged by art. 68 of the reference CCNL. No previous disciplinary sanctions shall be effective after 2 years have lapsed since their application.

6.7. Measures put in place in relation to the members of the Board of Directors.

The Company is extremely strict in its assessment of all breaches of the Code of Ethics and/or the Model by those who represent Company Management and represent its external image, as well as the breach of the provisions referred to in Leg. Decree no. 24/2023.

The liability of directors towards the Company is, in all respects, regulated by art. 2392 of the Italian Civil Code.

The Meetings of shareholders have the task of assessing any breaches and putting in place the most appropriate disciplinary measures against the member(s) of the Board of Directors who:

- has/have breached the provisions of the Code of Ethics and/or the Model;
- has/have submitted Disclosures with wilful conduct or gross negligence, as per Leg. Decree no. 24/2023, which have proved to be unfounded, or slanderous or defamatory Disclosures ascertained by a conviction or sentence including those of the court of first instance;
- has/have engaged in the breach of the protection measures envisaged by Leg. Decree no. 24/2023.

The **Meetings of shareholders** shall decide on the imposition and possible type of sanction, in accordance with the principle of proportionality.
The Meetings of shareholders are, in any case, without prejudice to the possibility of liability proceedings and the consequent possible revocation of office and request for compensation for the damage suffered under the rules of the Civil Code applying the relevant legislation.

6.8. Measures applicable to independent individuals.
All behaviour carried out by independent individuals (for example, collaborators, consultants and, more generally, individuals performing self-employed activities, suppliers and partners etc.…) contrary to the laws in force and the Code of Ethics and/or the Model, such as to contemplate the risk of committing a crime provided for in the Decree may determine, in accordance with the provisions of the specific contractual clauses included in the letters of appointment or the contracts, the termination of the contractual relationship.
The same sanction of early termination is envisaged for independent individuals who have submitted Disclosures with wilful conduct or gross negligence, as per Leg. Decree no. 24/2023, which have proved to be unfounded, or slanderous or defamatory Disclosures ascertained by a conviction or sentence including those of the court of first instance;

7. Communication and training.
7.1. Communication.
The Company guarantees proper knowledge and dissemination of the Model and the Code of Ethics to all Recipients. As soon as they are approved, or in the event of any changes, the same shall be communicated to all Company personnel, using the most appropriate means of dissemination, and with advice of receipt of the Model and the Code of Ethics.
In addition, forms of communication of the Model and the Code of Ethics are envisaged when new employees are recruited, and training activities are provided.
As for the individuals outside the Company, contracts governing relations with the Company must include appropriate forms of communication of the Model and the of the Code of Ethics, as well as clear responsibilities concerning the compliance with the Company's business policies and, in particular, of the Model and the Code of Ethics.

7.2. Training.
The Company undertakes to implement regular **training** programme sessions, with the aim of ensuring the effective knowledge and dissemination of the Code of Ethics and the Model, including updates and amendments, to Company employees, with targeted sessions to ensure they gain adequate knowledge, understanding and application of the same.
The subjects of the training programmes are the Decree, the Reference Regulatory framework, the Code of Ethics and this Model,
The level of training is characterised by a different level of analysis, according to the qualification level of those attending the sessions.
The training shall be supervised by the SB and can be provided as follows:
- in-presence lessons, given priority, with an attendance register, learning test and the issue of attendance certificates;
- e-learning mode: if this mode is adopted, intermediate attendance and learning verification tests as well as the final learning test of the course content must be ensured. Furthermore, a monitoring system (login and logout) shall be put in place to monitor the actual training of the participants.
The SB will be able to verify the adequacy of the training programmes, the way in which they are implemented and the final results.
Attendance at training sessions is compulsory and failure to participate shall be punished with the application of the disciplinary System.