

MICROELETTRICA SCIENTIFICA S.p.A.



**Organisation,
management and control model
pursuant to art. 6 of Legislative Decree No. 231 of 08 June 2001**

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GENERAL PART

FOREWORD

This document, together with all its annexes, represents the Organisation, Management and Control Model adopted pursuant to Legislative Decree no. 231 of 8 June 2001 (hereinafter "**Legislative Decree 231/2001**" or the "**Decree**") by Microelettrica Scientifica S.p.A. (hereinafter also the "**Company**", "**Microelettrica**" or "**MS**") and approved by resolution of the Company's Board of Directors.

Microelettrica has summarised the results of the assessment of its internal control system and any corrections made thereto in this Organisation, Management and Control Model, in the light of the principles set out in Legislative Decree no. 231 of 2001 and the relevant Guidelines issued by Confindustria.

DEFINITIONS

- **Sensitive Activities:** the activities/processes of Microelettrica within which there is a potential risk of perpetration of the offences referred to in the Decree.
- **Instrumental Activities:** the activities/processes of Microelettrica which are potentially instrumental to perpetration of the offences referred to in the Decree.
- **Consultants:** the persons who, by reason of their professional skills, provide their intellectual services for or on behalf of Microelettrica.
- **Legislative Decree 231/2001 or Decree:** Legislative Decree no. 231 dated 8 June 2001, as amended and supplemented.
- **Recipients:** anyone who, by virtue of his/her relations with the Company, is required to comply with the Model, including: directors and all those who perform, even *de facto*, management, administration, direction and control functions over the same or its operational or functional units, employees, collaborators, agents, brokers and distributors, consultants and anyone acting in the interest of the Company as being linked to it by legal contractual relations or agreements of another nature, such as partners or third parties for the implementation or acquisition of projects.
- **Employees:** the persons linked to Microelettrica by an employment contract.
- **RAD:** Risk Assessment Document under Legislative Decree no. 81 of 9 April 2008.
- **Public Servant:** anyone who "performs a public service in any capacity", with public service being an activity regulated in the same way as a public function though without the powers that are typical of the latter (art. 358 of the Criminal Code).
- **Confindustria Guidelines:** document issued by Confindustria, approved on 7 March 2002, updated on 31 March 2008 and last updated in March 2014, for the drawing up of Organisation, Management and Control Models under the Decree.
- **Model:** Organisation, Management and Control Model under Legislative Decree 231/2001.
- **Corporate Bodies:** both the Management Bodies and the Board of Statutory Auditors of the Company.
- **Supervisory Board or SB:** Body provided for in art. 6 of the Decree, which is responsible for checking the operation of and compliance with the Model.
- **P.A.:** the Public Administration, the Public Official or the Public Servant.
- **Partners or External Collaborators:** the contractual counterparties of Microelettrica, which can be natural or legal persons, with which the Company establishes any form of contractualised collaboration.
- **This document:** Organisation, Management and Control Model of the Company.
- **Public Official:** anyone who "performs a legislative, judicial or administrative public function" (art. 357 of the Criminal Code).
- **Offences or Predicate Offences:** the types of offence covered by the rules laid down in Legislative Decree 231/2001, as amended and supplemented.
- **Company or Microelettrica:** Microelettrica Scientifica S.p.A.

- **Senior Management:** persons holding representation, administration or management positions within the Company or one of its financially and functionally independent units, as well as persons managing or controlling the Company, also *de facto*.
- **Subordinates:** persons under the direction or supervision of one of the persons referred to in the paragraph above.
- **Top Management:** Board of Directors.

LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

1.1 Characteristics and nature of the liability of Entities

Legislative Decree no. 231 of 8 June 2001 (hereinafter also "**Legislative Decree 231/2001**" or "**Decree**"), which lays down the rules governing the administrative liability of legal persons, companies and other associations, including those without legal personality ("**Entities**"), introduced for the first time into the Italian legal system a form of administrative liability of Entities for given offences, which is on top of the liability of the natural person who materially committed the offence.

This is a new and more extensive form of liability, which applies to Entities for offences committed, in their interest or to their benefit, by persons functionally linked thereto (senior managers or persons under their direction and supervision).

The Decree - which is designed to bring domestic legislation on the liability of legal persons in line with several international conventions endorsed by Italy some time ago - provides that Entities may be held liable, and consequently punished, only for the perpetration of certain offences which are exhaustively listed therein (the so-called Predicate Offences).

1.2 Offences covered by the Decree

The Entity may only be held liable for the offences expressly identified in the Decree and may not be punished for other types of offence committed in the course of its business. Art. 24 et seq. of the Decree lists the so-called "*Predicate Offences*", i.e. the offences which may give rise to the Entity's liability.

Predicate Offences include very different types of offences, some of which are typical of business activities, while others are typical of the activities of criminal organisations. Over time, the number and categories of predicate offences have been significantly expanded as a result of subsequent legislative additions¹.

¹ In fact, the following extensions have occurred:

- Decree Law no. 350 of 25 September 2001, which introduced art. 25 *bis* "Counterfeiting money, public credit cards and revenue stamps";
- Legislative Decree no. 61 of 11 April 2002, which introduced art. 25 *ter* "Corporate Offences";
- Law no. 7 of 14 January 2003, which introduced art. 25 *quater* "Crimes for the purpose of terrorism or subversion of the democratic order";
- Law no. 228 of 11 August 2003, which introduced art. 25 *quinqüies* "Crimes against the individual";
- Law no. 62 of 18 April 2005, which introduced art. 25 *sexies* "Market abuse";
- Law no. 7 of 9 January 2006, which introduced art. 25 *quater.1* "Mutilation of female genital organs";
- Law no. 146 of 16 March 2006, which establishes the liability of entities for transnational offences;
- Law no. 123 of 3 August 2007, which introduced art. 25 *septies*, later replaced by Legislative Decree no. 81 of 9 April 2008, "Manslaughter and grievous or very grievous bodily harm committed in breach of the rules on the protection of occupational health and safety";

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- Legislative Decree no. 231 of 21 November 2007, which introduced art. 25 *octies* "Receiving, laundering and using money, goods or benefits of unlawful origin";
 - Law no. 48 of 18 March 2008, which introduced art. 24 *bis* "Cybercrimes and unlawful data processing";
 - Law no. 94 of 15 July 2009, which introduced art. 24 *ter* "Organised crime";
 - Law no. 99 of 23 July 2009, which amended art. 25 *bis* to "Counterfeiting money, public credit cards, revenue stamps and identifying instruments or signs" and introduced art. 25 *bis.1* "Crimes against the industry and trade" and art. 25 *novies* "Copyright infringement offences";
 - Law no. 116 of 3 August 2009, which introduced art. 25 *novies* "Inducement not to make statements or to make false statements to the Judicial Authority";
 - Legislative Decree no. 121 of 7 July 2011 (implementing Directive 2008/99/CE on the protection of the environment through criminal law, and Directive 2009/123/EC, amending Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements) which introduced art. 25-undecies in the Decree, with consequent liability of entities also for certain environmental offences including damage to habitats (art. 733-bis of the Criminal Code), the opening or discharge of industrial waste water (Legislative Decree no. 152/2006, art. 137), unauthorised waste management and illegal waste trafficking (Legislative Decree no. 152/2006, art. 256 and arts. 259 and 260), pollution of the soil, subsoil, surface waters or underground waters, exceeding the risk thresholds (Legislative Decree no. 152/2006, art. 257) and the production, consumption, import, export, possession and marketing of substances harmful to the stratospheric ozone layer (Law no. 549/1993, art. 3) as well as the discharge of pollutants caused by ships (Legislative Decree no. 202/2007 implementing Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements);
 - Decree Law no. 109 of 16 July 2012. The Decree implements European Directive 2009/52/EC providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals. The Decree introduced art. 25 duodecies into Legislative Decree 231/2001, so the range of predicate offences for the administrative liability of Entities now includes the "employment of illegally staying third-country nationals" in the aggravated forms regulated by art. 22, paragraph 12-bis, of Legislative Decree no. 286 of 25 July 1995;
 - Law 190/2012 "Provisions for the prevention and repression of corruption and illegality", which came into force on 28 November 2012, supplementing the catalogue of predicate offences for the administrative liability of Entities provided for in articles 25 and 25 *ter* of Legislative Decree 231/2001 as specified below: paragraph 3 of Article 25 (Extortion, undue induction to give or promise benefits), now includes a reference to article 319 quater of the Criminal Code. Paragraph 1 of article 25 *ter* (Corporate offences) now includes a letter s-bis which recalls the offence of bribery among private persons provided for in the third paragraph of art. 2635 of the Civil Code;
 - Decree Law no. 93 of 14 August 2013, containing urgent provisions on security and on combating gender violence, as well as on civil protection and the commissioning of provinces. Specifically, during the conversion into law, paragraph 2 of Article 9 was deleted, which had made some important changes to art. 24-bis of Legislative Decree no. 231/2001 on "Cybercrimes and unlawful data processing";
 - Legislative Decree no. 39 of 4.3.2014, in force since 6.4.2014, which included Child Solicitation (art. 609 undecies of the Criminal Code) in the list of predicate offences. The provision introduced some significant changes and aggravating circumstances for these criminal offences so as to protect the healthy development and sexuality of minors, which were included, along with other crimes against the individual, in art. 25-quinquies of Legislative Decree 231/2001.
 - Law no. 62 of 17 April 2014, in force since 18 April 2014, which amended art. 416 *ter* of the Criminal Code "Mafia-political electoral exchange" by intervening both in relation to the criminal conduct, significantly expanding it, and to the statutorily imposed punishment, reducing it in a proportionate and reasonable manner. In the former respect, in fact, it widened the range of punishable acts by including the acceptance of the promise of votes in exchange for the promise or disbursement (in addition to money, also) of other benefits; in the latter respect, it reduced the sanctioning framework compared to art. 416 *bis* of the Criminal Code due to the different and less serious value of the offending conduct.
 - Law No. 186 of 15 December 2014, in force since 1 January 2015, on the finding and return of capital held abroad and self-laundering. The new provisions introduced the so-called voluntary disclosure, i.e. a voluntary cooperation procedure for the reporting of financial and capital assets created or held outside Italy and for other tax violations. The other innovation that directly impacts on the list of Predicate Offences for the purposes of Legislative Decree 231/01, concerns the inclusion into the Criminal Code of self-laundering provided for by 648 *ter* 1.
 - Law no. 68 of 22 May 2015, which introduced Title VI *bis* of the Criminal Code, called "Crimes against the environment", containing the new Environmental Offences ranging from 352 *bis* to 352 *terdecies*; the crimes referred to in arts. 352 *bis*, quater, quinquies, sexies and octies of the Criminal Code, in force since 29 May 2015, were added to the list of predicate offences.

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- Law no. 69 of 27 May 2015, which amended the Corporate Offences referred to in arts. 2621, 2621 bis and 2622 of the Italian Civil Code; the new Law, containing “Provisions on crimes against the public administration, Mafia-type associations and false accounts” increased the punishments for corruption, embezzlement and undue induction to give or receive benefits. Punishments were also increased for Mafia-type associations, including foreign ones, while penalties were reduced for those who cooperate with the justice system. Another new feature of the law - which also amended Law no. 190/2012 (Provisions for the prevention and repression of corruption and illegality in the public administration) - was the reintroduction of imprisonment for false accounts, an act which is always prosecuted ex officio except in the case of small companies that are not subject to bankruptcy regulations, for which prosecution is by lawsuit.
 - Legislative Decree no. 125 of 21 June 2016, in force since 27 July 2016 implementing Directive 2014/62/EU on the protection of the euro and other currencies against counterfeiting through criminal law, and replacing Council Framework Decision 2000/383/JHA, in force since 27 July 2016.
 - Law no. 199 of 29 October 2016, published in Official Gazette no. 257 of 3 November 2016, which amended the offence of unlawful intermediation and exploitation of labour provided for in art. 603-bis of the Criminal Code, introduced into the Criminal Code by Law 148/2011. The same Law included the offence in the list of predicate offences relating to Legislative Decree 231/01.
 - Law no. 236 of 11 December 2016 - published in Official Gazette no. 299 of 23 December 2016 - included art. 601-bis in the Criminal Code, which punishes trafficking in organs removed from living persons, also in relation to those who organise or advertise their travel or disseminate, also by computer, advertisements to that end. Likewise, the rules on criminal associations set out in art. 416, paragraph 6 of the Criminal Code, were extended to these new offences, as well as to those in force relating to trafficking in organs of deceased persons. The new offences have been in force since 7 January 2017. The same Law included the offence in the list of predicate offences relating to Legislative Decree 231/01 by amending article 416, paragraph 6 of the Criminal Code.
 - Legislative Decree 38/2017 reforming bribery between private individuals, which entered into force on 14 April 2017 (published in Official Gazette no. 75 of 30/03/2017), including into the legal system the amendments indicated by Framework Decision 2003/568/JHA of the European Council (22 July 2003). The measure reformed article 2635 of the Civil Code, introduced art. 2635-bis “Inducement to bribery among private individuals” and finally intervened on art. 25-ter of Legislative Decree 231/2001.
 - Law no. 161/2017, published in Official Gazette no. 258 of 4 November 2017, amended art. 25 duodecies “Employment of illegally staying third-country nationals” by regulating the pecuniary and disqualification sanctions for the commission of the offences referred to in art. 12, paragraphs 3, 3 bis, 3 ter and 5 of the Consolidated Text of Legislative Decree no. 286 of 25 July 1998 on the regulation of immigration and the condition of foreigners.
 - Law no. 167 of 20 November 2017, published in Official Gazette no. 277 of 27 November 2017, whose art. 5 implemented European Framework Decision 2008/913/JHA on combating certain forms and expressions of racism and xenophobia by means of criminal law and introduced art. 25 terdecies as a Predicate Offence of the Decree.
 - Law No. 3/2018 on Manslaughter and grievous or very grievous bodily harm committed in breach of accident prevention regulations and the protection of occupational hygiene and health, which amended art. 589 of the Criminal Code, introducing imprisonment from three to ten years if manslaughter is committed in the abusive exercise of a profession for which a special qualification of the State or a health association is required, and art. 590 of the Criminal Code, introducing imprisonment from six months to two years for grievous harm and from one year and six months to four years for very grievous harm.
 - Legislative Decree 21/2018 which repealed art. 3 of Law 654/1975, referred to by art. 25 terdecies “Racism and xenophobia” and art. 260 of Legislative Decree 152/2006, the content of which is nonetheless referred to by art. 452 quaterdecies and art. 25 undecies “Environmental offences”.
 - Law no. 3 of 9 January 2019, published in Official Gazette no. 13 of 16 January 2019 on “Measures to combat crimes against the public administration, as well as on the debarment of crime and on the transparency of political parties and movements”. The law also had an impact on offences against the Public Administration, increasing the disqualification sanctions for the offences referred to in arts. 317, 319, 319bis, 319ter, paragraphs 1 and 2, 319 quater, 320, 321, 322 paragraphs 2 and 4, 322 bis. It also introduced the offence of trafficking in influence referred to in art. 346bis of the Criminal Code as a Predicate Offence for the purpose of Decree no. 231/2001. The Law provides that such increases do not apply if the entity - before the first instance sentence - takes steps to prevent further consequences from the criminal activity and to procure evidence of the offence and the identification of the perpetrators or the seizure of the sums or other benefits transferred, while also taking steps to eliminate the organisational gaps that contributed to the offence, by adopting and implementing organisation models that can

At the date of approval of this document, the relevant Predicate Offences under the Decree fall within the following categories:

- offences committed in dealings with the Public Administration (arts. 24 and 25);
- cybercrimes and unlawful data processing (art. 24 *bis*);
- organised crime (art. 24 *ter*);
- counterfeiting money, public credit cards, revenue stamps and identifying instruments or signs (art. 25 *bis*);
- crimes against the industry and trade (art. 25 *bis.1*);
- corporate offences and corruption among private individuals (art. 25 *ter*);
- crimes for the purpose of terrorism or subversion of the democratic order (art. 25 *quater*);
- mutilation of female genital organs (art. 25 *quater.1*);
- crimes against the individual (art. 25 *quinquies*);
- market abuse (art. 25 *sexies*);
- manslaughter and grievous or very grievous bodily harm committed in breach of the rules on the protection of occupational health and safety (art. 25 *septies*);
- receiving, laundering, self-laundering and using money, goods or benefits of unlawful origin (art. 25 *octies*);
- copyright infringement offences (art. 25 *nonies*);
- inducement not to make statements or to make false statements to the Judicial Authority (art. 25 *decies*);

prevent offences of the kind committed. Lastly, the law introduced the ex officio prosecution for corruption among private individuals referred to in art. 2635 of the Civil Code and for incitement to corruption among private individuals referred to in art. 2635 of the Civil Code.

- Law no. 39 of 3 May 2019 introduced art. 25 *quaterdecies* of Legislative Decree 231/2001 (*Fraud in sports competitions, abusive gambling or betting and gambling using prohibited devices*), pursuant to which the offences referred to in articles 1 (*Fraud in sports competitions*) and 4 (*Abusive gambling and betting*) of Law no. 401 of 13 December 1989 are included as Predicate offences.
- Decree Law 105/2019 which introduced into art. 24 *bis* of Legislative Decree 231/2001 the new predicate offence "Violation of the rules on the National Cyber Security Perimeter" (art. 1, paragraph 11, Decree Law no. 105 of 21 September 2019).
- Law no. 157/2019, which introduced art. 25 *quinquiesdecies* of Legislative Decree 231/2001 (Tax Offences) introducing into Legislative Decree 231/2001 the new predicate offences of Fraudulent tax statement using invoices or other documents for non-existent transactions (art. 2 Legislative Decree 74/2000), Fraudulent tax statement using other devices (art. 3 Legislative Decree 74/2000), Issuance of invoices or other documents for non-existent transactions (art. 8 Legislative Decree 74/2000), Concealment or destruction of accounts (art. 10 Legislative Decree 74/2000), Fraudulent tax evasion (art. 11 Legislative Decree 74/2000), Untrue tax statement (art. 4 Legislative Decree 74/2000).
- Legislative Decree no. 75/2020 which, in transposing the EU Directive (the so-called "PIF Directive"), further extended the category of predicate offences to include fraud in public supplies (art. 356 of the Criminal Code), fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Development (art. 2 of Law no. 898/1986), embezzlement (art. 314, paragraph 1, of the Criminal Code with the exclusion of embezzlement for the purposes of the second paragraph of art. 314 of the Criminal Code), embezzlement by profiting of another person's mistake (art. 316 of the Criminal Code), abuse of office (art. 323 of the Criminal Code), serious cross-border VAT fraud in the case of false tax statements (art. 4 of Legislative Decree 74/2000), omitted tax statement (art. 5 of Legislative Decree 74/2000) and undue compensation (art. 10-*quater* of Legislative Decree 74/2000), as well as smuggling under Presidential Decree no. 43/1973.

- environmental offences (art. 25 *undecies*);
- employment of illegally staying third-country nationals (art. 25 *duodecies*);
- racism and xenophobia (art. 25 *terdecies*);
- fraud in sports competitions, abusive gambling or betting and gambling using prohibited devices (art. 25 *quaterdecies*);
- tax offences (art. 25 *quinquiesdecies*);
- smuggling (art. 25 *sexiesdecies*);
- transnational offences (art. 10 Law 146/2006).

Being aware that an understanding of each single case is an essential prerequisite for the application of the Model, the Predicate Offences envisaged by the Decree and by the special laws supplementing it are fully referred to and described, with the relevant sanctions, in **Annex A** to this Model.

1.3 Criteria for attributing liability to the Entity

In the event of perpetration of a Predicate Offence, the Entity is punishable only if certain conditions are met, defined as criteria for attributing liability for the offence. These criteria are divided into "objective" and "subjective".

- a) The first objective criterion to be met in order for the Entity to be punishable is that the offence must be one of those expressly indicated as Predicate Offences in the Decree.
- b) The second objective criterion is that the offence must be committed in the interest or to the benefit of the Entity. It must, therefore, have been committed in a field pertaining to the specific activities of the Company and the latter must have benefited therefrom, even if only potentially. The existence of at least one of the two alternative conditions is sufficient:
 - such "interest" exists when the offender has acted with the intention of favouring the Company, regardless of whether that objective has been actually achieved;
 - the "benefit" exists when the Company has drawn, or could have drawn, a positive result from the offence, whether it be economic or otherwise.

The Entity is liable not only when it has gained an immediate financial benefit from the offence, but also when, even in the absence of such a result, the act is motivated by its own interest. The improvement of its position on the market or the concealment of a financial crisis, for example, are cases involving the interests of the Entity without, however, bringing thereto an immediate and direct economic benefit.

- c) The third objective criterion is that the Predicate Offence must have been committed by one or more qualified persons, i.e. by "persons holding representation, administration or management positions within the Entity or one of its financially and functionally independent units" or by persons "managing or controlling the Entity, even de facto" (so-called "senior managers"), or by "persons under the direction and supervision of a Senior Manager" (so-called "Subordinates").

The authors of the Offence from which the Entity may incur administrative liability may therefore be: (i) "senior managers", such as the legal representative, the director, the general manager or the manager of a facility, as well as persons managing and controlling the Entity, even de facto, and (ii) «subordinates», typically employees, but also persons outside the

Entity, who have been entrusted with a task to be carried out under the direction and supervision of senior managers.

If the Offence is committed by more than one person (participation in the offence pursuant to art. 110 of the Criminal Code), the "qualified" person does not need to carry out the act regulated by the criminal law. It is sufficient that he knowingly makes a causal contribution to the Offence.

The Decree rules out the liability of the Entity if the latter - before perpetration of the Predicate Offence - adopts and effectively implements an "Organisation and management model" capable of preventing the offences of the kind committed.

In this respect, the Entity's liability is attributed to its "failure to adopt or comply with due standards" relating to the organisation and activity of the Entity, a defect attributable to corporate policy or to structural and prescriptive gaps in the company's organisation.

In essence, in order for the Offence not to be subjectively attributed to the Entity, the latter must be able to prove that it did everything it could to prevent, in the exercise of its business, the Offences provided for by the Decree (as regards the conditions for exemption from liability provided for by the Decree, see paragraph 1.5 below).

1.4 The sanctions applicable to the Entity

The sanctions established by the Decree against the Entity for the perpetration or attempted perpetration of Predicate Offences, are of four types:

a) Pecuniary sanction

It is always applied when the judge holds the Entity liable. It is determined with a system based on "shares" (no less than one hundred and no more than one thousand), each ranging from a minimum of 258.23 euros to a maximum of 1,549.37 euros. The pecuniary sanction thus ranges from a minimum of 25,823 euros to a maximum of 1,549,370 euros (except for corporate offences, for which the pecuniary sanction is doubled in accordance with art. 39, paragraph 5, of Savings Law 262/2005). The judge determines the number of shares by taking into account the seriousness of the act, the degree of liability of the Entity, as well as any action taken thereby to eliminate or mitigate the consequences of the act and to prevent further offences. The amount of the share is set on the basis of the economic and financial conditions of the Entity so as to ensure the effectiveness of the sanction.

The pecuniary sanction is reduced by a third to a half if, before the first instance hearing is declared to be open:

- the Entity fully compensates the damage and eliminates the harmful or dangerous consequences of the Offence, or takes effective steps to do so;
- an organisation model capable of preventing offences of the kind committed is adopted or made operational.

Furthermore, the pecuniary sanction is reduced by half if:

- the offender committed the offence mainly in his own interest or third parties' and the Entity did not gain any advantage or gained only a minimal advantage;
- the financial damage caused is minor.

The key principle guiding the entire issue of the liability of the Entity establishes that only the Entity has the obligation to pay the pecuniary sanction imposed thereon, with its assets or common fund. Therefore, this rule excludes the direct financial liability of its members or associates, regardless of the legal nature of the collective Entity.

b) Disqualification sanctions

They consist in the disqualification from carrying out business, the suspension or revocation of authorisations, licences or concessions that were functional to the offence, the prohibition to contract with the Public Administration, the exclusion from facilitations, financing, contributions, subsidies and the possible revocation of those already granted and the prohibition to advertise goods or services.

Disqualification sanctions are imposed, together with the pecuniary sanction, only if they are expressly provided for in relation to the offence in question and only when at least one of these two conditions is met:

- the Entity has previously committed an offence (repetition of offences);
- the Entity has gained a substantial profit from the offence.

c) Seizure

It consists in the acquisition by the State of the price or profit of the offence, also in equivalent form (i.e. seizing money, goods or other benefits whose value matches the price or profit of the offence).

d) Publication of the sentence

It consists in the publication of the conviction (whether in full or an abstract thereof, charged to the Entity) in one or more newspapers indicated by the judge, as well as by posting it in the municipality where the Entity has its head office. The publication of the sentence may be ordered by the judge when a disqualification sanction is applied to the Entity.

Lastly, the Public Prosecutor may ask for the application of disqualification sanctions also as a precautionary measure, where there are serious indications of the Entity's liability or there are well-founded and specific elements that suggest there is a real risk that offences of the same type as the one already committed may be perpetrated.

1.5 Exemption from liability: the Organisation, management and control model under Legislative Decree 231/2001

In introducing the above-described administrative liability system, the Decree provides, however, for a specific form of exemption therefrom if the Entity demonstrates that it has taken all the necessary organisational measures to prevent the Offences regulated by the Decree by persons acting on its behalf.

In particular, the Entity is exempt from liability if it proves:

- a) that its management adopted and effectively implemented, before perpetration of the offence, organisation, management and control models capable of preventing offences of the kind committed;
- b) that the task of supervising operation of and compliance with the models and ensuring they are updated has been entrusted to a board of the entity endowed with autonomous powers of action and control;
- c) that there was no omission or insufficient supervision by that board.

The conditions listed above must be jointly combined in order for the Entity's liability to be excluded. The Company's exemption from liability thus depends on the adoption and effective implementation of a Model for the prevention of offences and on the establishment of a Supervisory Board overseeing

the Model, which is responsible for monitoring compliance of the Entity's business with the standards and procedures set out in the Model.

Although the Model is as a reason for non-punishability, regardless of whether the Offence has been committed by a Senior Manager or by a Subordinate, the Decree is much stricter and more severe where the offence has been committed by a Senior Manager since, in that case, the burden of proof is reversed and it is the Entity that must prove that the offence was committed by its Senior Manager by fraudulently evading the Model. The Decree requires a proof of non-involvement of the Entity since the latter must prove some sort of "internal fraud" by its Senior Managers.

In the case of offences committed by subordinates, instead, the Entity may be held liable only if it is established that perpetration of the offence was made possible by its failure to comply with its management or supervisory obligations. This shows genuine fault on the part of the organisation: the Company indirectly consented to the offence by failing to supervise the activities and persons exposed to the risk of Offence perpetration.

Lastly, paragraph 2 of art. 6 of the Decree indicates the contents of the Model, which must:

- a) identify the Entity's activities within which there is a possibility that the offences referred to in the Decree may be committed;
- b) establish specific protocols intended to plan the formation and implementation of the Entity's decisions in relation to the offences to be prevented;
- c) identify methods of managing financial resources so as to prevent such offences;
- d) establish information obligations *vis-à-vis* the Supervisory Board;
- e) set up one or more channels for the submission of reports of unlawful conduct that is relevant under the Decree.
- f) introduce an internal disciplinary system capable of sanctioning non-compliance with the measures indicated in the Model.

1.6 Offences committed abroad

The liability established by the Decree arises also in relation to Offences committed abroad by the Entity, provided:

- a) the Offence is committed by a person functionally linked to the Entity, whether a Senior Manager or a Subordinate;
- b) the Entity has its main place of business in Italy;
- c) the general conditions for prosecution laid down in articles 7, 8, 9 and 10 of the Criminal Code are met in order to prosecute in Italy an offence committed abroad (if the law provides that the natural person who is guilty is punished at the request of the Minister of Justice, proceedings are brought against the Entity only if the request is made against the Entity too);
- d) action is not taken by the State of the place where the Offence was committed.

1.7 The Confindustria guidelines

The Decree (art. 6, paragraph 3) provides that organisation, management and control models may be adopted by Entities on the basis of codes of conduct drawn up by trade associations and communicated to the Ministry of Justice.

The trade association that first drew up guidelines for the preparation of these Models was Confindustria which, in March 2002, issued its "Guidelines for the drawing up of organisation,

management and control models under Legislative Decree no. 231/2001" (subsequently amended and updated in May 2004 and then in March 2008 and last updated in March 2014).

The Confindustria guidelines have been a reference document for the Company's drafting of this Organisation Model.

When updating the Model in the light of the amendments introduced by Law 179/2017 ("*Provisions for the protection of persons reporting offences or irregularities of which they become aware in a public or private employment relationship*") on whistleblowing, the Company also took into account the Illustrative Note for the regulation of whistleblowing, issued by Confindustria in January 2018. With this Note, Confindustria provided clarifications on the additional measures to be implemented by companies within their adopted organisation models so as to implement the changes introduced by Law 179/2017: in particular, the Note specified the procedures for establishing the channels responsible for receiving reports of unlawful conduct, as well as the procedures for identifying the person or corporate body to which such reports are to be addressed.

THE COMPANY MICROELETTRICA SCIENTIFICA S.P.A.

1.1 Business and organisational structure of Microelettrica

For more than 60 years, Microelettrica Scientifica S.p.A. has been designing, developing and manufacturing independently contactors, protective relays and resistors for the most advanced and complex applications in rail transport, urban mobility and industry.

Its purpose includes the following activities:

- a) the production of electric, electromechanical and electronic equipment and electrical work in general and their design retaining, where necessary, individuals enrolled in professional boards;
- b) sheet metal and metallic carpentry processing in general, the construction and sale of metallic furniture in general.

The Company may carry out all the commercial, industrial, property operations considered necessary or useful to further the company purpose by the board of directors².

The main functions within the company are:

	Acronym	Function
1	COB	Chairman of the Board of Directors
2	BoD	Board of Directors
3	CEO/MD	Chief Executive Officer/Managing Director
4	Empl.	Employer

² MS operates at its registered office at VIA LUCANIA 2/4/6 BUCCINASCO (MI) - postcode 20090 and at the Local Unit no. MI/12 VIA DELLA RESISTENZA 121 BUCCINASCO (MI) - postcode 20090

5	Del. Empl.	Delegated Employer
6	PPSM	Prevention and Protection Service Manager
7	H.R.	Human Resources Director
8	ACCOUNTING	Accounting Manager
9	COMM. GOV.	Commercial Governance Manager
10	CFO	Controlling & Finance Director
11	IT	IT Manager
12	GLQ	Quality Director
13	SOURC.	Sourcing Director

The company's organisation chart is attached hereto: **Annex B.**

1.2 Corporate Governance system of MS

Microelettrica is a single member company, subject to management and coordination by Knorr-Bremse AG, Germany.

The structure and operation of the corporate and control bodies of Microelettrica are as follows:

a) The Shareholders' Meeting represents all the Company's members. Its resolutions, taken in accordance with the law and the Bylaws, are binding on all members.

The Shareholders' Meeting may be ordinary and extraordinary in accordance with the law. It may pass resolutions on all acts, transactions and measures of interest to the Company and may order their execution. The ordinary Shareholders' Meeting is called at least once a year within 120 days from year-end. The annual Shareholders' Meeting for the approval of the financial statements may be called within 180 days from year-end if permitted by law and if the applicable conditions are met; in this case, the directors indicate the reasons for such postponement in the report provided for in article 2428 of the Civil Code. Each shareholder has one vote for each share held thereby.

Extraordinary Shareholders' Meetings may be called as often as Management deems it appropriate or when requested in accordance with the law and for the matters reserved therefor. The Shareholders' Meeting may also be held away from the registered office, as long as in Italy or in another European Union country or in the Swiss Confederation.

Shareholders' Meetings are called by means of a notice to be published in the Official Gazette or in the Corriere della Sera newspaper at least 15 (fifteen) days before the day of the meeting. Provided the Company does not resort to the risk capital market and provided proof of receipt is guaranteed at least eight clear days before the Meeting, Management may choose one of the following means of calling:

- a simple letter sent to the abovementioned persons, a copy of which is to be returned thereby, signed for acknowledgement of receipt and dated.

- telefax or email sent and received by all the abovementioned persons, who must confirm receipt in writing by the date set by the Shareholders' Meeting.

The notice may indicate the date for any second call meeting.

The Ordinary Shareholders' Meeting is quorate with the presence of as many shareholders as those representing at least half of the share capital. It passes resolutions by an absolute majority of those present. The Extraordinary Shareholders' Meeting passes resolutions in both first and second call only with the favourable vote of shareholders representing at least 70% (seventy per cent) of the share capital. On second call, the Ordinary Shareholders' Meeting passes resolutions regardless of the share of capital represented by the participating shareholders, without prejudice to the last paragraph of art. 2369 of the Civil Code.

b) The Board of Directors (BoD)

The Company is run either by a Board of Directors whose number goes from a minimum of three to a maximum of nine or by a Sole Director, as resolved by the Shareholders' Meeting providing for the appointments. The Directors remain in office for no more than three financial years and may be re-elected.

In accordance with its Bylaws, the Company has adopted the so-called "traditional" governance system (multi-personal, board management).

At the date of approval of this version of the Model, there are 5 Directors in office, including the Chairman of the BoD, acting as legal representative.

The Board of Directors is vested with all powers for the ordinary and extraordinary administration of the company, without exceptions, and can therefore perform all duties it deems necessary for the implementation and furtherance of the company purposes, except those which the law reserves to the Shareholders' Meeting.

The Board of Directors has thus, among others, the right to purchase, sell and swap assets, grant them to other established or start-up companies, purchasing shares and shareholdings for all intents and purposes of art. 2 of the Bylaws, to permit mortgage underwriting, cancellations and registration, waivers on legal mortgages and exoneration from liability to all holders of property registers, to submit and settle arbitration cases, also before *amiable compositors*, in all cases not prohibited by the laws in force, to authorise and perform all operations with credit institutes, deposit and loan institutes and all other public or private offices.

The Board has the right to nominate Directors as well as attorneys, agents and sales agents in general for specific deeds or categories of deeds.

The Board of Directors, without prejudice to the last part of art. 2381 of the Civil Code, can delegate its assignments to an executive committee made up of some of its members or to one or more of its members, setting limits.

The Chairman of the Board is responsible for representing the company before third parties with sole and separate signing authority to execute all board resolutions where not otherwise resolved.

The Chairman of the Board of Directors is also responsible for representing the Company in court, with the right to bring actions and judicial and administrative motions at every level of jurisdiction and even for appeals and cassation, to specifically nominate solicitors and attorneys to appear in court.

c) The Board of Statutory Auditors

The Board of Directors has appointed a Control Body currently consisting of three standing members and two alternate members, who thus form the Board of Statutory Auditors, appointed pursuant to art. 2477 of the Civil Code.

The Board supervises compliance with the law and with the Company's operating rules, compliance with the principles of good governance and in particular the adequacy of the organisational, administrative and accounting structure adopted by the Company and its concrete operation.

The Company's accounts are audited by a legal auditor.

1.3 System of delegated powers and proxies adopted by the Company

The system for the assignment of delegated powers and proxies is an integral part of the internal control system and is intended to provide effective protection, in the light of the Model, against the offences referred to in the Decree.

The criteria for assigning delegated powers and proxies are defined by the Board of Directors.

The system of delegated powers and proxies should represent:

- a) a management tool for carrying out acts of external or internal relevance necessary to pursue the company's objectives, consistent with the management responsibilities assigned to each person;
- b) a factor preventing abuse of the functional powers granted, through the definition of economic limits for each act or series of acts;
- c) an indisputable element for tracing corporate acts, having external or internal relevance, to the natural persons who adopted them. The system is thus useful to prevent offences and to subsequently identify the persons who adopted acts directly or indirectly connected to the offence.

The Company's policy envisages that only persons with formal and specific powers may assume commitments towards third parties in the name and on behalf of the Company.

In this context, the Company has set up a system of proxies that is consistent with the organisational responsibilities assigned that imply actual need for representation and with the provision, when appropriate, of a specific indication of quantitative spending thresholds established by internal company measures.

The corporate units concerned periodically check the system of proxies in force, also by examining the documents certifying the activities concretely carried out by the persons acting on behalf of the Company, suggesting the necessary changes where management and/or qualification functions do not correspond to the powers of representation conferred.

1.4 The certifications obtained by Microelettrica Scientifica

With a view to constant improvement and in order to make all internal operating practices undergo strict quality and regulatory controls, the Company has completed the process to obtain the following certifications:

- UNI EN ISO 9001:2015 standard, "Quality management systems. Requirements";
- ISO/TS 22163:17 standard
- DIN EN ISO 14001:2015 standard, "Environmental management systems. Requirements";
- ISO 45001 "Occupational health and safety management systems - Requirements with guidance for use";

- UNI EN ISO 50001:2011 "Energy management systems".

With the extension of Legislative Decree no. 231/2001 to environmental offences and offences relating to occupational safety, the DIN EN ISO 14001:15 Environmental Management System and the ISO 45001 Health and Safety Management System adopted by the Company certainly represent, together with the other control measures and tools set out in the Model, effective tools for preventing the corresponding Predicate Offences³.

ADOPTION OF THE MODEL BY MICROELETTRICA

1.1 Purposes of the Model

With the adoption of its Code of Ethics and this Organisation, Management and Control Model pursuant to art. 6 of the Decree, the Company intends to comply with the requirements of the Decree so as to improve and make its existing internal control and corporate governance systems as efficient as possible.

The Model is mainly designed to create an organic and structured system of behavioural principles and control procedures, aimed at preventing, where possible and concretely feasible, the perpetration of the offences covered by the Decree. The Model is a fundamental component of the Company's governance system and will implement the process of spreading a management culture based on fairness, transparency and lawfulness.

The Model is also designed to:

- prohibit conduct that might amount to the wrongful acts established by the Decree;
- provide adequate information to those acting on behalf of the Company, or are linked thereto under relationships relevant for the purposes of the Decree, on the activities that entail the risk of offence perpetration;
- 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 (pecuniary and disqualification) sanctions not only against individual offenders but also against the Company;
- spread a management culture based on lawfulness, for the Company condemns any behaviour that is against the law or internal provisions, and in particular the provisions contained in its Model and Code of Ethics;
- spread a control and risk management culture;
- implement an effective and efficient organisation of activities, focusing on the formation of decisions and their transparency and documentary traceability, on the accountability of resources dedicated to taking such decisions and their implementation, on the provision of preventive and subsequent controls, and on due management of internal and external information;
- take all necessary measures to reduce the risk of offence perpetration as much as possible, making the most of existing controls aimed at preventing unlawful conduct under the Decree.

1.2 Method for the preparation of the Company's Model

The Model of Microelettrica, inspired by the Confindustria Guidelines, has been drawn up taking into account the activities actually carried out by the Company, its structure, the nature and size of its organisation.

³ Compliance with Microelettrica processes with ISO 9001:2015, ISO/TS 22163:17, DIN EN ISO 14001 e ISO 45001:18, UNI EN ISO 50001:2011 standards is certified by an independent third-party body that is accredited through an internationally-recognised system

It remains understood that the Model will be updated as necessary, based on future developments in legislation, the organisational structure of the Company and the context in which it works.

Microelettrica first carried out a preliminary analysis of its context and, subsequently, an analysis of the areas of business presenting potential risks in relation to the Offences referred to in the Decree. In particular, the following were analysed: the history of the Company, its context, the sector to which it belongs, its organisational structure, its existing governance system, its system of proxies and delegated powers, its main existing legal relationships with third parties, its operational reality, the practices and procedures formalised and disseminated within the Company to monitor Sensitive Activities.

For the purposes of preparing this document, consistently with the provisions of the Decree, the Guidelines and the indications drawn from current case law, the Company has thus:

- a) identified, through interviews with management, the processes, sub-processes or activities in which the Offences referred to in the Decree may be committed;
- b) self-assessed the risks of offence perpetration and the internal control system to prevent unlawful conduct;
- c) identified the control measures - whether already existing or to be implemented in corporate operating procedures and practices - necessary to prevent or mitigate the risk of perpetration of Predicate Offences;
- d) examined its system of delegated powers and assignment of responsibilities.

1.3 Structure of the Model: general part and special part

This Model consists of a "General Part" and a "Special Part" prepared for the different types of offences covered by the Decree and deemed, following the self-risk assessment, to be theoretically relevant for the Company.

It should also be noted that the introduction of certain offences in this Model is purely prudential since, although there are no specific elements from which to infer the existence of current risks, these are offences to which the Company intends nonetheless to pay considerable attention.

The Special Part includes different sections relating to the different categories of offences, grouped as follows:

- Section A: Offences committed in dealings with the Public Administration;
- Section B: Corruption among private individuals and incitement to corruption among private individuals;
- Section C: Organised crime, transnational crime and inducement not to make statements or to make false statements to the Judicial Authority;
- Section D: Corporate offences;
- Section E: Manslaughter and grievous or very grievous bodily harm committed in breach of the rules on the protection of occupational health and safety;
- Section F: Receiving, laundering and using money, goods or benefits of unlawful origin, and self-laundering;
- Section G: Crimes against the industry and trade and copyright infringement offences and counterfeit coins;
- Section H: Environmental offences;
- Section I: Crimes for the purpose of terrorism or subversion of the democratic order;
- Section L: Cybercrimes and unlawful data processing;
- Section M: Employment of illegally staying third-country nationals;
- Section N: Tax offences;
- Section O: Smuggling.

1.4 The Recipients of the Model

The provisions of the Model are binding on:

- a) the directors of the Company and anyone performing, even de facto, management, administration, direction, control functions as well as disciplinary, advisory and proposing functions within the Company or one of its independent organisational units, including the members of the Board of Statutory Auditors;
- b) the Company's employees, i.e. all those who are linked to the Company by an employment relationship, even if they are seconded abroad;
- c) anyone collaborating with the Company under a quasi-employment relationship and collaborators subject to the direction or supervision of the Company's management;
- d) agents and business brokers working on behalf of the Company;
- e) anyone who, although not belonging to the Company, operates pursuant to mandate or on behalf of it, such as lawyers, consultants, etc.;
- f) anyone acting in the interest of the Company as a result of being bound thereto by a contractual legal relationship or other agreements, such as partners or third parties for the execution or acquisition of projects (hereinafter, collectively, the "**Recipients**").

Any doubts on the applicability or method of application of the Model to a person or a class of third parties shall be resolved by the Supervisory Board, consulted by the manager of the area/function concerned.

1.5 Model approval, modification and updating

In accordance with art. 6, paragraph I a) of the Decree, the Model is "a document issued by management". For this reason, it is up to the Board of Directors of Microelettrica to adopt the Model under the Decree, issuing a specific resolution, based on the risks that can be identified in the Company's business.

The Board of Directors is also responsible for updating the Model and adapting it, also in case of any changes in the Company's organisational set-up or operating processes, significant violations of the Model itself or legislative changes.

To this end, the Supervisory Board may make proposals to the Board of Directors for updating and adapting the Model and the procedures or protocols forming an integral part of it.

It is up to the Company, instead, to apply the Model to the concrete activities put in place thereby.

For changes and updates to the Model, the Company relies on all corporate functions and, where deemed necessary, on external consultants.

THE SUPERVISORY BOARD

1.1 Identification of the Supervisory Board. Members, appointment, revocation, grounds for ineligibility and disqualification

According to art. 6 of the Decree, the Entity may be exempted from liability for predicate offences if "a body of the Entity, endowed with autonomous powers of action and control, has been entrusted by management with the task of overseeing the operation of and compliance with the Model, as well as ensuring that it is updated."

The assignment of these tasks to the Supervisory Board and, quite obviously, the correct and effective performance of the same, are essential prerequisites for the Entity's exemption from liability, regardless of whether the offence is committed by Senior Managers or by Subordinates.

In accordance with the Decree, the Company has set up a Supervisory Board ("**Supervisory Board**" or "**SB**") consisting of two external professionals (Atty. Barbara Stramignoni, an expert in criminal law and compliance, and Mr. Mario Chiodi, a chartered accountant and an expert in compliance) and an internal member (Mr. Edoardo Cocchi, Legal Affairs - Human Resources Manager). The members of the SB ensure compliance with the following conditions:

- a) **autonomy** - the SB must have decision-making autonomy, this being conceived as essential freedom of self-determination and action, with full exercise of technical discretion in carrying out its functions;
- b) **independence with respect to the Company** - it must be free from influences deriving from subordination to top management and must be a third body in a position of independence, including hierarchical independence, capable of adopting autonomous measures and initiatives;
- c) **professionalism** - it must be professionally capable and reliable, both as regards its single members and as a whole. As a body, it must have the necessary technical knowledge and professionalism to carry out its functions in the best possible way. At least one of the members of the SB should have legal expertise;
- d) **continuity of action** - it must perform its functions on a continuous, though not exclusive, basis;
- e) **honourableness and no conflict of interest** - a person who is disqualified, incapacitated or bankrupt or who has otherwise been convicted of one of the offences covered by the Decree or otherwise to a penalty that entails the disqualification, even temporary, from holding public offices or the inability to exercise management offices, cannot be appointed as a member of the SB and, if appropriate, shall be removed from office.

The Board of Directors of the Company appoints and revokes the members of the SB with a specific resolution.

The following are grounds for ineligibility and disqualification of the members of the Supervisory Board:

- to hold, whether directly or indirectly, membership interests or stakes in the company;
- to be a close relative of executive directors of the company or of persons holding, whether directly or indirectly, membership interests or stakes in the company;
- to be disqualified, incapacitated or bankrupt;
- to be convicted or have taken a plea bargain pursuant to art. 444 of the Code of Criminal Procedure:
 - o for facts connected to performance of the assignment;
 - o for facts significantly affecting one's professional morality;
 - o for facts causing disqualification from public offices, from management of companies and legal persons, from a profession or art, as well as incapacity to contract with the Public Administration;
 - o for perpetration of an offence regulated by Decree 231;

- to be subject to criminal proceedings for any fact referred to in the point above or for an offence covered by Decree 231, from the time when the commencement of criminal proceedings is notified under arts. 405 and 415-*bis* of the Code of Criminal Procedure and until a judgement of non-prosecution is issued pursuant to art. 425 of the Code of Criminal Procedure, or in the case of proceedings, until an acquittal is issued pursuant to arts. 529 and 530 of the Code of Criminal Procedure
- to be subjected to preventive measures ordered by the Judicial Authority under Law no. 1423 of 27 December 1956 (law on preventive measures against persons who are dangerous for safety and public morality reasons) or Law no. 575 of 31 May 1965 (anti-Mafia provisions)

The occurrence of even only one of the said conditions implies ineligibility for the office of member of the SB and, in the event of election, the automatic disqualification from said office, without the need for a revocation by the Board of Directors, which will replace the member.

The members of the SB cease to hold office in case of their resignation, supervening incapacity, death or revocation. Any termination of the working relationship between a SB member and the Company automatically entails revocation of the appointment.

The members of the SB may be dismissed for good cause, this including, but not only:

- a) establishment of a serious breach by the Supervisory Board in the performance of its duties;
- b) omitted communication to the Board of Directors of a conflict of interest preventing continuation of the role of member of the Board;
- c) breach of confidentiality obligations with regard to news and information acquired in the performance of the duties of the Supervisory Board;
- d) where the member is an employee of the Company, the commencement of disciplinary proceedings for facts which may lead to dismissal.

Revocation is resolved by the Board of Directors and immediately notified to the Board of Statutory Auditors.

In case of resignation, supervening incapacity, death or revocation of a member of the Supervisory Board, the Chairman of the SB promptly notifies the Board of Directors, which will take all the appropriate decisions.

In case of resignation, supervening incapacity, death or revocation of the Chairman of the Supervisory Board, the Chairman is replaced by the most senior member, who remains in office until the date on which the Board of Directors appoints the new Chairman of the Supervisory Board.

1.2 Functions and Powers

Without prejudice to the responsibilities of the Board of Directors for the adoption, implementation and updating of the Model, the Supervisory Board has the following duties:

- a) to monitor compliance with the Model by its Recipients, with special reference to the conduct detected within the company. It is noted that control activities always fall within the primary responsibility of operational management and are considered an integral part of each corporate process ("line control"), hence the importance of staff training⁴;

⁴ Cfr. Confindustria Guidelines: "*In particular, the following levels of control are established:*

- a **1ST LEVEL OF CONTROL**, which defines and manages the so-called line controls, inherent in operational processes, and the corresponding risks. It is generally carried out by the internal resources of the structure, both as a self-control by the operator and by the supervisor/executive, but it may involve, for specialised issues (e.g. for instrumental checks) the use of other resources either inside or outside the company. It is also advisable for the organisational and procedural measures relating to health and safety to be controlled by the persons already selected at the time of assignment of responsibilities (typically executives and

- b) to check the adequacy of the Model, i.e. its effective capacity to prevent perpetration of the offences regulated by Decree 231;
- c) to report to the Company the opportunity to update⁵ the Model where this need arises in relation to:
 - a. significant violations of the provisions of the Model;
 - b. significant changes to the Company's internal structure and/or to the manner of performance of its business;
 - c. legislative changes.

The activities carried out by the Supervisory Board cannot be questioned by any other corporate body or function; however, the Board of Directors is, in any case, called upon to carry out a final supervisory activity in relation to the adequacy of the actions of the SB, since the company's management is ultimately responsible for the operation and effectiveness of the Model.

In pursuing its activities, the Supervisory Board will:

- promote the dissemination of knowledge and understanding of the Model within the company;
- liaise and cooperate with the company departments (also holding special meetings) so as to better monitor sensitive and/or 'at risk' company activities;
- check the establishment and operation of specific "dedicated" information channels (e.g. email address, mailbox for paper reports), intended to facilitate the flow of reports and information to the Supervisory Board;
- carry out targeted checks on certain operations or specific acts carried out within sensitive and/or 'at risk' company activities;
- check the effective implementation of information and training initiatives on the Model undertaken by the Company;
- report to the Board of Directors any violations of the Model, deemed grounded;
- report immediately to the entire Board of Directors and to the Board of Statutory Auditors any violations of the Model, deemed grounded, by one or more directors; if the violation has been committed by the entire Board of Directors, the Supervisory Board will inform the Board of Statutory Auditors so that the latter can take the necessary steps and call the Shareholders' Meeting.

To carry out the duties listed above, the Supervisory Board may:

- issue provisions to regulate its activities and prepare and update the list of information to be received from corporate departments;
- access, without prior authorisation, any company document that is relevant to the performance of its duties;
- carry out internal investigations, possibly in collaboration with the Group's compliance department;

supervisors). Among these, the Prevention and Protection Service is particularly important as it is called upon to develop control systems for the measures adopted;

- *a **2ND LEVEL OF CONTROL**, carried out by technical structures within the company that are competent in this field and independent of those of the 1st level as well as of the operational sector being controlled. This monitoring concerns the process of managing and controlling the risks associated with the system's operations, ensuring it is consistent with the company's objectives;*
- *for more structured and medium-large organisations, a **3rd level of control**, carried out by Internal Audit, which provides assurance, i.e. independent assessments of the design and operation of the overall Internal Control System, accompanied by improvement plans established with Management."*

⁵The Confindustria guidelines specify that such updating takes place through:

- suggestions and proposals to the corporate bodies or functions that can concretely implement them within the company, depending on the type and scope of the interventions: proposals concerning formal or minor issues will be addressed to the Staff and Organisation function or to the Director, while in other more important cases they will be submitted to the Board of Directors;
- follow-up: verification of the implementation and effective functionality of the solutions suggested.

- instruct the heads of company departments, and in any case all the Recipients, to promptly provide the information, data and/or news requested from them to identify issues related to the various company activities that are relevant to the Model and to check its actual implementation by the Company;
- report to the competent company departments and bodies the opportunity to commence sanctioning procedures after finding violations of the Model;
- rely on external consultants of proven professionalism where this is necessary for the performance of the above activities.

The Supervisory Board, as indicated above, must have free access to all documents held by the Company - without the need for any prior consent - so as to obtain any information or data deemed necessary for the performance of its duties.

The members of the SB are required to keep confidential any news and information acquired in the performance of their duties and to refrain from seeking and using such information for reasons other than the performance of their duties.

The Company's Supervisory Board has appropriate spending autonomy, providing an annual budget to be used for its activities and for resorting to external consultants where necessary. Any extraordinary expenses will be submitted to the Board of Directors for approval.

The Company's Supervisory Board has its own internal Regulations governing its activities.

1.3 Reporting activities

The Supervisory Board liaises constantly with the Chairman of the Board of Directors; regular communications are also ensured to both the Board of Directors and the Board of Statutory Auditors.

The Supervisory Board reports to the Board of Directors:

- a) when needed, with regard to the submission of proposals for possible updates and adjustments to the Model;
- b) immediately, with regard to ascertained violations of the Model where such violations may give rise to the Company's liability, so that appropriate steps can be taken;
- c) periodically, with an information report, at least on an annual basis, concerning:
 - the verification and control activities carried out thereby and their results;
 - a summary of the reports received and any action taken to follow up on them;
 - any critical issues with regard to conduct or events that may affect the adequacy or effectiveness of the Model and any appropriate corrective or improvement measures;
 - the identification of the work plan for the following year.

A copy of the information report is also sent to the Board of Statutory Auditors.

The Supervisory Board may be called at any time by the aforementioned bodies or may itself submit a request to that end so as to report on the operation of the Model or on specific situations.

1.4 Disclosure obligations and information flows to the Supervisory Board

The SB must be kept constantly informed of what is happening in the Company and of events that might give rise to liability for the Company itself under the Decree, with specific reports made by single directors, executives, employees, department heads and, more generally, by all the Recipients concerning violations or possible violations of the Model.

Specifically, all the Recipients of the Model must report without undue delay:

- a) any violations of the Code of Ethics and of the provisions of the Model or information relating to the perpetration or reasonable belief in the perpetration of the offences regulated by the Decree;
- b) any circumstances that might lead to any conflict of interest;
- c) any requests for legal assistance made by executives or employees against whom the judiciary takes action for offences covered by the Decree;
- d) any measures and information from the judicial police or any other Authority from which it is inferred that investigations are being carried out, even against unknown persons, for the offences regulated by the Decree, where such investigations involve the Company, its employees, executives, members of corporate bodies or other Recipients/external collaborators;
- e) information on the effective implementation of the Model at all corporate levels, with evidence of any disciplinary procedures carried out and any sanctions imposed;
- f) accesses, inspections, notifications and requests from the Authorities or the Police,
- g) accidents at work;
- h) environmental incidents;
- i) changes in the system of delegated powers and proxies and in the company organisation charts;
- j) reports or accounts prepared by the various managers within the scope of their control activities, which give evidence of facts, acts or omissions that are critical with respect to compliance with the provisions of the Decree or of the Model;
- k) reports by collaborators, agents and representatives, consultants and, in general, self-employed persons, by suppliers and partners (including where established as temporary associations of companies and joint ventures), and, more generally, by all those who, in whatever capacity, act on behalf or in the interest of the Company, concerning violations or any failure to apply the Model or the Code of Ethics.

The obligation to report violations of the Model to the Supervisory Board is not an alternative to other reporting obligations that may be established by the Company or the Group; rather, it is an additional obligation that supplements the aforementioned obligations.

Lastly, it is specified that the SB may directly collect the above information during its periodic controls, using the methods deemed most appropriate thereby (e.g. questionnaires and *ad hoc* reports).

The members of the SB are bound to keep confidential any news and information acquired in the performance of their duties. This obligation, however, does not apply to the Board of Directors.

In any case, any information held by the members of the SB is treated in accordance with the legislation in force on the protection of personal data.

Without prejudice to compliance with the aforesaid general information flows, the competent corporate departments shall promptly provide the SB with the information required in the Information Flows procedure.

All issues relating to the continuity of action of the Supervisory Board, such as the scheduling of activities and the regulation of information flows from the corporate structures to the SB, are defined by the latter as part of the regulation of its internal functioning.

1.5 Reporting violations

Anyone who is required to report a violation (or alleged violation) of the Model must communicate it to the SB by informing their direct superior or, if they do not feel like involving him/her, by

reporting it directly to the Supervisory Board.

Reports must be sent to the following address:

Supervisory Board
c/o Microelettrica Scientifica S.p.A.
Via Lucania, 2
20090 Buccinasco MI

writing "**CONFIDENTIAL**" on the envelope.

In the alternative, the mailbox of the SB may be used: odv@microelettrica.com.

Any violations of the Model by the Chairman of the BoD, the Managing Director or a member of the Board of Directors may be detected by the Board of Directors itself, which is required to report the violation to the Chairman of the Board of Statutory Auditors and to the Supervisory Board.

The Company discourages anonymous reports and protects whistleblowers acting in good faith against any form of retaliation, discrimination or penalisation, and ensures in any case the utmost confidentiality of their identity, without prejudice to legal obligations and the protection of the rights of the Company or of persons wrongly accused and/or accused in bad faith.

All information, notifications and reports established in the Model are kept by the SB and are accessible to all its members for a period of 10 years.

1.6 Law no. 179/2017 and the so-called "whistleblowing"

Law no. 179/2017 (which came into force on 29 December 2017) amended the whistleblowing rules for the public sector and brought some changes to Legislative Decree 231/2001 by adding three new paragraphs to Article 6 and introducing protections for employees reporting wrongdoings in a private entity.

In particular, the law says that Organisation Models must envisage:

- one or more channels which can be used by senior managers or persons under the direction and supervision of others to submit - in order to protect the integrity of the entity - detailed reports of unlawful conduct which is relevant under the Decree and based on precise and consistent facts, or of violations of the Organisation Model, of which they become aware in the performance of their duties. These channels must also ensure the confidentiality of the whistleblower's identity in the management of the report;
- an alternative reporting channel that can ensure, by computerised means, the confidentiality of the whistleblower's identity;
- the prohibition of retaliatory or discriminatory acts, whether direct or indirect, against the whistleblower for reasons directly or indirectly linked to his/her report;
- a disciplinary system that establishes sanctions applicable to anyone violating the measures designed to protect the whistleblower as well as to persons who make groundless reports with malice or gross negligence.

Microelettrica has implemented channels for receiving reports of potentially unlawful conduct or so-called "compliance incidents", and also prohibits any form of retaliation or discrimination, whether direct or indirect, against whistleblowers for reasons that are directly or indirectly connected with their report.

The channel implemented to this end is the Compliance Reporting System channel:

<https://knorr-bremse.integrityplatform.org>.

The Supervisory Board must be notified of any compliance incident that may be relevant to its activities.

The Supervisory Board undertakes to protect the confidentiality of the identity of the whistleblower in the management of the latter's report, also relying on Company departments to carry out any appropriate internal investigations.

Based on the seriousness of the compliance incident and its ensuing complications, Microelettrica applies adequate corrective measures, including appropriate disciplinary sanctions.

DISCIPLINARY SYSTEM AND MEASURES FOR NON-COMPLIANCE WITH THE MODEL

1.1 General principles

MICROELETTRICA condemns any conduct that is in contrast not only with the law, but also with the provisions of the Model and of the Code of Ethics, even if such conduct is carried out in the interest of the Company or with the intention of bringing it a benefit.

The setting up of an adequate system of sanctions for the violation of the provisions contained in the Model and in the Code of Ethics is of the essence to ensure the effectiveness of the Model itself and to make the supervisory action of the SB effective.

In fact, on this point art. 6, paragraph 2 e) of the Decree establishes that organisation and management models must "introduce a disciplinary system capable of sanctioning non-compliance with the measures indicated in the Model".

Disciplinary sanctions are applied irrespectively of the commencement and outcome of any criminal proceedings, since the rules of conduct imposed by the Model are assumed by the Company in full autonomy and regardless of the type of offence resulting from violations of the Model.

The disciplinary system, as provided for in art. 7, paragraph 1 of Law 300/1970 ("Workers' Statute"), will be posted on the company notice board.

The investigation of breaches may also be initiated by the Supervisory Board if, in the course of its controls and supervision, it detects a possible breach of the Model.

Sanctions against middle managers, employees and executives are applied by the Company's management in line with the powers of attorney granted thereto.

The Supervisory Board may also be called upon to play a consulting role throughout the disciplinary procedure so as to acquire any useful information with a view to constantly updating the Model. The assessment of any liabilities arising from violation of the Model and the application of the ensuing sanction must in any case be in compliance with current legislation, the protection of privacy, dignity and reputation of the persons involved.

In general, violations can be referred to the following conduct and classified as follows:

- a) conduct representing a culpable failure to implement the provisions of the Model, including company directives, procedures or instructions, as well as specific regulatory indications and procedures on occupational safety;

- b) conduct amounting to a serious and intentional violation of the provisions of the Model, including specific regulatory indications and procedures on occupational safety, such as to undermine the relationship of trust between the offender and the Company in that it is unequivocally intended to perpetrate an offence.

1.2 Sanctions against employees

As regard employees, the Company complies with the limits set out in art. 7 of Law 300/1970 (Workers' Statute) and the provisions contained in the National Collective Agreements specifically referred to, depending on the type of applicable employment contract, with regard to both the sanctions that may be imposed and the conditions for exercising disciplinary powers.

Employees' non-compliance with the provisions and procedures laid down in the Model and the principles set out in the Code of Ethics amounts to a breach of the obligations arising from employment under art. 2104 of the Civil Code as well as to a disciplinary offence.

Pursuant to Law 179/2017 on the so-called "whistleblowing", the submission of groundless reports with malice or gross negligence or the violation of the measures protecting whistleblowers, are also disciplinary offences.

The following sanctions may be imposed on employees:

- a) verbal reprimand;
- b) written reprimand;
- c) a fine not exceeding 3 hours' normal remuneration;
- d) suspension from remuneration and service for up to 3 days;
- e) dismissal.

If the said employees have a power of attorney to represent the Company externally, the imposition of a sanction that is more serious than a fine is also followed by the automatic revocation of such power of attorney.

To highlight the criteria for correlating violations and disciplinary measures, it is specified that:

- a) a verbal reprimand is applied to employees who, through mere negligence, breach internal procedures, the provisions of the Code of Ethics or behave, when carrying out activities in areas at risk, in a way that does not comply with the provisions of the Model and the Code of Ethics, since such conduct amounts to a breach of contract entailing damage to the rules and morale of the company and therefore a violation that has no external relevance;
- b) a written reprimand is applied to employees who, during a two-year period, repeatedly commit violations for which a verbal reprimand is applicable or who, through mere negligence, breach internal procedures, the provisions of the Code of Ethics or behave, when carrying out activities in areas at risk, in a way that does not comply with the provisions of the Model, where the violation has external relevance;
- c) a fine not exceeding 3 hours' normal remuneration is imposed on employees who:
 - during a two-year period, repeatedly commit violations for which a written reprimand is applicable
 - given the level of hierarchical or technical responsibility, or in case of aggravating circumstances, prejudice the effectiveness of the Model with conduct such as, by way of example, but not limited to:
 - i) failure to comply with reporting obligations to the Supervisory Board;
 - ii) repeated failure to comply with the obligations laid down in the procedures and requirements set out in the Model, if they concern a procedure or relationship to which the Public Administration is a party;

- d) the disciplinary measure of suspension from pay and work for no more than three days will be applied to any employee who:
 - during a two-year period, repeatedly commit violations for which a fine not exceeding 3 hours' normal remuneration is applicable;
 - seriously violate corporate procedures and protocols concerning the conduct to be adopted in the management of donations or gratuities;
 - breach the provisions concerning signing authority and the system of delegated powers with regard to deeds and documents intended for the Public Administration;
- e) dismissal for cause is applied to employees who:
 - fraudulently circumvent the procedures and prescriptions of the Model by adopting a behaviour that is unequivocally aimed at perpetrating an offence covered by the Decree;
 - violate the internal control system by removing, destroying or altering documents or by impeding control of or access to information and documents by the relevant persons, including the Supervisory Board, in such a way as to prevent their transparency and verifiability.

The Company will not take any disciplinary action against an employee without complying with the procedures laid down in the National Collective Labour Agreement for Metalworkers and Industry Executives for each case.

The type and extent of the said sanctions imposed on employees shall, at the time of their application, be commensurate with the principle of proportionality laid down in art. 2106 of the Civil Code, taking into account for each case:

- a) of the intentionality and degree of repetition of the conduct, the degree of negligence, carelessness or inexperience with regard also to the foreseeability of the event;
- b) of the objective seriousness of the fact amounting to a disciplinary offence and its possible consequences, also in the light of the provisions of Legislative Decree 231/2001 and of this Model;
- c) of the worker's overall conduct, with special regard to the worker's possible disciplinary record, to the extent permitted by law;
- d) of the worker's duties;
- e) of the functional position of the persons involved in the facts amount to the wrongdoing;
- f) of any special circumstances accompanying the disciplinary offence.

1.3 Sanctions against employed executives

Any non-compliance by executives with the provisions and procedures laid down in the Model, including any violation of the reporting obligations to the Supervisory Board and of the principles laid down in the Code of Ethics, results in the application of the sanctions set out in collective bargaining agreements for other categories of employees, in accordance with arts. 2106, 2118 and 2119 of the Civil Code, and with art. 7 of Law 300/1970.

In general, the following sanctions may be imposed on executives:

- a) verbal or written reprimand;
- b) suspension from service;
- c) early termination of employment.

The establishment of any violations, as well as of inadequate supervision and failure to promptly inform the Supervisory Board, shall result in the precautionary suspension of executives from service, without prejudice to their right to remuneration, and in the assignment of different duties in compliance with art. 2103 of the Civil Code on a provisional and precautionary basis, for no more than three months.

In case of serious violations, the Company may provide for early termination of employment without notice pursuant to art. 2119 of the Civil Code.

1.4 Sanctions against collaborators subject to direction or supervision

Non-compliance by collaborators subject to direction or supervision of the Company with the provisions and procedures laid down in the Model, including any violation of the reporting obligations to the Supervisory Board and of the principles laid down in the Code of Ethics, results, in accordance with the provisions of their specific contractual relationship, in termination of the relevant contract, without prejudice to the Company's right to claim compensation for damages resulting from such conduct, including damages caused by the application of the sanctions laid down in the Decree.

1.5 Measures against Directors and Statutory Auditors

In case of an ascertained violation of the Model and of the Code of Ethics by one or more directors, the Supervisory Board promptly informs Management and the Board of Statutory Auditors so that they may take or promote the most appropriate and adequate steps, in relation to the seriousness of the violation and in accordance with the powers laid down by current legislation and by the Bylaws. In case of alleged violations by the entire Management Body, the Supervisory Board informs the shareholder directly and in writing.

Specifically, in case of a violation of the Model by one or more directors, the Board of Directors may, depending on the extent and seriousness of the violation, directly send a formal written reprimand thereto or may revoke, even in part, the delegated powers and proxies granted thereto.

In case of a violation of the provisions of the Model by a member of the Board of Statutory Auditors, the Supervisory Board must immediately inform the Chairman of the Board of Directors in a written report. The Chairman of the Board of Directors, in case of violations amounting to a good cause for revocation, calls the Shareholders' Meeting, forwarding the Supervisory Board's report to the shareholders beforehand. In any case, the adoption of the measure ensuing from the aforesaid violation falls within the responsibility of the Shareholders' Meeting.

1.6 Measures against agents and other persons linked to the Company by contractual and commercial relationships

Violation of the provisions and principles set out in the Model and in the Code of Ethics by agents and other persons having contractual, commercial relationships or partnership agreements with the Company, gives rise, in accordance with the provisions of their specific contractual relationship, to the right for Microelettrica to terminate the corresponding contract pursuant to art. 1456 of the Civil Code, without prejudice to the right of the Company to claim compensation for damages resulting from such conduct, including damages caused by the application of the sanctions laid down in the Decree.

1.7 Measures against consultants

Violation of the provisions and principles set out in the Model and in the Code of Ethics by professionals and consultants having contractual relationships with the Company, gives rise, in accordance with the provisions of their specific contractual relationship, to the right for Microelettrica to terminate the corresponding contract, without prejudice to the right of the Company to claim

compensation for damages resulting directly from such conduct, including damages caused by the application of the sanctions laid down in the Decree.

DISTRIBUTION OF THE MODEL AND TRAINING

1.1 Dissemination of the Model

The Model and the Code of Ethics, once approved and/or amended by the Board of Directors, are published on the Company's intranet. This publication is notified by email to all Company employees, who are required to comply with their contents. The same applies to any new employee. The methods for distributing the Model and the Code of Ethics to other persons who are required to comply with their contents (suppliers, external collaborators, consultants and third parties in general) will be defined from time to time. In any case, the updated version of the Code of Ethics and the General Part of the Model is published on the company website.

1.2 Staff training

Microelettrica, being aware of the importance that training and information have for prevention purposes, defines a communication and training programme to ensure that the main contents of the Decree and the obligations deriving therefrom, as well as the provisions of the Model and the principles of the Code of Ethics, are disseminated to all staff members.

Staff information and training are organised with different levels of detail according to the different involvement of staff in activities exposed to the risk of offence. In particular, training aimed at disseminating knowledge of the Decree and the provisions of the Model is differentiated, in terms of contents and dissemination methods, according to the qualifications of Recipients, the risk level of the area in which they operate and whether or not they hold representation and management positions in the Company.

Training involves all current staff as well as all resources that will be included in the company organisation in the future. In this regard, their training must be planned and carried out both at the time of hiring and when their duties change, as well as following updates and/or amendments to the Model.

These activities are managed in strict coordination with the Supervisory Board.

The documents relating to information and training shall be kept by the Manager of the Human Resources Function and shall be available for consultation by the Supervisory Board and by anyone who is entitled to examine them.

1.3 Information to external collaborators and business partners

Specific information on the policies and procedures adopted by the Company on the basis of this Model will be provided to external collaborators. As far as possible, the contracts that will be entered into by Microelettrica with third parties will contain specific contractual clauses relating to compliance with the obligations and principles deriving from the Model and the Code of Ethics.