

BMC S.r.l.

**ORGANISATION,
MANAGEMENT
AND
CONTROL**

**D. Legislative Decree
231/2001**

General Part

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1. DEFINITIONS

- 1.1. *Sensitive activities*: BMC's activities within the scope of which there is a risk of offences being committed;
- 1.2. *BMC or Company*: BMC S.r.l.
- 1.3. *Partners*: any third party acting on behalf of BMC (including suppliers, intermediaries, agents, consultants, etc.).
- 1.4. *CCNL*: the National Collective Labour Agreements concluded by the most representative trade unions of the employees currently in force and applied by BMC.
- 1.5. *D. Legislative Decree No. 231/2001 or Decree*: the Legislative Decree No. 231 of 8 June 2001 'Regulations on the administrative liability of legal persons, companies and associations, including without legal personality' and subsequent amendments and additions.
- 1.6. *D. Lgs. 24/2003 or Decree 24/2023*: Legislative Decree No. 24 of 10 March 2023 implementing into Italian law Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law of which they have become aware in a public or private employment context (so-called Whistleblowing Directive).
- 1.7. *Internal Delegation*: internal assignment of powers connected with the function, which do not require a notarial power of attorney for their exercise, reflected in the organisational communication system.
- 1.8. *Employees*: persons having employment relationship with BMC.
- 1.9. *Model*: this Organisation, Management and Control Model.
- 1.10. *Supervisory Body*: the body provided for by this Model.
- 1.11. *Chairman*: the Chairman of the Board of Directors of BMC S.r.l.
- 1.12. *Predicate offences/crimes*: the types of offences to which the provisions of Legislative Decree no. 231/2001 apply. Legislative Decree 231/2001, also following subsequent amendments and additions.
- 1.13. *Senior Persons*: persons who hold positions of representation, administration or management of the company or of one of its organisational units with financial and functional autonomy, as well as persons who exercise, also de facto, the management or control of the company.

Abbreviations

BoD: Board of Directors c.p.: Criminal

Code

Civil Code

SG: General Secretariat

Supervisory Board Supervisory

Board

2. COMPANY PROFILE

2.1 General features

BMC S.r.l. is a limited liability company under Italian law with registered office in Medicina (BO) Via Roslè no. 115, with share capital of Euro 50,000.00, tax code, Bologna Company Register entry number and VAT no. 01731111207.

BMC S.R.L., a Limited Liability Company, adopts a system of *governance* characterised by the following corporate bodies

- **Shareholders' Meeting**: which decides on the supreme acts of governance of the Company, in accordance with the Law and the Articles of Association;
- **Board of Directors (BoD)**: in charge of managing the social enterprise.

The management of the company is the exclusive responsibility of the Board of Directors, which carries out the operations necessary for the implementation of the corporate purpose, without prejudice to the need for specific authorisation in cases required by law or the articles of association.

In addition, the following competences are attributed to the administrative body:

- a) merger resolution in the cases referred to Articles 2505, 2505-bis of the Civil Code,
- b) 2506 ter civil code;
- c) the issue of non-convertible bonds;
- d) the establishment and suppression of branch offices;
- e) an indication of which directors have the power to represent the company;
- f) the reduction of the share capital in case of withdrawal of the shareholder;
- g) the adaptation of the articles of association to regulatory provisions;
- h) the transfer of the registered office to another municipality within the national territory;
- i) the reduction of the capital if more than one third of the capital is lost.

Representation of the company rests solely with the Chairman of the Board of Directors. Anyone acting on behalf of the company must meet the requirements of the rules, standards and directives of this Model, as well as the applicable provisions.

BMC S.R.L. is a modern and reliable company, being one of the most renowned brands in the motorsport industry. Based in Bologna, BMC has become an international company, with subsidiaries in China and India as well as over 100 distributors worldwide.

BMC was founded in 1973 by the great motorcycling passion of its founder, Dr Gaetano Bergami, as a distribution company for automotive and motorbike products and specialises in the production and marketing of top-quality air filters for engines.

The founder, with the skilful collaboration of his collaborators, began importing Performance Kits from the Japanese specialist Yoshimura for the Italian market.

From 1973 to 1991, BMC was essentially a distributor of motorbike accessories for brands such as Yoshimura, Bridgestone, Kayaba Keihin, Mikuni and Cosworth.

During these years, BMC technicians assembled many sports motorbikes, writing important pages in the history of Italian motorcycling.

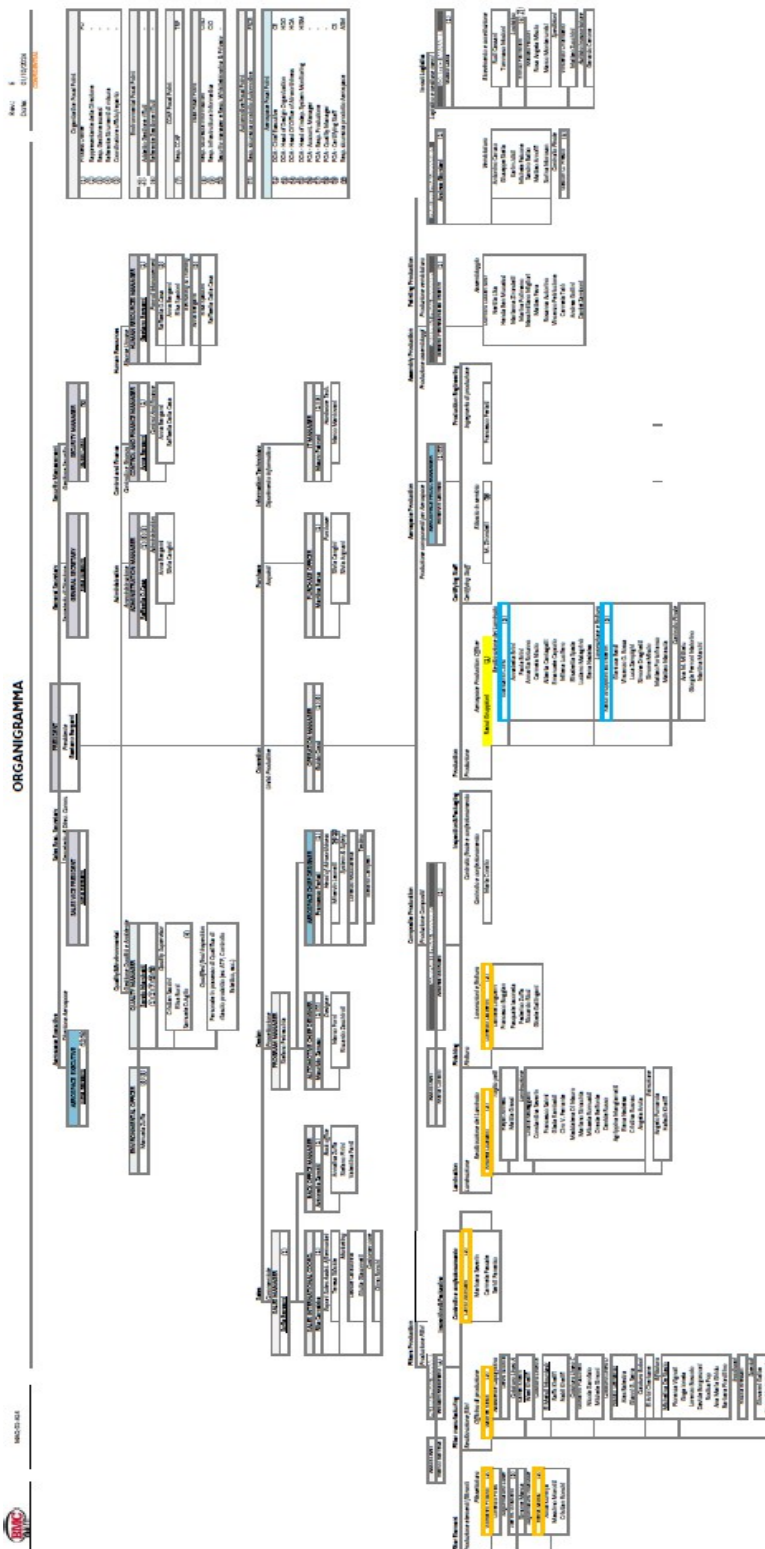
In 1991 BMC also began distributing technical material for the automotive industry (Remus and Cosworth), but the first real customer was Ferrari. The activity in the field of air filtration started by chance, and continued thanks to passion and determination.

BMC quickly found itself having to satisfy a

development request for a special filter element on behalf of the Ferrari Formula 1 team. After this initial success, and thanks to the expertise gained from years of racing, BMC is now a supplier to several Formula 1 teams, WTCC, American Le Mans, DTM, Superbike, MotoGP and many others.

2.2 The organisational structure of BMC S.R.L.

The organisational structure of the Company is shown in the attached functional organisation chart.



Note

- L'Organigramma è uno strumento atto ad indicare l'ordine delle Responsabilità all'interno dell'Azienda BMC. Non costituisce elemento vincolo ante rispetto alla posizione/mensione ivi indicata.
- Il presente organigramma mostra la posizione gerarchica dei ruoli DOA e POA all'interno dell'organizzazione, ma rimane inteso che le linee gerarchiche definite nel Manual/Handbook DOA e POA prevalgono rispetto a questa rappresentazione.
- L'ordine nei nominativi non è un ordine gerarchico.
- In blu i nuovi ingressi/modifiche recenti.

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The most important functions identifying *process owners* are listed below:

- **CDA - Chairman of the CDA:** is vested with all powers of ordinary and extraordinary administration of the company. In addition, the BoD has signatory and banking powers. The BoD may resolve that use of the corporate signature be conferred for certain acts on individual employees of the company. The Chairman of the BoD has the power to represent the company.
- **General Management: divided into Commercial Management Secretariat, General Secretariat** presides over the conduct of company business, coordinating the company's operational functions.
- **Product and Process Quality Department:** is responsible for the product quality process with qualified personnel.
- **Administration Control and Finance:** a function that presides over the management of general services, the management of administrative and accounting areas.
- **Human Resources Department:** deals with personnel management.
- **Commercial department,** divided into *Aftermarket Products, Special Products, Marketing* [handles product promotion campaigns via social media as well as product graphics] and *Back Office* [handles order management, quotation and processing of commercial offers, invoicing, billing, preparation of commercial reports];
- **Purchasing** department: department in charge of managing the purchase of all the material needed to carry out the business activity and general warehouse management.
- **Production Departments:** *Goods Receiving, Logistics, Product Painting, Production* [which in turn is divided into Filter Department and Composites Department, OEM (Original Equipment Manufacturer) Assembly], *Aeronautics* [deals exclusively with products for civil aeronautics in all phases].
- **Technical department, divided into Automotive and Aero:** handles product design and development;
- **IT department:** responsible for checking the proper functioning of all IT infrastructures, configuring new machines and equipment, and managing the company database

2.3 BMC Quality Management Systems

2.3.1 General overview

The fundamental, non-certifiable technical reference standard is UNI EN ISO 9000:2015, which describes the basic concepts and principles of quality management that are universally applicable to:

- organisations that pursue lasting success through the implementation of a quality management system;

- customers who seek to trust in an organisation's ability to consistently provide products and services that meet their needs;
- organisations seeking to trust in their supply chain that product and service requirements will be met;
- organisations and stakeholders seeking to improve communication through a common understanding of the vocabulary used in quality management;
- organisations performing conformity assessment against the requirements of ISO 9001;
- providers of quality management training, evaluation or consultancy services;
- developers of related standards.

2.3.2 International System Standards

- **UNI EN 9100:2018 - AS9100D / UNI EN ISO 9001:2015**: is the internationally recognised standard for Quality Management Systems (QMS) - Requirements for aerospace and defence organisations. It was developed by the Aerospace and Defence Industries Association of Europe - Standardisation (ASD-STAN); the standard received the approval of the National Associations and Official Services of ASD member countries, prior to its submission to CEN. This standard was revised to incorporate the new structure and content EN ISO 9001:2015; in addition, requirements for industries, definitions and notes were revised in response to both stakeholder needs and revisions to EN ISO 9001. ISO 9001 provides a structure and set of principles that ensure a common sense approach to managing your organisation to consistently satisfy customers and other stakeholders. ISO 9001 certification provides the basis for effective processes and people to deliver an effective product or service over time. At BMC it applies to the design and manufacture of filters, engine air filtration systems and composite components for the aviation, automotive, motorbike, marine and industrial sectors.

- **IATF 16949:2016**: this standard was prepared by the International Automotive Task Force (IATF) and the 'Technical Committee' of ISO and is a technical specification aimed at the development of a quality management system that provides for continuous improvement, emphasising the prevention of defects and the reduction of variation and waste in the automotive supply chain and assembly process. The aim is to meet customer requirements efficiently and effectively.

It is based on the ISO 9001:2015 standard with specific automotive requirements but does not contain the requirements of ISO 9001:2015, so the organisation must ensure that both standards are used when implementing the requirements.

At BMC, this applies to the design and manufacture of composite components, engine air filters and engine air filtration systems through polyurethane moulding, assembly, lamination, autoclave curing, finishing and painting processes.

- **UNI EN ISO 14001:** is the globally recognised standard for Quality Management Systems - Environmental Management Systems. At BMC, it applies to the design and manufacture of composite components, engine air filters and engine air filtration systems, by means of lamination, autoclave curing, polyurethane moulding, finishing, assembly and painting processes for the aeronautical, automotive, motorbike, marine and industrial sectors.

2.3.2 Product Certification Quality Systems

- **CCAP:** compliance with the requirements of the "Implementation Rules for Voluntary CCAP Mark Certification of Interior Trimming Materials: CCAP-GZ-5101:2020".

2.3.3 Tisax certification

TISAX (Trusted Information Security Assessment eXchange) is an information security assessment approach based on a maturity model and explicitly oriented towards the needs of the automotive industry. The standard is accredited by the ENX Consortium (founded in 2000, it is an organisation grouping automotive manufacturers, supply chain suppliers and four national automotive industry associations) and promoted by its members since 2018. It is mainly applicable to first and second tier suppliers, but extendable to more complex supply chains, where safety approach assessment (and thus TISAX®) is a requirement of some OEMs.

The objective of the standard is:

define a common level of safety for the automotive sector (the model is based on the VDA-ISA); ensure recognition of assessments to reduce costs, effort and complexity for manufacturers and suppliers (assessment results can be shared with potential customers without the need to carry them out repeatedly); ensure the comparability and quality of evaluations; share best practices and lessons learned; allow participants to decide to whom the results can be revealed and the degree of detail of the results.

TISAX combines the former Information Security Regulations (ISA) of the German Verband der Automobilindustrie (VDA) with Appendix A (Technical Controls) of ISO/IEC 27001 as well as some privacy requirements.

2.3.4 Management systems from authorisation privileges

The following systems are present in the Quality Management System but are regulated by civil authorities and not by international standards and are not management systems but privileges recognised by these authorities whose documentation and regulations are coexistent and consistent with the existing system but are parallel and independent from BMC's ISO Quality System.

- **DOA:** EASA (European Union Aviation Safety Agency) Design Organisation Approval. It is an approval to be obtained by any design organisation that, in relation to products to which Article 2 of Regulation (EU) 2018/1139 applies, requires:
 - a type certificate or type approval certificate;
 - an approval of an amendment Major;
 - a supplementary type certificate.

The procedure for obtaining the DOA is defined in Regulation (EU) 748/2012

The granting of a DOA to a design organisation entails obligations and privileges such as the possibility of independently approving minor changes to a certified product.

It certifies compliance with airworthiness requirements and the privileges and limitations granted to BMC by EASA for the design of aeronautical application parts.

- **POA:** EASA Production Organization Approval. Certifies BMC's compliance with the requirements contained in Part 21, annexed to Regulation (EU) 748/2012, Section A Subpart G regarding the design of aeronautical application parts.

3. NORMATIVE

3.1 LEGISLATIVE DECREE NO. 231/2001

Legislative Decree 231/2001 and its subsequent amendments and additions, containing the regulatory provisions concerning the '*Discipline of the administrative liability of legal persons, companies and associations, including those without legal personality*' (hereinafter the 'Decree'), introduced into the Italian legal system the liability of legal persons when certain offences were committed in their interest or to their advantage:

General Part -

- a) by natural persons who hold positions of representation, administration or management of the company or of one of its organisational units with financial and functional autonomy (*Senior Persons*), as well as by natural persons who exercise, also de facto, the management and control of the same;
- b) by persons subject to the direction or supervision of one of the persons referred to in (a) above (e.g. employees).

It is emphasised that the responsibility of the company is:

- '*additional and not substitutive*' for that of the natural persons who materially committed the offence (liability which therefore remains governed by ordinary criminal law);
- *direct and independent* of the natural person.

The administrative liability introduced by the Decree is primarily aimed at affecting the assets of entities that have benefited from the commission of certain, identified criminal offences (predicate offences).

For these reasons, the sanctioning apparatus put in place by the legislator in the event of the commission of the Offences has the precise intention of directly and effectively striking the legal person with the provision of four different types of sanctions, which are prescribed within five years from the date of commission of the offence (Article 22): administrative pecuniary sanctions (Article 10), disqualification sanctions (Article 13), publication of the sentence (Article 18) and confiscation (Article 19).

The basic penalty imposed for each administrative offence dependent on an offence, which forms the pivot of the decree's penalty system, is the pecuniary penalty.

In the commensuration of the aforesaid sanction, reference is made to a twofold quantitative and qualitative limit through the quota system: in relation to each offence, a quota is established, which must necessarily comply with a minimum and maximum quantum, ranging between 100 and 1,000 quotas and which may have a value ranging from 258 euros to 1,549 euros.

The reference criteria for determining the number of quotas to be imposed (Article 11 of the Decree) are the seriousness of the offence, the degree of liability of the entity and activity implemented by the latter to prevent the offence.

For more serious cases, the application of temporary disqualification sanctions (lasting no less than three months and no more than two years)¹² is also provided for, such as:

- a) disqualification from exercising the activity;

^{1 2} The disqualification sanction may be final if the entity has derived a relevant profit from the offence and if it has already been sentenced to temporary disqualification at least three times in the last seven years.

- b) suspension or revocation of authorisations or licences or connections functional to the commission of the offence;
- c) the prohibition to contract with the Public Administration;
- d) exclusion from subsidised loans or similar subsidies, or revocation of those already granted;
- e) the ban on advertising goods or services.

The court may grant the above measures when at least one of the following conditions is met:

- the entity has derived a significant profit from the offence and the offence was committed by a person in a senior position or by a person subject to the direction of others (in the latter case, the organisational deficiencies must have determined or facilitated the commission of the offence);
- there is repetition of the offence.

In cases where prohibitory sanctions are applied, publication of the conviction may also be ordered.

3.2 OFFENCES UNDER THE DECREE

The types of offences that are relevant for the purposes of the Decree and that therefore entail, if ascertained, the liability of the legal person, are as follows (hereinafter referred to as 'Offences'):

Articles 24) and 25) Offences committed in relations with the Public Administration (Articles 24 and 25 of Legislative Decree No. 231/2001, as amended)

- Misappropriation to the detriment of the State (Article 316-bis of the Criminal Code);
- of funds to the detriment of the State (Article 316-ter of the Criminal Code);
- Fraud to the detriment of the State or another public body or the European Communities (Article 640(2)(1) of the Criminal Code);
- Aggravated fraud to obtain public funds (Article 640-bis of the criminal code);
- Computer fraud to the detriment of the State or other public body (Article 640-ter of the criminal code);
- Fraud in public supply (Article 356 of the Criminal Code);
- Fraud against the European Agricultural Guarantee Fund and the European Fund for Rural Development (Article 2 Law 898/1986);
- Embezzlement (limited to the first paragraph) (Article 314 of the Criminal Code);
- Embezzlement by profiting from another person's error (Article 316 of the Criminal Code);
- Extortion (Article 317 of the Criminal Code);
- Corruption for exercise of a function (Article 318 of the Criminal Code);
- Bribery for an act contrary to official duties (Article 319 of the Criminal Code);
- Aggravating circumstances (Article 319-bis of the Criminal Code);

- Bribery in judicial acts (Article 319-ter of the criminal code);
- Undue inducement to give or promise benefits (Article 319-quater);
- Bribery of a person in charge of a public service (Article 320 of the criminal code);
- Incitement to bribery (Article 322 of the criminal code);
- Embezzlement, extortion, undue inducement to give or promise benefits, bribery and incitement to bribery of members of international courts or bodies of the European Communities or international organisations and of officials of the European Communities and of foreign States (Article 322-bis of the criminal code);
- Abuse of office (Article 323 of the criminal code);
- Trafficking in unlawful influence (Article 346-bis of the Criminal Code);
- Obstructing the freedom to invite tenders (Article 353 of the Criminal Code);
- Disturbing the freedom to choose a contractor (Article 353 bis of the Criminal Code).

Art. 24 - bis) Computer crimes and unlawful data processing (Law 48/2008)

- Forgery of a public or private electronic document (Article 491 bis of the criminal code)
- Unauthorised access to a computer or telecommunications system (Article 615b of the criminal code)
- Unauthorised possession and distribution of access codes to computer or telematic systems (Article 615 quater of the criminal code)
- Distribution of computer equipment, devices or programmes intended to damage or interrupt a computer or telecommunications system (Article 615d of the criminal code)
- Illegal interception, obstruction or interruption of computer or telematic communications (Article 617c of the criminal code)
- Installation of equipment designed to intercept, prevent or interrupt computer or telematic communications (Article 617 quinquies of the criminal code)
- Damage to computer information, data and programmes (Article 635 bis of the criminal code)
- Damage to computer information, data and programmes used by the State or other public body or in any case of public utility (Article 635 ter of the Criminal Code)
- Damage to computer or telecommunications systems (Article 635 quater of the criminal code)
- Damage to computer or telecommunication systems of public utility (Article 635 quinquies of the criminal code)
- Computer fraud by the person providing electronic signature certification services (Article 640 quinquies of the criminal code)
- Violation of the National Cybersecurity Perimento.

Art. 24-ter) Organised crime offences

- Criminal conspiracy (Article 416 of the criminal code, with the exception of the sixth paragraph);

General Part -

- Criminal association for the purpose of reducing to or keeping in slavery, trafficking in persons, the purchase and sale of slaves and offences relating to violations of the provisions on illegal immigration set out in Article 12 of Legislative Decree 286/1998 (Article 416, sixth paragraph, of the Criminal Code);
- Trafficking in organs removed from a living person (Art.601 bis of Criminal Code, inserted limited to the offence purpose pursuant to Art. 416, para. 6. of the Criminal Code);
- Mafia-type association (Article 416-bis of the criminal code);
- Political-mafia electoral exchange (Article 416-ter of the criminal code);
- Kidnapping for the purpose of extortion (Article 630 of the Criminal Code);
- Association aimed at the illegal trafficking of narcotic or psychotropic substances (Article 74 of Presidential Decree No 309 of 9 October 1990);
- Illegal manufacture, introduction into the State, offering for sale, transfer, possession and carrying in a public place or a place open to the public of weapons of war or warlike weapons or parts of them, explosives, clandestine weapons as well as several common firing weapons (Article 407(2)(a)(5) of the Code of Criminal Procedure).

Art. 25-bis) Offences of counterfeiting currency

- Counterfeiting of money, spending and introduction into the State, in concert, of counterfeit money (Article 453 of the criminal code);
- Alteration currency (Article 454 of the Criminal Code);
- Spending and introduction into the State, without concert, of counterfeit money (Article 455 of the criminal code);
- Spending of counterfeit money received in good faith (Article 457 of the Criminal Code);
- Forgery of revenue stamps, introduction into the State, purchase, possession or putting circulation of forged revenue stamps (Article 459 of the Criminal Code);
- Counterfeiting watermarked paper in use for the manufacture of public credit cards or stamps (Article 460 of the criminal code);
- Manufacture or possession of watermarks or instruments intended for the counterfeiting money, revenue stamps or watermarked paper (Article 461 of the Criminal Code)
- Use of counterfeit or altered stamps (Article 464 of the Criminal Code);
- Counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models and designs (Article 473 of the criminal code);
- Introduction into the State and trade of products with false signs (Article 474 of the Criminal Code).

Article 25-bis.1. Crimes industry and trade

- Disturbing the freedom of industry or trade (Article 513 of the criminal code);
- Fraud in the exercise of trade (Article 515 of the criminal code);
- Sale of non-genuine foodstuffs as genuine (Article 516 of the criminal code)

- Sale of industrial products with false signs (Article 517 of the Criminal Code);
- Manufacture of and trade in goods made by usurping industrial property rights (Article 517-ter of the Criminal Code);
- Counterfeiting of geographical indications or designations of origin of agri-food products (Article 517-qua of the criminal code);
- Unlawful competition with threats or violence' (Article 513-bis of the Criminal Code);
- Fraud national industries (Article 514).

Art. 25-ter Corporate offences

- False corporate communications (Article 2621 of the Civil Code);
- Misdemeanours (Article 2621bis of the Civil Code)
- False corporate communications by listed companies (Article 2622 of the Civil Code);
- Obstruction of control (Article 2625 of the Civil Code);
- Wrongful restitution of contributions (Article 2626 of the Civil Code);
- Illegal distribution profits and reserves (Article 2627 of the Civil Code);
- Illegal transactions involving shares or quotas of the company or the parent company (Article 2628 of the Civil Code);
- Transactions to the detriment of creditors (Article 2629 of the Civil Code);
- Failure to disclose a conflict interest (Article 2629 bis of the Civil Code);
- Fictitious formation of share capital (Article 2632 of the Civil Code);
- Wrongful distribution of company assets by liquidators (Article 2633 of the Civil Code);
- Bribery among private individuals (Article 2635 of the Civil Code);
- Incitement to bribery among private individuals (Article 2635 bis of the Civil Code);
- Unlawful influence on the shareholders' meeting (Article 2636 of the Civil Code);
- Market rigging (Article 2637 of the Civil Code);
- Obstructing the exercise of the functions of public supervisory authorities (Article 2638 of the Civil Code);
- False or omitted declarations for the issue of the preliminary certificate (Article 54 of Legislative Decree no. 19/2023) [offence added by Legislative Decree no. 19/2023].

Art. 25-qua Crimes for the purpose of terrorism or subversion of the democratic order provided for by the Criminal Code and special laws and offences committed in breach of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism, done at New York on 9.12.1999

Article 25-qua.1 Infibulation (Law 7/2006)

- Practices of female genital mutilation (Article 583 bis of the criminal code)

Art. 25-quinquies Crimes against the individual

General Part -

- Reduction to slavery (Article 600 of the criminal code);
- Child prostitution (Article 600-bis of the criminal code);
- Child pornography (Article 600-ter of the criminal code);
- Possession of or access to pornographic material (Article 600-quater of the criminal code);
- Virtual pornography (Article 600-quater 1 of the criminal code);
- Possession of pornographic material (Article 600-quater, Criminal Code);
- Tourism initiatives aimed at the exploitation of child prostitution (Article 600-quinquies, Criminal Code);
- Slave trading and trafficking (Article 601 of the criminal code);
- Alienation and purchase slaves (Article 602 of the criminal code);
- Illegal intermediation and exploitation of labour (Article 603-bis of the criminal code);
- Solicitation of minors (Article 609-undecies of the criminal code);

Article 25-sexies Market Abuse Offences

- Abuse of inside information (Art. 184 t.u.f.)
- Market manipulation (Article 185 T.U.F.);

Art. 25- septies) Manslaughter (Art. 589 of the Criminal Code) and grievous or very grievous bodily harm (Art. 590 of the Criminal Code), committed in breach of the rules on accident prevention and on the protection of hygiene and health at work (Law 123 / 2007);

Art. 25 - octies) Receiving stolen goods, Money laundering and use of money, goods or benefits of unlawful origin, as well as Self laundering²;

- Receiving stolen goods (Article 648 of the Criminal Code);
- Money laundering (Article 648 bis of the criminal code);
- Use of money, goods or benefits of unlawful origin (Article 648 ter of the Criminal Code);
- Self-laundering (Article 648b 1 of the Criminal Code)³;

² Legislative Decree No. 195 of 8 November 2021 - implementing Directive (EU) 2018/1673 on "combating money laundering by means of criminal law" - introduces into Article 25-octies of Legislative Decree 231/2001 new predicate offences of the

"offences of receiving, laundering, selflaundering and use of money, goods or benefits of unlawful origin" including - for the sake of simplification - also offences involving money or property originating from offences and, in the case of money laundering and selflaundering, also culpable offences.

³ The principle of the peremptory nature of the predicate offences has been called into question by the most recent interpretative orientations according to which the entity could incur 231 liability also for offences (from which the illegal proceeds characterising selflaundering are derived) not included in the catalogue of predicate offences of Decree 231. In this regard, BMC adheres to the interpretative orientation according to which the 231 liability of the entity must instead be limited to cases in which the predicate offence of self money laundering is also one of the predicate offences set out in Decree 231; in any , should this liability be deemed configurable also in the presence of further predicate offences, in order to protect BMC from the risk of committing money laundering and selflaundering offences, prevention measures and control instruments have been provided for in the Model to protect against the aforementioned risks-at-risk that may also derive from offences other than the predicate offences set out in Decree 231.

Art. 25-octies.1 - Offences relating to non-cash payment instruments

- Misuse and counterfeiting of non-cash payment instruments (Article 493b of the Criminal Code);
- Possession and distribution computer equipment, devices or programmes aimed at committing offences involving non-cash payment instruments (Article 493 quater of the Criminal Code):
- Fraudulent transfer of valuables (Article 512 bis of the Criminal Code);
- Crime of 'computer fraud' (Article 640 ter of the criminal code).

Art. 25 - novies Copyright infringement offences

- Making available to the public, in a system of telematic networks, by means of connections any kind, a protected intellectual work, or part of it (Article 171, Law 633/1941, para. 1(a)(aa));
- Offences referred to in the preceding point committed in relation to the works of others not intended for publication if their honour or reputation is offended (Article 171, Law No. 633/1941, Section 3);
- Unauthorised duplication, for profit, of computer programs; import, distribution, sale or possession for commercial or entrepreneurial purposes or rental of programs contained in media not marked by the SIAE; preparation of means to remove or circumvent protection devices for computer programs (Article 171-bis, Section 1 of Law No. 633/1941);
- Reproducing, transferring to another medium, distributing, communicating, presenting or demonstrating in public, the contents of a database; extracting or reusing the database; distributing, selling or leasing databases (Article 171-bis, Law No. 633/1941, para. 2);
- Unauthorised duplication, reproduction, transmission or dissemination in public by any process, in whole or in part, of intellectual works intended for the television, cinema, sale or rental of records, tapes or similar media or any other media containing phonograms or videograms of musical, cinematographic or audiovisual works assimilated or sequences of moving images literary, dramatic, scientific or didactic, musical or dramatic-musical, multimedia works, even if included in collective or composite works or databases; reproduction, duplication, transmission or unauthorised dissemination, sale or trade, transfer for any reason or unauthorised importation of more than fifty copies or specimens of works protected by copyright and related rights; entering into a system of telematic networks, through connections of any kind, of an original work protected by copyright, or part of it (Article 171-ter l. 633/1941);
- Failure to notify the SIAE of the identification data of the media not subject to the mark or false declaration (Article 171-septies of Law 633/1941);

- Fraudulent production, sale, import, promotion, installation, modification, use for public and private use of equipment or parts of equipment for the decoding of audiovisual transmissions with conditional access made over the air, by satellite, by cable, in both analogue and digital form (Article 171-octies of Law No. 633/1941).

Article 25 - decies Inducement not to make statements or to make false statements to the judicial authorities

- Inducement not to make statements or to make false statements to the judicial authorities (Article 377-bis of the criminal code).

Article 25 - undecies Environmental Offences

- Environmental pollution (Article 452-bis of the criminal code);
- Environmental disaster (Article 452-quater of the criminal code);
- Culpable offences against the environment (Article 452-quinquies of the Criminal Code);
- Trafficking and abandonment of highly radioactive material (Article 452-sexies of the criminal code);
- Aggravated crimes of association (Article 452-octies of the criminal code);
- Killing, destroying, capturing, taking or possessing specimens of protected wild animal or plant species (Article 727-bis of the criminal code);
- Destruction or deterioration of habitats within a protected site (Article 733-bis of the criminal code);
- Infringement of the provisions of the TUA concerning water discharges and, in particular, unlawful discharges of industrial waste water containing hazardous substances (Article 137 TUA);
- Unauthorised waste management activities (Article 256 TUA);
- Pollution / Failure to clean up contaminated sites (Art. 257 TUA);
- Breach of reporting obligations, keeping compulsory registers and waste forms (Art. 258 TUA);
- Illegal waste trafficking (art. 259 TUA - reference to be understood as referring to art. 452quaterdecies of the Criminal Code pursuant to art. 7 of Legislative Decree 21 of 01/03/2018);
- Organised activities for the illegal trafficking of waste (Article 260 TUA);
- Violations of the obligations of the computerised waste traceability control system (SISTR) (Article 260-bis TUA);
- Penalties for the operation of establishments - Breaches of authorisation rules for emissions into the atmosphere (Article 279 TUA);
- Trade in protected animals and plant species or possession of reptiles or mammals that may pose a danger to public health and safety (L. 150/1992);
- Use Ozone-depleting Substances (Art. 3 L. 549/1993);

- Intentional and culpable pollution of the marine environment by discharges of ships (Legislative Decree 202/2007).

Art. 25-duodecies Employment of illegally staying third-country nationals

- Employment illegally staying third-country nationals (Article 22(12-bis) of Legislative Decree 286/1998);
- Provisions against illegal immigration (Art. 12, paras. 3, 3a, 3b and 5, Legislative Decree no. 286/1998).

Article Racism and xenophobia

- Propaganda and incitement to commit racial, ethnic and religious discrimination (art. 3, para. 3 bis, of L. 654/1975 - reference to be understood as referring to article 604-bis of the Criminal Code pursuant to art. 7 of Legislative Decree 21 of 01/03/2018);

Article 25 - quaterdecies Sports Fraud

- Fraud in sporting competitions (Article 1 L. 401/1989);
- Unauthorised exercise of gambling or betting activities (Article 4 L. 401/1989).

Art. 25 - quinquiesdecies Tax offences

- Fraudulent declaration using invoices or other documents for non-existent transactions (Article 2(1) and (2-bis) of Legislative Decree 74/2000);
- Fraudulent declaration by means of other artifices (Article 3 of Legislative Decree 74/2000);
- Misrepresentation (Article 4 of Legislative Decree 74/2000);
- Omitted Declaration (Article 5 of Legislative Decree 74/2000);
- Issuance of invoices or other documents for non-existent transactions (Article 8(1) and (2a) of Legislative Decree 74/2000);
- Concealment or destruction of accounting documents (Article 10 of Legislative Decree 74/2000);
- Undue Compensation (Article 10-quater of Legislative Decree 74/2000);
- Fraudulent evasion of taxes (Article 11 of Legislative Decree 74/2000).

Art. 25o Smuggling

- Smuggling in the movement of goods across land borders and customs areas (Article 282 Presidential Decree No. 43/1973);
- Contraband in the movement of goods in border lakes (Article 283 Presidential Decree No. 43/1973);
- Smuggling in the maritime movement of goods (Article 284 Presidential Decree No. 43/1973);
- Smuggling in the movement of goods by air (Article 285 Presidential Decree No. 43/1973);
- Smuggling in non-customs zones (Article 286 Presidential Decree No. 43/1973);
- Smuggling for undue use of goods imported with customs facilities (Article 287 Presidential Decree No. 43/1973);
- Smuggling in customs warehouses (Article 288 Presidential Decree No. 43/1973);
- Smuggling in cabotage and traffic (Article 289 Presidential Decree No. 43/1973);
- Smuggling in the export of goods eligible for duty drawback (Article 290 Presidential Decree No. 43/1973);
- Smuggling on temporary import or export (Article 291 Presidential Decree No. 43/1973);
- Smuggling of foreign manufactured tobacco (Article 291-bis Presidential Decree No. 43/1973);
- Conspiracy to smuggle foreign manufactured tobacco (Article 291-quater of Presidential Decree No. 43/1973);
- Other cases of smuggling (Article 292 Presidential Decree No 43/1973).

Art. 25-septiesdecies Crimes against the cultural heritage

- Theft of cultural goods (Article 518 bis of the criminal code);
- Misappropriation of cultural goods (Article 518 ter of the criminal code);
- Receiving stolen cultural goods (Article 518c of the Criminal Code);
- Forgery in a private contract relating to cultural goods (Article 518-octies of the criminal code);
- Violations relating to the alienation of cultural goods (Article 518-novies of the Criminal Code);

- Illegal importation of cultural goods (Article 518-decies of the criminal code);
- Illegal export or export of cultural goods (Article 518-undecies of the Criminal Code);
- Destruction, dispersal, deterioration, , defacement and unlawful use of cultural or landscape heritage (Article 518-duodecies of the criminal code);
- Counterfeiting of works art (Article 518-querdecies of the Criminal Code);
- Criminal conspiracy (Article 416 of the criminal code)

Art. 25-duodevicies Laundering of cultural goods and devastation and looting of cultural and landscape assets

- Laundering of cultural goods (Article 518-sexies of the criminal code) ;
- Destruction and looting of cultural and landscape heritage (Article 518-terdecies of the criminal code).

Law no. 146 /2006 : Transnational organised crime

- Criminal conspiracy (Article 416 of the criminal code)
- Mafia-type association (Article 416 bis of the criminal code)
- Criminal association for the smuggling of foreign processed tobacco (Article 291 quater of Presidential Decree 43/1973)
- Association aimed at the illegal trafficking of narcotic or psychotropic substances (Article 74 of Presidential Decree 309/1990)
- Offence concerning smuggling of migrants (Article 12 Legislative Decree 286/1998)
- Inducement to make statements or not to make false statements to the judicial authorities (Article 377 bis of the criminal code);
- Aiding and abetting (Article 378 of the criminal code)
- Provisions against illegal immigration (Article 12(3), (3-bis), (3-ter) and (5) of the Consolidated Text of Legislative Decree No. 286 of 25 July 1998)

3.3 OFFENCES COMMITTED ABROAD

The Company may be liable for offences committed abroad (as provided for in Article 4 of the Decree).

Where these are committed in part abroad and in part in Italy, pursuant to Article 6(2) of the Criminal Code, the liability provided for by the Decree could arise even where only part of the conduct or event occurred in Italy.

With regard to offences committed entirely abroad by persons traceable to the Company, the latter shall be liable in the cases provided for in Articles 7, 8, 9 and 10 of the Criminal Code and provided that the State of the place where the offence was committed does not prosecute for the same.

3.4 CONSTITUENT ELEMENTS AND PREREQUISITES FOR THE EXCLUSION OF THE ENTITY'S LIABILITY

The constitutive element of the entity's liability is the requirement that the conduct the alleged offence was committed 'in the interest or to the advantage of the company' and not 'in the exclusive interest of himself or of third parties'.

According to the Ministerial Report accompanying the Decree, the notion of 'interest' has a subjective basis, indicating the purpose with a view to which the person committed the offence, while 'advantage' refers to the objective acquisition of a profit by the entity⁽⁴⁾.

In this regard, in preparing the Model, and in the underlying risk assessment, account was taken of the recent orientation of the Supreme Court of Cassation - also reiterated by the Confindustria Guidelines - which emphasises the notion of interest in an objective key, emphasising the finalistic component of the conduct⁽⁵⁾. The advantage is instead characterised in intentional offences as the complex of benefits - especially of a financial nature - derived from the offence, which can be assessed after the commission of the offence¹¹, also in terms of cost savings⁶. The notion of advantage takes on a different connotation in culpable offences (health and safety offences and environmental offences) in which the harmful event does not express the interest of the entity and does not translate into an advantage for it: in such cases, the interest or advantage should rather refer to the conduct in breach of the precautionary rules (e.g. in the saving of safety costs or in the increase in the speed of performance or in the increase in productivity, sacrificing the adoption of accident prevention measures)⁽⁷⁾.

Turning to the subjective criteria for imputing liability to the entity for the offence, it seems appropriate to emphasise that the liability of the legal person is linked to a lack of organisation, consisting in not having put in place a plan of organisation, management and control capable of preventing the commission of the Offences.

In fact, Articles 6 and 7 of the Decree provide for a form of exemption from liability for the entity when it proves:

⁴ As confirmed by the jurisprudence of the Court of Cassation according to which the interest is that which has animated *ex ante* the conduct of the qualified person, whereas the advantage is that objectively achieved *ex post* as a result of the offence (Court of Cassation, Criminal Section II, 20.12.2005 - 30.01.2006, no. 3615).

⁵ Cass., II Sect. pen., sent. no. 295/2018; Cass., IV Sect. pen., sent. no. n. 3731/2020. ¹¹ Cass., 2nd Criminal Sect., Sent. no. 295/2018.

⁶ Cass., IV Sez. pen., sent. no. 31210/2016, Cass., IV Sez. pen., sent. no. 3731/2020.

⁷ Cass., IV Sez. pen., sent. no. 16713/2018, Cass., IV Sez. pen., sent. no. 48779/2019, Cass. pen. Sec. III, sent. no. 3157/2019, Cass., IV Sec. pen., sent. no. 3731/2020.

- that it has adopted and effectively implemented an 'Organisation, Management and Control Model' suitable for preventing the commission of the Offences;
- to have established a Supervisory Board within the company, endowed with complete autonomy of initiative and control, as well as with specific obligations to supervise functioning, observance and updating of the Model;
- that the persons having committed the offence acted by fraudulently circumventing the Model;
- that there has been no omission or insufficient supervision by the Supervisory Board appointed for that purpose.

In particular, in order to avoid liability, the company must prove the absence of organisational fault, i.e. that the offence was committed despite the fact that it had taken all appropriate measures to prevent offences and reduce the risk of their being committed. It is understood that the Model, in order to be exempt, must meet the following requirements:

1. identify the areas of risk of commission of Offences through appropriate risk assessment process;
2. prepare specific protocols to plan the formation and implementation of the entity's decisions in relation to the offences to be prevented;
3. identify methods of managing financial resources suitable for preventing the commission of the Offences;
4. provide for information obligations vis-à-vis the Supervisory Board;
5. configure a disciplinary system of sanctions for violating the rules of the code of ethics, as well as the procedures laid down in the Model itself;

The adoption of the Model is the responsibility of the management body.

The Decree provides that Models may be adopted, guaranteeing the above requirements, on the basis of codes of conduct drawn up by representative trade associations.

4. THE BMC MODEL

4.1 STRUCTURE OF THE BMC MODEL

The BMC Model consists of:

- the General Part where the profile of the company, the reference legislation, the inspiring principles and constituent elements of the model (corporate governance system, internal control system, principles of the delegation system, code of ethics), the function of the Model, the Model's construction methods, the structure of the Model, the addressees, the Regulation of the Supervisory Board, as well as the disciplinary system and the measures to be adopted for its training, dissemination and for amendments and updating are illustrated.
- the Special Part, the Anti-Corruption Code and the Protocols adopted (for internal use only within the Company) as well as the Code of Ethics;
- the Company Disciplinary System in accordance with the system set out in the applicable CCNL (also described in section 4.8 below);
- the Regulation of the Supervisory Body to be adopted the Body.

4.2 RECIPIENTS OF THE BMC MODEL

The rules contained in the Model are applied to those who perform, also de facto, management, administration, direction or control functions in the Company, to BMC employees, even if seconded abroad to perform the activity, as well as to those who, although not belonging to BMC, operate under mandate or are linked to BMC by contracts falling under the so-called para-subordination.

The Company communicates this Model through the most suitable modalities for the effective knowledge of all the subjects involved, who must punctually comply with all the provisions, also in fulfilment of the duties of loyalty, correctness and diligence that arise from the legal relations established with BMC. To this end, BMC organises training activities aimed at making the Model known to all interested parties as provided for in the following 4.9.

BMC condemns any behaviour that is contrary to the law and to the provisions of the Model and the Code of Ethics, even if the behaviour is carried out in the interest of BMC or with the intention of bringing it an advantage.

The model also applies to Business Partners by virtue of what is specified in section 4.7 below.

4.3 GUIDING PRINCIPLES AND CONSTITUENT ELEMENTS OF THE MODEL.

4.3.1 Inspiring Principles of the Model

In preparing its Model, BMC was inspired by the 'Guidelines for construction of Organisation, Management and Control Models', drawn up by Confindustria, issued on 7 March 2002, and updated on 31 March 2008, 23 July 2014 and, most recently, on 25 June 2021.

The path they indicated for the elaboration of the Model can be schematised according to the following basic points:

- identification of areas at risk, aimed at verifying in which company areas/sectors offences may be committed;
- evaluation of the internal control system already implemented by the company and identification of any areas for improvement in the prevention of offences;
- preparing/updating the control system in order to reduce risks through the adoption of appropriate protocols.

The coordinated set of all organisational structures, activities and operating rules applied - on the instructions of top management - by management and company personnel, aimed at providing reasonable certainty as to the achievement of the goals of a good internal control system, contributes to achieving these objectives. The most relevant components of the preventive control system proposed by Confindustria are:

- code of ethics;
- organisational system;
- procedures/protocols;
- powers of authorisation and signature;
- control and management systems;
- communications to and training of staff.

The control system must also be aligned with the following principles:

- verifiability, documentability, consistency and congruence of each operation;
- separation functions (no one can independently manage all stages a process);
- documentation of controls.

4.3.2 Constituent Elements of the Model

As indicated above, the BMC Model consists of this General Section and the subsequent Special Sections, as well as a further set of elements to improve the effectiveness of the system

of preventive control set up in the company and also relevant for the purposes of Legislative Decree 231/2001 (see above par. 4.1 - Structure of the BMC Model).

The need to include in the perimeter of the Model adopted by BMC in compliance with Legislative Decree 231/2001 also a set of control measures and procedures and documents, derives *not only* from the need for the Company to take into account the control measures and procedures already in place and already operating, where deemed suitable to also apply as measures for the prevention of Offences and control on Sensitive Activities, *but also* (a) from the fact that the heterogeneity of the Offences and the different impact that they have on the Company "s activities require an articulated approach to the activity of preparing and implementing the relevant control measures and procedures, and (b) from the fact that it is the applicable legislation itself that requires the preparation and implementation of specific *compliance* documents (e.g. the Code of Ethics or the Risk Assessment and Prevention Document pursuant to Article 18 of Legislative Decree 81/2008).

Consequently, in addition to the General Section and the Special Section, the BMC Model also consists of the following annexes

- **Annex A: Code of Ethics**, which expresses the general principles and values that must inspire the activities of all those who work for BMC in any capacity, also for the benefit of all stakeholders
- **Annex B: Anti-Corruption Code of Conduct**, which guarantees the principles of transparency, ensures clarity in the scope of permissible behaviour and compliance with the relevant anti-corruption regulations wherever BMC and all those who work for BMC in any capacity carry out their activities. This document also sets out BMC's policy on the receipt and offering of gifts, hospitality and entertainment (i.e., the provision of goods and services free of charge, for promotional or public relations purposes) to ensure that the highest standards of integrity are met and that there is no suspicion of inappropriate motivation behind the offer or acceptance of the gift or act of hospitality, or undue influence exerted on the recipient or by the recipient accepting such an offer.
- **Annex C: BMC Compliance Tools** (for internal Company use only) which consists of the following documents:
 - 01- the company regulations;
 - 02- BMC's Quality Manual, which governs all management systems at BMC and forms the central core;
 - 03- the "Emergency management and disaster recovery" protocol;
 - 04- the 'Environmental Management' protocol;

General Part -

- 05- the 'IT Management' protocol;
- 06- the 'Non-conformity management' protocol;
- 07- the protocol 'Management of production system checks and controls';
- 08- the 'Special Customer Business Process Management' protocol;
- 09- the 'BMC 2024 DVR' protocol;
- 10- the 'Supplier Management and Procurement' protocol;
- 11- the "Human Resources" protocol;
- 12- the 'Quality and Ethics Policy' protocol;
- 13- the 'Design and Development Management' protocol;
- 14- the "Contractual Compliance Clauses 231" protocol.
- **Annex D: Whistleblowing Protocol**, already adopted by BMC

4.3.2.1 The BMC Delegation System

Delegation' or 'internal management delegation' shall mean the internal act of assigning functions and tasks, reflected in the organisational system. Power of attorney' shall mean the unilateral legal act (in the form of a public deed or in simple form) by which BMC grants powers of representation vis-à-vis third parties.

The system of delegated and proxy powers adopted by the Company constitutes:

- a management tool for carrying out acts of external or internal relevance, necessary for the pursuit of corporate objectives, which is congruent with the management responsibilities assigned to each individual;
- factor preventing the abuse of the functional powers granted by setting economic limits for each act or series of acts;
- an incontrovertible element of traceability of corporate acts, whether of external or internal relevance, to the natural persons who adopted them.

Hence its usefulness both in preventing the commission of offences and in subsequently identifying persons who have performed acts that, directly or indirectly, may have given rise to the commission of an offence.

Consistent with the above, BMC Delegation System is based on the following principles:

- the delegations and powers of attorney conferred must be in line with each management power and the corresponding responsibility within the organisation;
- The assignment and revocation of delegated or proxy powers takes place consistently with the roles held in the organisation and as a result of organisational changes;

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General Part -

- each proxy or power of attorney shows a clear definition of powers of management powers of the delegate/proxy, and the limits for exercising them;
- the spending powers provided for in the delegations or powers of attorney must be appropriate to the role held;
- there is a joint signature policy for financial and banking transactions. With regard to the procedures for granting notary powers of attorney, the following should be noted:
 1. The power to delegate powers by means of a notarial power of attorney lies solely with the Chairman of the Board of Directors, according to the specific powers assigned to them by the Board of Directors and subject to specific Board resolutions.
 2. The persons to whom powers in the form of a notarial power of attorney may be attributed are:
 - (i) the holders of a specific corporate function who, in order to perform their duties, need powers of representation vis-à-vis third parties, who are granted a 'power of attorney' in the form of a notarial deed of appropriate scope and consistent with the functions and management powers assigned within the organisation;
 3. The powers attributable by means of a notarial power of attorney are:
 - permanent powers of representation, attributable by means of registered notarial powers of attorney, in connection with the performance of activities related to the permanent responsibilities provided for in the company organisation.
 - powers to individual transactions, conferred by means of notarial powers of attorney or other forms of delegation depending on their content; the conferral of such powers is governed by the company's practice, as well as by the laws defining the forms of representation, consistent with the types of individual deeds to be stipulated.
 4. Persons to whom powers may be attributed by simple power of attorney are employees who, in the exercise of the responsibilities associated with their role or have contact with external interlocutors but not with public administrations (customers, suppliers, etc.).
 5. The recipients of internal management delegation are employees who need specific delegations on internal processes regulated (by procedures, operating instructions, policies, etc.) of which they are the owner. In order to guarantee a mechanism of constant updating of the BMC Delegation System, a periodic review is foreseen on an annual basis; in any case, a review of the delegation system will be carried out when
 - the revision of the company's macro-organisational set-up (establishment/development of first-level organisational units, etc.);
 - of significant changes in responsibility and turnover in key positions in the structure;
 - the exit from the corporate organisation of persons with corporate powers or the entry of persons

requiring corporate powers;

The Supervisory Board periodically checks the system of delegated and proxy powers in force and their consistency with the entire system of organisational communications, recommending any changes.

4.4 FUNCTION OF THE BMC MODEL

adopting the Model, BMC intends:

1. fully comply with the provisions of the law and the inspiring principles of the Decree through formalisation of a structured and organic system, already existing within the company, of procedures and control activities (preventive and ex post) aimed at preventing and guarding against the risk of commission of the Offences by identifying the relevant Sensitive Activities;
2. constitute an effective business management tool, recognising that the Model also has a function of creating and protecting the value of the company itself.

In fact, through adoption of the Model, BMC aims :

- a) consolidate a culture of risk prevention and control in the context of achieving corporate objectives;
- b) provide for a system of constant monitoring of the company's activities aimed at enabling BMC to react promptly in preventing or impeding the commission of the Offences;
- c) provide adequate information to employees and those acting on behalf of BMC or connected to BMC, regarding:
 - (i) activities entailing the risk of commission of Offences in the event of conduct that does not comply with the provisions of the Code of Ethics and other company rules of conduct/procedures (as well as with the law);
 - (ii) the sanctions that may be imposed on them or on the Company as a result of the violation of the law or of BMC's internal provisions.
- d) disseminate and affirm a corporate culture based on legality, with BMC's express disapproval of any conduct contrary to the law or internal provisions and, in particular, the provisions contained in this Model;
- e) provide for an efficient and balanced organisation of the company, with particular regard to decision-making processes and their transparency, preventive and subsequent controls, and internal and external information.

To this end, the Model provides for appropriate measures to improve efficiency in the performance of activities in constant compliance with the law and rules, identifying measures aimed at promptly eliminating risk situations.

In particular, BMC adopts and implements effective organisational and procedural choices to

- a) ensure that human resources are hired, managed and trained in accordance with the criteria expressed in the Code of Ethics, BMC Anti-Bribery Code Conduct, the "Human Resources" protocol (PS-0001) and in compliance with the relevant laws, in particular Article 8 of the Workers' Statute;
- b) encourage cooperation in the most efficient implementation of the Model by all persons working within or with company, also guaranteeing the protection and confidentiality of the identity of those who provide truthful and useful information to identify conduct that differs from that prescribed;
- c) ensure that the allocation of powers, competences and responsibilities and their assignment within the corporate organisation comply with principles of transparency, clarity, verifiability and are always consistent with the activity actually carried out by BMC;
- d) provide that the determination of corporate objectives, at whatever level, meets realistic and objectively achievable criteria;
- e) identify and describe the activities carried out by BMC, its functional organisation and the corporate organisation chart in constantly updated documents, with the precise indication of the powers, competences and responsibilities attributed to the various subjects, with reference to the performance of the individual activities;
- f) implement training programmes, with the aim of ensuring the effective knowledge of the Code of Ethics and the Model by all those working in or with the company, who are directly or indirectly involved in activities and operations at risk.

4.5 HOW TO BUILD THE BMC MODEL

In order to ensure the preparation and constant updating of the Model pursuant Article 6 of the Decree, BMC has undertaken a process of analysis of the corporate context to highlight the area or sector and the ways in which the Crimes pursuant to the Decree may occur, inspired by the methodological approach of Confindustria, whose main methodological steps are described below:

- a) put in place a **risk assessment process** consisting of the following two steps:

1. Identification of risks: which takes the form of an analysis of the company context such as to highlight in which area/sector of activity and in what manner the offences referred to in Legislative Decree 231/01 may be committed.

2. Design of the control system: i.e. the evaluation of the existing system within the entity and its possible adaptation in terms of its ability to effectively counteract, i.e. reduce to an acceptable level, the identified risks;

- b) provide for an adequate **system of sanctions** for the violation of the rules of the code of ethics, as well as of the procedures laid down in the Model itself. Such violations damage, in fact, the relationship of trust

established with the entity and must consequently lead to disciplinary action, irrespective of the possible initiation of criminal proceedings in cases where the conduct constitutes a criminal offence;

c) set up a body endowed with autonomous powers of initiative and control (hereinafter referred to as the "**Supervisory Board**") that possesses the requirements of autonomy, independence, professionalism and honourableness, and the competence to supervise the **effectiveness of** the model, to carry out continuous examination activities on its **adequacy**. With this in mind, BMC has initiated a series of activities, divided into different phases, aimed at building a risk prevention and management system in compliance with the Decree, which are set out below:

4.5.1 Analysis of potential risks

BMC adopted the Model with the offences included Legislative Decree 231/01 on the basis of an initial analysis of its sensitive activities and control protocols.

In identifying and assessing risk-offences, BMC has taken into account the definition of interest and advantage resulting from the most recent interpretation in case law (as specified above in para.4), according to which the notion of advantage takes on a different connotation in culpable offences (health and safety offences and environmental offences) in which the interest or advantage refers to the conduct in disregard of the precautionary rules (e.g. in saving safety costs or in increasing the speed of performance or in increasing productivity, sacrificing the adoption of accident prevention measures).

4.5.2 Mapping of risk/sensitive activities/areas and analysis of relevant Control Protocols

When drafting the Model, as well as when the provisions of Legislative Decree 231/2001 are first implemented, and subsequently whenever it becomes necessary to update the mapping of activities/risk/sensitive areas and analysis of the relevant Control Protocols (as seen, for instance, because the 231 regulations are extended to new offences or the risk conditions in the performance of company activities change), BMC:

- identifies *compliance* issues relevant to the (new or not) *business*;
- examines the regulations applicable to the cited *business* in relation to which the *risk assessment* activity is conducted by mapping the applicable laws, regulations and *best practices*;
- assesses the degree of applicability in the abstract of the offences envisaged by the Decree, in light of the Company Profile, and of the specific areas in which BMC operates;

- defines an *action plan* for the mapping activity; and As

a result, we proceed to

- Identifying and analysing sensitive corporate activities the light of offences;
- identify the persons involved in the sensitive activity and the potential ways in which offences may be committed in the identified risk areas;
- identify and assess the system of preventive controls existing in sensitive activities, considering the corporate control environment and the specific control protocols;
- assess the residual risk, preparing possible operational plans for improvement;
- implement constant monitoring of the sensitive corporate activities reported to its management, through the periodic review of the Sensitive Activity Sheets, with the aim, inter alia, of keeping the mapping of activities/risk/sensitive areas constantly updated and assessing the suitability and effectiveness of the Control Protocols adopted;

thus contributing to the design and continuous improvement of the Internal Control and Risk Management System and to the provision of operational information as far as it is concerned.

The **Supervisory Board** has the power/duty to recommend further improvement activities and request the analysis of further activities potentially at risk, which, depending on legislative developments or BMC's activities, may be included in the list of Sensitive Activities.

4.5.3 Monitoring and updating Control Protocols

The General Management shall carry out activity of constant monitoring and periodic review of the risk assessment of the sensitive activities in order to allow BMC to guarantee a constant monitoring of the existing control protocols with respect to the specific sensitive areas/activities in order to verify their actuality and effectiveness with the objective of keeping the Model adequate to the company reality. With the same objective, the Supervisory Body of BMC, has the task of monitoring the effective functioning and application of the procedures and organisational protocols indicated in the Model.

4.5.4 Adoption of the BMC Model and its constant updating

Having completed mapping of the activities/risk/sensitive areas and the analysis of the relative Control Protocols, in accordance with the provisions of Legislative Decree 231/2001 and the provisions of the code, the BMC Board of Directors resolves to adopt (or update) the Model.

1. In addition to the above-mentioned cases (the extension of regulation 231 to new offences or changes in risk conditions in the course of the company's activities), the Board of Directors, on its own initiative or upon report of the Supervisory Board, shall promptly adjust and update the Model if violations or circumventions of the

prescriptions contained therein that show its inadequacy to guarantee the effective prevention of offences.

2. Proposals to amend the Model must be communicated in advance to the Supervisory Board, which must issue an opinion.

3. Notwithstanding the provisions of the previous point, the President may make changes of a non-substantial nature to the Model, if necessary for its greater clarity or efficiency, as well as purely formal adjustments such as updating the list of offences and the list of special parts in the general part of the Model updating the description of BMC, etc.. The Board of Directors and the Supervisory Board shall be informed of such changes.

4. The Supervisory Board, in any case, must promptly report in writing, without delay, to the Chairman any facts highlighting the need to revise the Model. The Chairman, in this case, must convene the Board of Directors, so that it may adopt the resolutions within its competence. The same applies, insofar as it is compatible, to changes to procedures necessary for the implementation of the Model, by the functions concerned. Changes to procedures must be promptly notified to the Supervisory Board, which must express its opinion.

4.6 SUPERVISORY BODY

4.6.1 Establishment of a Supervisory Board

1) REQUIREMENTS

1.1) The Board of Directors establishes the **Supervisory Board**, in monocratic or collegial composition (3 members), in compliance with the requirements set out below:

Autonomy and independence

Pursuant to Article 6(1)(b) of the Decree, the Board must be endowed with '*autonomous powers of initiative and control*'. The requirements of autonomy and independence presuppose that the Supervisory Board is not directly involved in the management activities that are the subject of its control activities. It is an autonomy of a decision-making nature, inherent in the functional aspect and qualifying as an indispensable freedom of self-determination and action, with full exercise of technical discretion in the performance of the functions of a self-referential body. Autonomy is first and foremost with respect to the company, its top *management* and the *management*; consequently, the SB must be able to perform its functions completely free from conditioning or pressure and must not be involved in the exercise of management activities that go beyond the tasks specifically assigned to it. It shall act in full autonomy with adequate financial means to ensure its full and independent operativeness. To this end, the Board of

Administration allocates to the Supervisory Board, on the basis of the latter's indications, a budget for the expenses to be incurred in the performance of its functions, for which the Supervisory Board provides an adequate annual report.

Professionalism

The Supervisory Board must be professionally capable and reliable, requirements that must be typical of the body as whole and consequently also of its individual members. It must have all the technical knowledge to perform the functions entrusted to it with the utmost seriousness and effectiveness (also making use of external technical expertise). These characteristics combined with independence guarantee objectivity of judgement.

Continuity of action

In order to ensure the effectiveness and constant implementation of the Model, a structure working full time on the supervision, control and monitoring compliance with and adequacy of the Model is required, i.e. the ability to exercise control powers on an ongoing basis, in order to ensure constant monitoring and analysis of the internal prevention system, with the necessary powers of investigation.

In carrying out its control activities, the Supervisory Board has free access to all company data and can make use of all company functions and structures.

1.2) Each member of the Supervisory Board must meet the following requirements of autonomy, independence, honourableness and professionalism:

1. Autonomy and independence means the absence of operational tasks, interference, interference and conditioning, of an economic or personal nature, on the part of subjects and bodies of the Company and, in particular, on the part of the top management bodies, the absence of conflicts of interest, even potential ones, and the absence of kinship relations with members of the corporate bodies and with the top management.

In addition, the autonomy and independence of the Supervisory Board as a whole are guaranteed by its position within the corporate organisational structure, by the necessary requirements of professionalism and honourableness of its members, by the lines of reporting to top management assigned to it, by the fact that the Supervisory Board self-regulates its functioning, its activities and its decisions with its own regulations, and by the fact that it has an adequate budget that allows it, among other things, to avail itself of the support of external consultants.

2. Professionalism means that the members of the Supervisory Board must possess specific and comprehensive professional skills⁸, ranging from legal expertise

⁽⁸⁾ Confindustria explicitly refers to the technical knowledge inherent in inspection and control system analysis, such as statistical sampling, risk analysis and assessment techniques, risk containment measures (procedures

(corporate, criminal, civil, administrative and procedural), to those of an accounting, risk management and corporate compliance nature, as well as those of an organisational nature, to which one must also add those relating to accident prevention and safety at work.

3. By honour we mean:

(i) the absence of grounds for ineligibility and disqualification Article 2382 of the Civil Code;

(ii) not be subject to preventive measures ordered by the judicial authorities pursuant to Legislative Decree no. 159 of 6 September 2011, as subsequently amended and supplemented, except for the effects of rehabilitation;

(iii) not having been convicted by a final judgment, subject to the effects of rehabilitation:

□ a prison sentence for one of the offences provided for in rules governing banking, financial and insurance activities and in the rules governing financial markets and instruments, taxation and payment instruments;

□ imprisonment, for one of the offences provided for in Title XI of Book V of the Civil Code and in Royal Decree 267 of 16 March 1942;

□ to imprisonment for a term of not less than six months for an offence against public administration, public faith, property, public order and the public economy;

□ to imprisonment for a term of not less than one year for any non-negligent offence;

□ for the offences provided for in the Decree.

(iv) not having been subjected to the application, at the request of the parties, of one of the penalties provided for in paragraph 2 above, without prejudice to the case of extinction of the offence.

2) GROUNDS FOR INELIGIBILITY, INCOMPATIBILITY AND REVOCATION OF MANDATE

2.1) They constitute grounds for ineligibility, incompatibility and, if they arise, revocation of the mandate of the members of the Supervisory Board:

□ the lack, or the supervening loss, of the requirements of professionalism, autonomy, independence and continuity of action, including the case of assignment to the Body of operational functions and responsibilities incompatible with those requirements;

□ relationships of spouse, kinship or affinity within the fourth degree with BMC directors;

□ the existence of economic and/or contractual relationships, for a fee or free of charge, directly or indirectly, with BMC (including the office of Director of BMC or its subsidiaries) and/or with the respective directors. With the clarification that the payment of a fee

person, whether internal or external to the entity, does not necessarily constitute a cause of 'dependence'. The Confindustria Guidelines specify that, in the case of a mixed composition of the supervisory body, since total independence from the entity is not required of the internal members, the degree of independence of the supervisory body must be assessed as a whole;

□ being subject to preventive measures ordered by the judicial authorities, i.e. disqualification, incapacitation, declaration of bankruptcy, disqualification, even temporary, from public office or inability to exercise executive offices;

□ the pendency of criminal proceedings, or a conviction or sentence pursuant to Articles 444 et seq. of the Code of Criminal Procedure, even if not final, in relation to offences under the Decree or other offences of the same nature;

□ a conviction, even if not final, in administrative proceedings for one of the offences provided for in Articles 187 bis and 187 ter of Legislative Decree No. 58/1998 (hereinafter, "TUF");

□ a sentence of conviction or application of the penalty pursuant to Articles 444 et seq. of the Code of Criminal Procedure in criminal proceedings, or a sentence of conviction in administrative proceedings, even if not final, issued against the Company in relation, respectively, to the offences set out in the Decree or the administrative offences set out in Articles 187 bis and 187 ter of the Consolidated Law on Finance, which show the "omitted or insufficient supervision" by the Supervisory Body, pursuant to Article 6, paragraph 1, letter d) of the Decree;

□ a serious breach of their duties as defined in the Model and the Rules, or serious reasons of convenience, such as to prevent them from performing their duties diligently and effectively or to impair their autonomy of judgement in the exercise of their assigned functions;

□ breach of the confidentiality obligations laid down in SB Regulation;

□ failure to attend at least 80% (eighty per cent) of Supervisory Board meetings.

□ any other situation, other than those set out in the preceding points, such as to undermine the requirements of autonomy and independence of the members of the Supervisory Board;

2.2) The non-competition clause in Article 2390 of the Civil Code applies to each member of the Supervisory Board;

2.3) For the purpose of assuming the office, the members of the Supervisory Board shall transmit to the BMC Board of Directors their curriculum vitae and the attestation relative to the inexistence of causes of ineligibility as per art. 2.1), also committing themselves to fulfil their duties with diligence, correctness, competence and in compliance with the Code of Ethics and the BMC Model, as well as to immediately inform in writing the BMC Board of Directors of the occurrence of causes of revocation.

2.4) In the event of the precautionary application of one of the disqualification measures provided for in the Decree, the BMC Board of Directors, after having obtained the appropriate information, shall assess the existence of the conditions for the revocation of the members of the Supervisory Board if it detects a case of omitted or insufficient supervision by the same.

2.5) The revocation of the mandate conferred on one or more members of the Supervisory Board can only occur for "just cause", i.e. upon the occurrence of one of the conditions referred to in Articles 2.1, 2.2 and 2.4, by resolution of the BMC Board of Directors, after consulting the other members of the Supervisory Board.

3) REPLACEMENT OF MEMBERS OF THE BOD

3.1) In the event of the resignation, revocation or prolonged or definitive inability of a member of the Supervisory Board, the latter shall inform the BMC Board of Directors, which shall evaluate his replacement.

3.2) In the event of resignation or revocation of the President, the Chairmanship is taken over, pro tempore, by the oldest member of the Body, who remains in office until the date of appointment of the new President.

3.3) In the event of resignation or revocation of all members of the Supervisory Board, the BMC Board of Directors, after consulting the Board of Auditors, shall appoint a new Supervisory Board.

3.4) In the event that the members of the Supervisory Board hold other offices or positions in BMC and these cease, they shall also cease to be members of the Supervisory Board due to the termination of these and shall be replaced by their successors.

4.6.2 Duty to inform the Supervisory Board

In order to facilitate the supervisory activity on the functioning and effectiveness, compliance and updating of the Model in Sensitive Activities, any information, including from third parties, pertaining to the implementation of the Model itself must be brought to the attention of the Supervisory Board. The information generally concerns all news relating to the commission of the offences provided for in the Decree and subsequent laws or to conduct not in line with the rules set out in the Model (including annexes).

This obligation to inform the Supervisory Board is addressed:

management and first-level corporate functions with regard to activities carried out in Sensitive Areas and concerns:

(i) the periodic results of the control activities carried out by them to implement the Model (constant and periodic reporting);

(ii) anomalies or atypicalities found, where appropriate, within the information available (ad hoc information);

- BMC staff and its collaborators, who are entitled to address the Supervisory Board directly to report irregularities or violations of the Model.

4.6.3 Regulation of the Supervisory Board

The BMC Supervisory Board has its own regulations.

4.7. COMMERCIAL RELATIONS WITH BUSINESS PARTNERS

With regard to relations with *Business Partners*, BMC decided to give concrete application to the principles contained in the Code of Ethics and Model 231, adopting (and selectively applying on the basis of an assessment based on the different types of Business Partners) the following measures:

- conducting specific prior ethical *due diligence* on suppliers understood in a broad and inclusive sense, including service such as agents and consultants, and excluding only intellectual workers;
- the inclusion of *compliance* clauses in the General Terms and Conditions of Supply and in the contractual standards for the purposes described below (these clauses stipulate, in addition to what is *described below*, the supplier's necessary compliance with the applicable legislation, the applicable provisions of the BMC Model, a right to *audit* the supplier's activities in order to verify, among other things, the supplier's correct fulfilment of its *compliance* obligations);
- the inclusion in contracts with suppliers of the commitment to respect the Supplier Code of Conduct (contained in paragraph 8 protocol Quality and Ethics Policy PCR 01), which summarises BMC's sustainability policy, indicating the principles that suppliers must respect, sign and transfer along their supply chain.
- the inclusion in its contracts, including purchase orders, of clauses that give BMC the right, where it deems it appropriate, to terminate the contract, in the event that the counterparty is charged (even only as a "precautionary measure") with one of the "predicate offences" covered by Legislative Decree 231/2001;
- the inclusion in intellectual performance contracts, where possible, of the option of termination *ad nutum*, i.e., the option of withdrawing not only, but also, for reasons of compliance.

In addition, whenever the Client proposes contractual clauses referring to ethical values, BMC requires that both parties undertake, vis-à-vis each other, the obligation to observe its Code of Ethics and not to incur in conduct violations.

The inclusion of the aforementioned clauses (hereinafter referred to as '**Clauses 231**') in its dealings with the

Business Partners has the following purposes:

- † Ethics: to emphasise the importance and essentiality that BMC recognises in the actions of those with whom it comes into contact;

‡ Disclosure: to make its counterparts aware of the ethical values, as set out in its Code of Ethics, and the principles of conduct, as set out in Model 231, on which BMC bases its conduct;

‡ Cautelative: to protect its own reputation, through the faculty to terminate the contract, if deemed appropriate, if the counterparty is charged with one of the predicate offences covered by Legislative Decree 231/2001. It is understood that, independently from the insertion of the "Clause 231", the Cautelative purpose is in any case fulfilled whenever the contract grants BMC the right to terminate *ad nutum*. It must be underlined that the need to pursue the above purposes is felt differently depending on the nature of the counterpart; therefore, BMC in evaluating the opportunity to insert the Clauses 231, considers:

- the relationship consolidated over the years: counterparties with whom BMC has a consolidated relationship over the years and who have demonstrated their complete adherence and attention to the respect of shared ethical values, allow us to consider the Ethical and Informative purposes as implicit and already achieved, at the same time reducing to a negligible level, on the basis of experience gained, the need to pursue the Cautionary purpose.
- the attention of the counterparty to the aspects of Compliance: companies that are notoriously and concretely attentive to the principles of which Legislative Decree No. 231/2001 is an expression, on the one hand are usually inclined to accept (even when they themselves do not propose them because they have a Model) the insertion of "Clauses 231", or similar clauses in the case of foreign companies, on the other hand they allow the Ethical and Informative purposes to be considered implicit and already achieved, and to consider the risk protected by the Cautelative purpose negligible.
- the prestige and notoriety of the counterparty: there are cases in which the image benefit that BMC derives from the relationship with certain counterparties is evaluated as significantly higher than the Cautelative purpose protected through the insertion of Clauses 231.

With regard to those particular *Business Partners* constituted by *joint ventures* (which shall also include consortia, temporary business associations - ATI -, associations, cooperation agreements or other entities with or without legal personality), BMC shall ensure that the representatives it designates in the (possible) management bodies of such *joint ventures* promote the principles and contents of the Model and the Compliance Tools in the areas of their respective competences.

4.8. PENALTY SYSTEM

4.8.1 General Principles

The Model imposes rules of conduct aimed at preventing commission of the offences referred to in the Decree and, more generally, at ensuring the correct application of the internal procedures laid down (see Article 6, para. 2, lett. e, Article 7, para. 4, lett. b), including the Whistleblowing Protocol (which will be discussed in section 4.10).

The rules imposed by the Model are assumed by BMC in full autonomy due to the need to ensure compliance with the regulatory precept.

Essential to the functionality of the Model and the related Protocols (including the Whistleblowing Protocol), is the setting up of a proper disciplinary system; the possible application of the sanctions system and the related disciplinary sanctions, referring to the violation of these rules, is independent of the occurrence and outcome of any criminal proceedings instituted by the judicial authorities. All employees, directors as well as all those who have contractual relationships with BMC are subject to the system.

Any breach of the Model or of the Protocols established to implement it, including the Whistleblowing Protocol, committed by any person, must be immediately notified in writing to the Supervisory Board by the recipients of this Model, without prejudice to the procedures and measures falling within the competence of the holder of disciplinary power. Violations of the Model also include violations of the measures to protect the whistleblower provided for by the Whistleblowing Protocol.

It is understood that in the event that the reporting person is found to be criminally or civilly liable, even by a judgment first instance, for the offences of defamation or slander, in cases of wilful misconduct or gross negligence, the protections are no longer guaranteed and a disciplinary sanction may be imposed on the reporting person.

Consequently, the assessment with respect to the application of the disciplinary system is also made with respect to anyone who violates these measures, or makes, with malice or gross negligence, reports that turn out to be unfounded.

The Supervisory Board must immediately initiate the necessary investigations, guaranteeing the confidentiality of the person against whom it must proceed.

The Supervisory Board, from the beginning of the relationship with BMC, through instruments deemed most appropriate, shall verify the flow of information and training on the existence and content of the disciplinary system. The management of disciplinary proceedings shall, in any case, respect the characteristics of the legal status of the subject against whom proceedings are being taken.

4.8.2 Applicability to employees (non-managers)

The company's internal Disciplinary System provides for sanctions commensurate with the seriousness of the offence committed and complies with the provisions contained in the Workers' Statute and in the current CCNL.

For non-managerial employees of BMC S.R.L., the applicable sanctions (in compliance with the category CCNL) are:

- **verbal warning.**

· This measure is applied in cases of minor non-compliance with the general principles of conduct set out in the Code of Ethics and the specific principles of conduct set out in the Model's supporting document; minor non-compliance with the company's prevention protocols (including the Whistleblowing Protocol); tolerance of minor non-compliances or irregularities committed by one's subordinates or other staff members.

· *Mild non-compliance*" occurs when the conduct is characterised by guilt and not by wilful misconduct and has not generated a risk of sanctions or damage for the Company;

- **written warning.**

· This measure is applied in the event of recurrent non-compliance; repeated non-compliance with the general principles of conduct of the Code of Ethics and the specific principles of conduct set out in the Model's supporting document; repeated non-compliance with the company's prevention protocols (including the Whistleblowing Protocol); tolerance of culpable non-compliance committed by one's subordinates or other staff members; failure to comply with requests for information or the production of documents by the Supervisory Board, unless justified.

· *Repeated non-compliance*" occurs when the conduct repeated and characterised by fault and has generated risks of sanctions or damage for the Company as well as is not characterised by wilful misconduct.

- **fine not exceeding three hours' hourly pay calculated on the minimum wage.**

· This measure shall be applied when, to objective circumstances, specific consequences or recidivism, it is ascertained that the previous breaches are of greater importance; serious failure to comply with the general principles of conduct of the Code of Ethics and the specific principles of conduct set out in the Model's supporting document; serious failure to comply with the company's prevention protocols (including the Whistleblowing Protocol); in the flow of information to the O.d.V, violation of the measures for the protection of the reporter, as well as wilful or gross negligence in making reports that turn out to be unfounded, without consequences; failure to report or tolerance of repeated or serious non-compliance committed by one's subordinates or other staff members;

repeated failure to comply with requests for information or production of documents by the Supervisory Board, unless justified.

· *Serious non-compliance*" occurs when the conduct is serious and characterised by fault and has generated risks of sanctions or damage for the Company as well as is not characterised by wilful misconduct;

- **suspension from work and pay up to a maximum of three days.**

· This measure shall be applied in the event of culpable breach of the general principles of conduct of the Code of Ethics and of the specific principles of conduct set out in the Model's founding document; culpable breach of the company's prevention protocols (including the Whistleblowing Protocol); failure to report or toleration of culpable breaches committed by one's subordinates or other staff members; in the context of information flows to the O.d.V, serious breach of the measures for the protection of the reporting person as well as making, with malice or gross negligence, reports which prove to be unfounded if they have negative consequences for the reported person and/or the company; repeated failure to comply with requests for information or the production of documents by the Supervisory Body, unless justified (when this entails damage or penalties for the company).

· A *'culpable breach'* occurs when the conduct is characterised by guilt and not by wilful misconduct and has generated potential risks of penalties or damage to the Company that are greater than the non-compliance.

- **disciplinary dismissal without notice and with the other consequences of reason and law.**

· This measure shall be applied in the event of a breach (wilful or grossly negligent) of the rules of conduct laid down in the Model's founding document, in the Code of Ethics, such as to cause serious moral or material damage to the Company and such as not to allow the continuation of the relationship, even temporarily, such as the adoption of conduct constituting one or more Offences or unlawful acts constituting prerequisites for Offences, or by way of example

a) wilful infringement of the company rules issued pursuant to Legislative Decree No. 231/2001 of such seriousness, either because of the wilfulness of the act or its criminal or pecuniary consequences or recidivism or its particular nature, as to undermine the trust on which the employment relationship is based, and not to allow the continuation, even temporarily, of the relationship itself;

b) wilful commission of acts not due or omission of acts due pursuant to the Model or the relevant general principles of conduct, which has resulted, at the end of a judicial process, in the Company being sentenced to pecuniary penalties and/or disqualification for having committed the offences provided for by Legislative Decree No. 231/2001;

c) wilful breach company procedures and/or of the system internal controls of such seriousness, either because of wilfulness of the act or because of its technical, organisational, legal, economic or reputational repercussions or because of its particular nature, as to undermine the trust on which the employment relationship is based, is such as not to allow the relationship to continue, even temporarily.

· A '**wilful or grossly negligent breach**' occurs when the conduct is characterised by wilful misconduct or is characterised by particular seriousness and presence of guilt and has generated potential risks of sanctions or damage for the Company.

- **suspension from service with maintenance of salary for workers subject to criminal proceedings pursuant to Legislative Decree No. 231/2001.**

· This measure is applied to Employees subject to preliminary investigations or subject to criminal prosecution for an Offence pursuant to Legislative Decree no. 231/2001, the Company may order, at any stage of the criminal proceedings under way, removal from service of the person concerned for precautionary reasons. The removal from service must be notified in writing to the Employee concerned and may be maintained by the Company for the time deemed necessary, but not beyond the moment when the decision of the criminal court has become irrevocable. The Employee removed service shall retain, for the period relating to the criminal proceedings pursuant to Legislative Decree No. 231/2001, the right full pay and the period itself shall be considered as active service for all other purposes provided for by the CCNL.

4.8.3 Applicability to corporate executives

When the violation of the internal procedures provided for by the Model, including the Whistleblowing Protocol, is committed by company executives, the sanction deemed most appropriate in accordance with the provisions of the Law and of the regulations provided for by the collective bargaining agreement for the category, up to and including termination of employment, shall be applied against the persons responsible.

such cases, revocation of any powers of attorney granted to the manager himself and, where possible, assignment to a different post may also be applied.

Sanctions of a disciplinary nature, as well as any claim for damages, will be commensurate with the level of responsibility, the role and the intensity of the fiduciary bond related to the assignment conferred.

Provision is made for the necessary involvement of the Supervisory Board in the procedure for ascertaining violations and imposing sanctions on managers for violations of the Model or the procedures established to implement it, including the Whistleblowing Protocol, in the following sense

that no disciplinary measure shall be filed or disciplinary sanction imposed for breach of the Model or of the procedures established to implement it, including the Whistleblowing Protocol, without immediately informing and, where requested by the holder of the disciplinary power, consulting the Supervisory Board.

4.8.4 Applicability to directors

This Model is delivered to each member of the Board of Directors.

When the violation of the internal procedures provided for by the Model, including the Whistleblowing Protocol, is committed by Directors and Statutory Auditors, the Chairman of the Supervisory Board shall inform the entire Board of Directors, who shall apply, against those responsible, the initiatives deemed most appropriate in accordance with the provisions of the relevant legislation. The sanctions of a disciplinary nature, as well as any request for compensation for damages, will be commensurate with the level of responsibility, role and intensity of the fiduciary bond correlated to the office conferred.

4.8.5 Applicability vis-à-vis any other party dealing with BMC

As seen in Section 4.7 above, in its dealings with Business Partners, BMC has, inter alia, provided for the application of the Model, also in respect of *Business Partners* by virtue of the provisions of Clauses 231.

It is recalled that these, from the point of view of sanctions:

- In all dealings with the aforesaid parties, therefore, such specific express termination clauses must, where possible, be provided for, particular in supply and collaboration contracts, as well as specific indemnification and hold harmless clauses;
- the violation and non-observance of the fundamental principles of the Model, as summarised in this document by third parties may constitute a breach of contractual obligations, up to and including the termination of the contract, and in any case shall entitle BMC S.R.L. to claim damages.

4.8.6 Procedure for the imposition of sanctions

As seen in Section 4.7 above, in its dealings with Business Partners, BMC has, inter alia, provided for the application of the Model, also in respect of *Business Partners* by virtue of the provisions of Clauses 231.

If the Supervisory Board finds that the Model has been violated by a recipient, it transmits a report to the Board of Directors containing:

- the description of the conduct observed;

General Part -

- an indication of the provisions of the Model that have been violated;
- the details of the person responsible for the violation;
- any documents proving the infringement and/or other evidence;
- if it considers it appropriate, its own proposal as to the appropriate sanction in the specific case.

Within ten days receiving the report of the Supervisory Board, or in the event that the violation of the Model is received from the Personnel Manager, the Board of Directors or a delegate of the latter, shall convene the member indicated by the Supervisory Board, to be held no later than thirty days from receipt of the report.

The convocation must:

- be made in writing;
- contain an indication of the conduct complained of and the provisions of the Model that have been breached;
- indicate the date of the meeting, with notice to the interested party of the right to formulate any observations and/or deductions, both written and verbal.

The Board of Directors, on the basis of the elements acquired, determines the sanction deemed applicable, justifying any disagreement with the proposal formulated by the Supervisory Board.

In the event of a dispute with an employee, the procedure for establishing the offence must be carried out in compliance with the requirements of Article 7 of the Workers' Statute and the applicable collective agreements.

4.9. TRAINING AND DISSEMINATION OF THE BMC MODEL

For the purposes of the effectiveness of this Model, it is BMC's objective to ensure the correct knowledge and dissemination of the rules of conduct contained therein, with different degrees of detail relation to the different level of involvement of the resources themselves in sensitive activities.

The adoption of the Model, and its updates, are communicated to employees and stakeholders upon approval.

The full version of the Model is published on the company portal, while the BMC website only publishes the General Section and some sections of the Special Sections, which are not considered particularly sensitive and can therefore be disclosed externally. New employees are given an information packet, including the Model, with which they are assured the knowledge considered fundamental in the Company. These subjects are required to issue a declaration to BMC

signed acknowledging receipt of the information package, as well as full knowledge of the enclosed documents and an undertaking to comply with their requirements.

The training activity is aimed at:

- i) to spread the knowledge of the regulations set forth in Legislative Decree 231/2001 and subsequent amendments and additions, to explain the reasons why BMC has decided to adopt a Model, as well as to illustrate the main behaviours to be adopted in order to prevent the commission of Offences;
- ii) is differentiated, in content and delivery methods, according to the qualification of the recipients, the risk level of the area in which they operate, and whether or not they have BMC representative functions.

Annually, the training plan is submitted to the Supervisory Board for examination and its progress is constantly updated.

During the classroom training, material will be distributed to the employees involved (managers, middle managers and clerical staff), in order to

- keeping track of the documentation used for training purposes and the recipients of the training;
- certify for each participant the fruition of the course, monitoring the beginning and the end of the course;
- verify the effectiveness of the course through the score obtained in the test-out.

4.10. REPORTS OF IRREGULARITIES (WHISTLEBLOWING)

Decree 24/202320 implemented into Italian law Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law of which they become aware in a public or private employment context (the so-called Whistleblowing Directive).

This decree repealed and amended previous national regulations (repealed Article 6, paragraphs 2 ter and 2 quater, Legislative Decree 231/2001 and Article 3 of Legislative Decree 179/2017 and amended Article 6 paragraph 2 bis of Legislative Decree. 231/01), enclosing in a single regulatory text - for public sector and private sector - the regime for the protection of persons who report unlawful conduct that violates not only European provisions, but also national provisions, provided that they are based on well-founded grounds and are detrimental to the public interest or the integrity of the entity, in order to ensure the transposition of the directive without retreating from the protections already recognised in our system.

In compliance with Decree 24/2023, as of 15 July 2023:

1) Internal Reporting Channel: reports can be made either in written form (paper mail) or orally, through a dedicated telephone line (without recording) and, at the request of the reporter, through a face-to-face meeting with the reporting manager, which must be scheduled within a reasonable time.

Reports and related documentation are retained no longer than legally required from the date closure. Processing of personal data is carried out in accordance with EU Regulation 2016/679.

2) Manager of the Internal Reporting Channel: BMC has appointed an external manager, i.e. Studio Legale Cerri Bini & Gualandi Avvocati Associati, Via Cavallotti, 21, 40059 Medicina (BO), in possession of the requirements provided for by the regulations in force.

3) Whistleblowers: reports may be made by subjects related BMC's activity, such as: employees; self-employed workers, collaborators, freelancers and consultants; employees or collaborators of suppliers, contractors or sub-contractors; customers; trainees; partners and persons with functions of administration, management, control, supervision or representation.

4) Subject matter: the report may concern conduct, acts or omissions constituting violations of the BMC Organisation, Management and Control Model as well as of all annexes constituting an integral part thereof (Code of Ethics, Anti-Corruption Code of Conduct, BMC Compliance Tools).

4) Procedure: BMC has adopted a procedure aimed at guaranteeing the protection of confidentiality and the protection of personal data, as well as regulating the methods of keeping the documentation relating to the report (feedback, verification and analysis), ensuring that the same takes place in the manner and within the timeframe provided for by the legislation in force from time to time (hereinafter "Whistleblowing Protocol").