



**Description of the Organisation,
Management,
and Control Model Pursuant to
Legislative Decree No. 231/2001**

GENERAL SECTION

Approved by the TEXA Board of Directors.

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1. The Administrative liability of legal Entities

1.1. Background and legal framework

On 8 June 2001, Legislative Decree No. 231, known as the 'Regulations on the Administrative Liability of Legal Entities, Companies, and Associations, including those without legal status' (referred to as the 'Decree'), was enacted.

This Decree implements the authority delegated to the Government as outlined in Article 11 of Law No. 300 dated 29 September 2000. This law sought to align Italy's legal framework with EU and international standards, ratifying and implementing several international agreements to which Italy had long been a signatory. These agreements include the Brussels Convention of 26 July 1995, concerning the Protection of the European Community's Financial Interests, the Convention of 26 May 1997 Against Corruption Involving Public Officials in the European Community and its Member States, and the OECD Convention of 17 December 1997 Against the Bribery of Foreign Public Officials in International Business Deals.

The Decree introduced a system of administrative liability within the Italian legal framework (which closely resembles criminal liability). This system applies to a broad range of entities, including those with legal status, companies, and associations, irrespective of whether they possess legal status (referred to collectively as 'Entities' and individually as an 'Entity'). The Decree's application does not extend to certain entities, namely the State, regional public entities, non-commercial public entities, and entities fulfilling functions of constitutional significance, such as political parties and trade unions.

The significant innovation brought about by the Decree lies in the inclusion of the liability of the entity, alongside the liability of the individual who physically carried out the act. This liability operates independently, allowing the Entity to be held accountable even if the individual responsible for the offence cannot be prosecuted or remains unidentified.

1.2. Conditions for establishing the liability of Entities

The conditions for establishing the liability of Entities, which we will examine further, can be summarised as follows.

- a) Following the principle of legality, the Entity's liability is contingent upon the commission of an offence specified within the Decree (Article 2).
- b) Liability is established only if the offence was committed by an individual functionally associated with the Entity and was in the Entity's interest and/or to its advantage (Article 5(a)).
- c) The Entity's failure to adopt or implement an Organisation and Management Model (referred to as the Model) capable of preventing the commission of such offences (Article 6(1)(a)).
- d) The Entity's failure to delegate independent powers of initiative and oversight to a specialised body within the Entity known as the Supervisory Board (or inadequate supervision by this body), (Article 6(1)(b) and (d)).
- e) The non-fraudulent circumvention of the Model by a senior figure (Article 6(1)(c)).

1.2.1. Offences specified in the decree and subsequent revisions

In adherence to the principle of legality, as defined in Article 2 of the Decree, the Entity's liability arises not from the commission of any offence but exclusively from the commission of acts that are designated as offences by the Decree – and the laws that refer to it – at the time of their occurrence (referred to collectively as 'offences' or singularly as an 'offence').

Since the enactment of the Decree, legislative amendments have significantly broadened the list of 'offences' for which Entities can be held accountable.

The scope of the new provisions, originally limited to Articles 24, 25 and 26 of the Decree, was subsequently extended.

Due to these incremental extensions, at the time of the Model's adoption, the 'predicate offences' outlined in the Decree can be categorised as follows:

- I. Crimes 'against the Public Administration' (referred to in Articles 24 and 25 of Legislative Decree 231/2001)¹;
- II. Computer crimes and unlawful processing of data (Article 24-*bis*, Legislative Decree 231/2001)²;
- III. Organised crime offences (Article 24-*ter*, Legislative Decree 231/2001)³;

¹ These include the following offences: a) Article 24 of Legislative Decree 231/2001: embezzlement to the detriment of the State or the European Union (Article 316-*bis* of the Italian Criminal Code), undue receipt of funds to the detriment of the State (Article 316-*ter* of the Italian Criminal Code), aggravated fraud to the detriment of the State (Article 640, Paragraph 2, No. 1, of the Italian Criminal Code), aggravated fraud to obtain public funds (Article 640-*bis* of the Italian Criminal Code), computer fraud to the detriment of the State or other public body (Article 640-*ter* of the Italian Criminal Code); b) in Article 25 of Legislative Decree No. 231/2001, as amended by Law No. 69 of 27 May 2015: bribery for an official act or an act contrary to official duties (Article 318, 319, 319-*bis* and 321 of the Italian Criminal Code), bribery in legal proceedings (Article 319-*ter* of the Italian Criminal Code), inducement to give or promise benefits (Article 319-*quater* of the Italian Criminal Code) [added by Law No. 190 of 6 November 2012], bribery of an individual in charge of a public service, [amended by Law No. 190 of 6 November 2012], incitement to corruption (Article 322 of the Italian Criminal Code), extortion (Article 317 of the Italian Criminal Code), bribery, incitement to bribery and extortion of European Community members, European Community officials, foreign states, and international public organisations (Article 322-*bis* of the Italian Criminal Code), the article was later amended by Law 3/2019 and Legislative Decree 13/2022.

² Article 24-*bis* was added by Article 7 of Law No. 48 dated 18 March 2008. These offences include: unauthorised access to a computer or telecommunications system (Article 615-*ter* of the Italian Criminal Code); unlawful possession and circulation of access codes to computer and telematic systems (Article 615-*quater* of the Italian Criminal Code); circulation of programmes intended to damage or interrupt a computer system (Article 615-*quinquies* of the Italian Criminal Code); unlawful interception, obstruction or interruption of computer or telematic communications (Article 617-*quater* of the Italian Criminal Code); installation of equipment designed to intercept, impede or interrupt computer or telematic communications (Article 617-*quinquies* of the Italian Criminal Code); damaging computer information, data and programmes (Article 635-*bis* of the Italian Criminal Code); damaging 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 Italian Criminal Code); damaging computer or telematic systems (635-*quater* of the Italian Criminal Code); damaging computer or telematic systems of public utility (Article 635-*quinquies* of the Italian Criminal Code); forgery of computer documents having evidentiary effect (Article 491-*bis* of the Italian Criminal Code); computer fraud of the person providing electronic signature certification services (Article 640-*quinquies* of the Italian Criminal Code) the article was later amended by Law 238/2021

³ Article inserted by Article 2, Paragraph 29, of Law No. 94 of 15 July 2009, and amended by Law No. 69 of 27 May 2015. Penalises involvement in criminal associations, whether simple or of a mafia nature, intended for the purpose of enslavement, human trafficking, the trading of slaves, or the commission of other offences related to breaches of regulations against illegal immigration (Articles 416 and 416-*bis* of the Italian Criminal Code); political-mafia electoral exchange (Article 416-*ter* of the Italian Criminal Code) amended by Law 43/2019; kidnapping for the purpose of robbery or extortion (Article 630 of the Italian Criminal Code); association for the purpose of illicit trafficking in narcotic drugs or psychotropic substances (Article 74 of Presidential Decree No. 309 of 9 October 1990); The illegal production, importation into the country, sale, and carrying of war weapons, military-grade weaponry, their components, explosives, covert arms, and various standard firearms (Article 407, Paragraph 2(a)(5) of the Italian Code of Criminal Procedure).

- IV. Forgery of money, public credit cards, revenue stamps and instruments or identifying marks (Article 25-*bis*, Legislative Decree 231/2001)⁴;
- V. Crimes against industry and trade (Article 25-*bis*1, Legislative Decree 231/2001)⁵;
- VI. Corporate crimes (Article 25-*ter*, Legislative Decree 231/2001)⁶;
- VII. Crimes committed for the purpose of terrorism or subversion of the democratic order (Article 25-*quater* of Legislative Decree 231/2001)⁷;

⁴ Article 25-*bis* was introduced by Article 6 of Legislative Decree No. 350/2001, converted into law, with amendments, by Article 1 of Law 409/2001. These offences include: counterfeiting currency, using counterfeit money, and introducing counterfeit money into the country in collaboration. (Article 453 of the Italian Criminal Code), alteration of currency (Article 454 of the Italian Criminal Code), spending and introducing counterfeit money into the State without collaboration (Article 455 of the Italian Criminal Code), spending counterfeit money received in good faith (Article 457 of the Italian Criminal Code), counterfeiting revenue stamps, introduction into the State, purchase, possession or entry into circulation of counterfeit revenue stamps (Article 459 of the Italian Criminal Code), counterfeiting watermarked paper in use for the manufacture of public credit cards or stamps (Article 460 of the Italian Criminal Code), manufacture or possession of watermarks or instruments intended for counterfeiting money, revenue stamps, or watermarked paper (Article 461 of the Italian Criminal Code), use of forged or doctored revenue stamps (Article 464 of the Italian Criminal Code). Moreover, Law 99/2009, which came into force on 15 August 2009, reworded the title of Article 25-*bis* into 'forgery of money, public credit cards, revenue stamps, and identification instruments or signs' and introduced new predicate offences not covered in the previous wording of the article. The amendments introduced, in particular, in letter f-*bis* the liability of entities for the offences of: counterfeiting, altering or using trademarks or distinguishing marks, or patents, models and/or drawings (Article 473 of the Italian Criminal Code), and introduction into the Italian State and trading in products bearing counterfeit marks (Article 474 of the Italian Criminal Code).

⁵ Article inserted by Article 17, Paragraph 7(b) of Law No. 99 of 23 July 2009. The offence punishes: interference with the operation of an industry or a trade (Article 513 of the Italian Criminal Code); fraudulent trading (Article 515 of the Italian Criminal Code); the sale of non-genuine foodstuffs as genuine (Article 516 of the Italian Criminal Code); the sale of industrial products with false or misleading marks (Article 517 of the Italian Criminal Code); counterfeiting geographical indications or designations of origin of agricultural and food products (Article 517-*quater* of the Italian Criminal Code); manufacture and trade of goods made by misappropriating industrial property rights (Article 517-*ter* of the Italian Criminal Code); unlawful competition through threat or violence (Article 513-*bis* of the Italian Criminal Code); fraud against national industries (Article 514 of the Italian Criminal Code).

⁶ Article 25-*ter* was introduced by Article 3 of Legislative Decree 61/2002 and then amended by Law 262/2005, Law 190/2012, Law 69/2015, Legislative Decree No. 38/2017, and Legislative Decree No. 19/2023. These offences include: false corporate reporting (Article 2621 of the Italian Civil Code), minor offences (Article 2621-*bis*), false reporting of listed companies (Article 2622 of the Italian Civil Code), impeding control (Article 2625(2) of the Italian Civil Code), false formation of capital (Article 2632 of the Italian Civil Code), unlawful return of capital (Article 2626 of the Italian Civil Code), illegal allocation of profits and reserves (Article 2627 of the Italian Civil Code), unlawful transactions involving shares or quotas of the company or the controlling company (Article 2628 of the Italian Civil Code), transactions to the detriment of creditors (Article 2629 of the Italian Civil Code), failure to disclose a conflict of interest (Article 2629-*bis* of the Italian Civil Code), improper allocation of company assets by liquidators (Article 2633 of the Italian Civil Code), bribery between private individuals (Article 2635, Paragraph 3 of the Italian Civil Code) [added by Law No. 190 of 6 November 2012, and amended by Legislative Decree No. 38/2017], incitement to bribery among private individuals (Article 2635-*bis* of the Italian Civil Code) [added by Legislative Decree No. 38/2017], unlawful influence on the shareholders' meeting (Article 2636 of the Italian Civil Code), stock-price manipulation (Article 2637 of the Italian Civil Code), hindering supervising public authorities from performing their functions (Article 2638 of the Italian Civil Code). Article 25-*ter* also mentions two subsequently repealed offences among its predicate offences: false accounting (Article 2623, Paragraph 2, of the Civil Code - repealed by Article 34, Law No. 262 of 28 December 2005), and false reporting and communications of auditing companies (Article 2624 of the Italian Civil Code - repealed by Article 37, Paragraph 34 of Legislative Decree No. 39 of 27 January 2010). Based on the principle that the list of predicate offences is peremptory (see Ordinary Court of Milan, Preliminary Investigations Judgement Section, Judgment No. 12468 of 3 November 2010, Preliminary Hearing Judge D'Arcangelo; see also Cass. No. 41488 of 29 September 2009, Rimoldi and others) the administrative offences dependent on repealed offences to which Article 25-*ter* of Legislative Decree 231/01 formally still refers to, are currently inapplicable due to *ius superveniens*. Finally, Legislative Decree No. 19 of 2 March 2023, which implements 'Directive (EU) 2019/2121 of the European Parliament and of the Council of 27 November 2019 amending Directive (EU) 2017/1132 on cross-border conversions, mergers and divisions' amended Article 25-*ter* by introducing the letter s-*ter*, which provides for the crime of false or omitted declarations to issue preliminary certificates.

⁷ Article 25-*quater* was introduced by Article 3 of Law No. 7 of 14 January 2003. These include 'crimes for the purpose of terrorism or subversion of the democratic order, provided for by the Italian Criminal Code and special laws', as well as other crimes 'that in any case violate Article 2 of the International Convention for the Suppression of the Financing of Terrorism, signed in New York on 9 December 1999'. This Convention penalises individuals who, with unlawful and malicious intent, provide or gather funds with the knowledge that these funds will be, in part, used for the following purposes: (i) carrying out acts with the intent to cause the death or serious injury of civilians, with the aim of intimidating a population, coercing a government, or coercing an international organisation; (ii) engaging in actions

- VIII. Crimes of female genital mutilation practices (Article 25-*quater*¹, Legislative Decree 231/2001)⁸;
- IX. Crimes against the individual (Article 25-*quinquies*, Legislative Decree 231/2001)⁹;
- X. Market abuse (Article 25-*sexies*, Legislative Decree 231/2001)¹⁰;
- XI. Involuntary manslaughter and serious or grievous bodily harm, committed by infringing workplace health and safety regulations (Article 25-*septies* of Legislative Decree 231/2001)¹¹;
- XII. Fencing, money laundering and use of money, assets or other ill-gotten gains and self-laundering (Article 25-*octies* of Legislative Decree 231/2001)¹²;
- XIII. Offences involving copyright infringement (Article 25-*novies*, Legislative Decree 231/2001)¹³;

that constitute crimes under conventions related to flight and navigation safety, protection of nuclear material, safeguarding diplomatic agents, and suppression of attacks involving explosives. The category of 'crimes for the purposes of terrorism or subversion of the democratic order, provided for by the Italian Criminal Code and special laws' is mentioned by the legislator in a generic manner, without indicating the specific rules whose violation would entail the application of this Article. However, we can identify the following main predicate offences: Article 270-*bis* of the Italian Criminal Code (associations for the purposes of terrorism, including international terrorism or subversion of the democratic order), which punishes anyone who 'promotes, sets up, organises, manages or finances' associations whose purpose is to commit acts of violence for terrorist ends or for subversion of the democratic order; Article 270-*ter* of the Italian Criminal Code (assistance to associates), which punishes anyone who gives shelter, food, hospitality, means of transport or communication to participants in associations with terrorist or subversive aims; Article 270-*quater* of the Italian Criminal Code (recruiting for terrorist ends, including international terrorism); Article 270-*quinquies* of the Italian Criminal Code (training for acts of terrorism, including international terrorism); Article 270-*sexies* (conduct with terrorist purposes); 280 of the Italian Criminal Code (attack for the purposes of terrorism or subversion); Article 280-*bis* of the Italian Criminal Code (terrorist act with lethal or explosive devices); Article 289-*bis* of the Italian Criminal Code (unlawful restraint for terrorist or subversive purposes); Article 302 of the Italian Criminal Code (incitement to commit one of the aforementioned crimes); Article 1 of Legislative Decree 625/1979, conv. l. 15/1980; l. 342/1976 concerning the suppression of crimes against the safety of air navigation; l. 422/1989 concerning crimes against maritime navigation safety and crimes against the safety of fixed platforms located on the continental shelf

⁸ Article 25-*quater*¹ was introduced by Article 8 of Law No. 7 of 9 January 2006. These include crimes of female genital mutilation practices (Article 583-*bis* of the Italian Criminal Code).

⁹ Article 25-*quinquies* was introduced by Article 5 of Law No. 228 of 11 August 2003, later amended by Law 38/2006. These crimes include: reduction to or maintenance in enslavement, slavery or servitude (Article 600 of the Italian Criminal Code), child prostitution and its exploitation (Article 600-*bis* of the Italian Criminal Code), child pornography and its exploitation (Article 600-*ter* of the Italian Criminal Code), possession of pornographic material produced through the sexual exploitation of minors (Article 600-*quater* of the Italian Criminal Code), virtual pornography (Art. 600-*quater*¹ of the Italian Criminal Code), tourist initiatives aimed at the exploitation of child prostitution (Article 600-*quinquies* of the Italian Criminal Code), human trafficking (Article 601 of the Italian Criminal Code), slave trade (Article 602 of the Italian Criminal Code), the article was updated to reflect the amendments introduced by Legislative Decree 21/2018 and Law 238/2021

¹⁰ Article 25-*sexies* was introduced by Article 9 of Law No. 62 of 18 April 2005 (EU Law 2004). These include the crimes of insider trading (Article 184 of Legislative Decree 58/1998) and market manipulation (Article 185 of Legislative Decree 58/1998), the article was amended by Law 238/2001.

¹¹ Article 25-*septies* was introduced by Article 9 of Law 123/2007 and later amended by Article 300 of Legislative Decree 81/2008. It refers to the crimes of manslaughter (Article 589 of the Italian Criminal Code) and grievous or very grievous bodily harm (Article 590 of the Italian Criminal Code), the article was later amended following the introduction of Legislative Decree 107/2018.

¹² Article 25-*octies* was introduced by Article 63 of Legislative Decree 231/2007. As provided for in Law 146/2006, it punishes the crimes of receiving stolen goods (Article 648 of the Italian Criminal Code), money laundering (Article 648-*bis* of the Italian Criminal Code) and use of money, assets or other ill-gotten gains (Article 648-*ter* of the Italian Criminal Code). Law No. 186 of 15 December 2014 introduced the crime of 'selflaundering' into Article 25-*octies* (Article 648-*ter*¹ of the Italian Criminal Code). Article 25-*octies* was amended by Legislative Decree No. 195/2021.

¹³ Article 25-*novies* was introduced by Law No. 99 of 23 July 2009, Article 15(7)(c). These offences are provided for in Articles 171, Paragraph 1, letter a-*bis*, and Paragraph 3, 171-*bis*, 171-*ter*, 171-*septies*, 171-*octies* of Law No. 633 of 22 April 1941. The aforementioned articles sanction the conduct of anyone who makes protected intellectual property or a part thereof, available to the general public without authorisation, for whatever purpose, by introducing it into a system of data transmission networks, using connections of any kind; the case is aggravated if the crimes mentioned above are committed on someone else's work not intended for publication, or by altering the work, when such actions harm the author's integrity or reputation (Article 171, Paragraph 1(a-*bis*) and Paragraph 3); the unlawful duplication of computer programs for profit; the importation distribution, sale, possession for commercial or business use or rental of programmes recorded on media not stamped by the Italian Society of Authors and Publishers (SIAE); the importation, distribution,

- XIV. Inducement to refrain from making statements or to make false statements to judicial authorities (Article 25-*decies* of Legislative Decree 231/2001)¹⁴;
- XV. Environmental offences (Article 25-*undecies* of Legislative Decree 231/2001)¹⁵;
- XVI. Employment of illegally resident non-EU nationals (Article 25-*duodecies* of Legislative Decree 231/2001)¹⁶;
- XVII. Racism and xenophobia (Article 25-*terdecies* Legislative Decree 231/2001)¹⁷;
- XVIII. Sports fraud (Article 25-*quaterdecies* of Legislative Decree 231/2001)¹⁸;
- XIX. Tax offences (Article 25-*quinquiesdecies* of Legislative Decree 231/2001)¹⁹;
- XX. Smuggling offences (Article 25-*sexiesdecies* of Legislative Decree 231/2001)²⁰;
- XXI. Offences relating to non-cash payment instruments (Article 25-*octies*1 of Legislative Decree 231/2001)²¹;

detention for profit, of means solely intended to allow or facilitate the unauthorised removal or functional avoidance of devices protecting computer software (Article 171-*bis*, Paragraph 1; reproduction, communication or distribution, extraction or re-use in violation of Article 64-*quinquies*, 64-*sexies*, 102-*bis* and 102-*ter*, distribution, sale or rental of a database for profit, on media not marked SIAE (Article 171-*bis*, Paragraph 2; unauthorised copying, reproduction, transfer, or distribution of intellectual works in any media format, including text, audio, video, or others, either individually or in combination, for commercial purposes or in quantities exceeding 50 copies; unauthorised decryption or utilisation/distribution of tools for unauthorised decryption (Article 171-*ter*); production or import of media not marked SIAE (Article 171-*septies*); production, trading, altering, or fraudulent utilisation for both public and private purposes of devices or device components designed for decoding audiovisual transmissions with conditional access, even if provided free of charge (Article 171-*octies*).

¹⁴ The article was inserted by Article 4, Paragraph 1, of Law No. 116 of 3 August 2009 as Article 25-*novies*, disregarding the insertion of Article 25-*novies* by Article 15(7)(c) of Law No. 99 of 23 July 2009. That is why in editorial practice this article is renumbered as Article 25-*decies*. This offence includes inducement to refrain from making statements or to make false statements to judicial authorities (Article 377-*bis* of the Italian Criminal Code).

¹⁵ Article added by Legislative Decree No. 121 of 7 July 2011; includes the following predicate offences: killing, destruction, capture, taking or possession of protected species of specimens of protected wild fauna and flora species (Article 727-*bis* of the Italian Criminal Code); destruction and/or deterioration of habitats inside a protected area (Article 733-*bis* of the Italian Criminal Code); discharge into the sea of wastewater containing hazardous substances; discharges into the soil, groundwater and subsoil; discharge into the sea by ships or aircraft (Legislative Decree 152/06, Article 137); unauthorised waste management activities (Legislative Decree 152/06, Article 256); contamination of the soil, subsoil, surface waters and groundwaters (Legislative Decree 152/06, Article 257); violation of reporting obligations, the keeping of compulsory registers and forms (Legislative Decree 152/06, Article 258); illegal trafficking of waste (Legislative Decree 152/06, Article 259); activities organised for illegal trafficking of waste (Legislative Decree 152/06, Article 260); misrepresentation of waste's nature, composition, and chemical/physical attributes when generating a waste analysis certificate; submission of a false waste analysis certificate using the SISTRI system; intentional omission or alteration of the hard copy of the SISTRI form for waste transport (Legislative Decree 152/06, Article 260-*bis*); import, export, possession, use for profit, purchase, sale, display or possession for sale or commercial purposes of protected species (Law 150/92, Article 1 and Article 2); Intentional pollution (Legislative Decree 202/07, Article 8); Involuntary pollution (Legislative Decree 202/07, Article 9).

Law No. 68 of 22 May 2015, introduced to Article 25-*undecies* the following predicate offences: environmental pollution (Article 452-*bis* of the Italian Criminal Code), environmental disaster (Article 452-*quater* of the Italian Criminal Code), culpable offences against the environment (Article 452-*quinquies* of the Italian Criminal Code), trafficking and abandonment of highly radioactive material (Article 452-*sexies* of the Italian Criminal Code), aggravating circumstances - aggravated cases of criminal association and mafia-style crime syndicate - (Article 452-*octies* of the Italian Criminal Code), the article was amended by Legislative Decree 21/2018, which repealed Article 260 of Legislative Decree No. 152/06 and introduced this offence into the Italian Criminal Code under Article 452-*quaterdecies*.

¹⁶ Article added by Legislative Decree No. 109 of 16 July 2012, concerning Article 22 of Legislative Decree No. 286 of 25 July 1998 (temporary and permanent employment), as amended by LAW No. 161 of 17 October 2017, where Article 30(4) of the reform introduces financial and disqualification penalties in relation to the crime of aiding and abetting illegal immigration referred to in Article 12 of Legislative Decree 286/1998.

¹⁷ Article added by Law 167/2017, which entered into force on 12 December 2017 bearing 'Provisions for the fulfilment of obligations arising from Italy's membership of the European Union - European Law 2017', the article was subsequently updated by Legislative Decree 21/2018.

¹⁸ Law No. 39/2019 inserted, within Legislative Decree 231/2001, Article 25-*quaterdecies*, introducing the crimes of: 'Fraud in sporting competitions, illegal gambling or betting and games of chance using prohibited devices'.

¹⁹ Article 25-*quinquiesdecies* of the Decree was added by Law 157/2019 and amended by Legislative Decree 75/2020, implementing EU Directive 1371/17 - P.I.F. Directive, Article 156/2022.

²⁰ Article 25-*sexiesdecies* was introduced by Legislative Decree 75/2020, implementing EU Directive 1371/17 - P.I.F. Directive.

²¹ Article 25-*octies*1 was introduced by Legislative Decree 184/2021.

XXII. Crimes against cultural heritage and the landscape (Article 25-*septiesdecies* and 25-*duodicies* of Legislative Decree 231/2001)²²,

XXIII. Transnational offences referred to in Article 10 of Law No. 146 of 16 March 2006, 'ratifying and executing the United Nations Convention and Protocols against Transnational Organised Crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001'^{23, 24}.

The catalogue of predicate offences can be consulted on the 'normattiva' portal (<https://normattiva.it>). It is kept up-to-date by a number of associations or organisations specialising in the administrative liability of Entities, including, for example, Rivista 231 and the AODV Association.²³¹

The catalogue that was in effect at the time of the last update of the 231 Model is detailed in Annex No. 1 of this General Section.

1.2.2. Basis for Entity liability and the Model's exempting role

In the event of the commission of one of the Offences, the Entity may be held liable in the presence of certain conditions that can be qualified as criteria for Entity liability.

The criteria for liability can be both objective and subjective.

Regarding the criteria for objective attribution, the Entity's liability under the Decree arises when:

- a) the offence was committed by a person linked to the Entity via a qualified relationship, namely by:
 - an individual who holds roles of representation, administration, or management within the Entity or one of its autonomous organisational units, both from a financial and functional perspective, or who manages and controls them, including in practice (commonly referred to as senior management);

²² Articles 25-*septiesdecies* and 25-*duodevicies* were introduced by Law 22/2022, which extended the applicability of the Decree to crimes against cultural heritage and the landscape.

²³ The definition of 'transnational crime' is provided in Article 3 of Law No. 146/2006, which specifies that 'an offence punishable by no less than a maximum of four years' imprisonment, where an organised criminal group is involved' is considered to be such, with the additional condition that at least one of the following requirements is met 'it is committed in more than one State' or 'it is committed in one State, but with a substantial part of its preparation, planning, management or control in another state' or 'it is committed in one State, but the implication in it of an organised criminal group engaged in criminal activity in more than one State' or 'it is committed in one State, with production of substantial effects in another State' [Article (3(a), (b), (c) and (d))].

The transnational crimes in relation to which Article 10 of Law No. 146/2006 provides for the administrative liability of entities, include: associative offences under Article 416 of the Italian Criminal Code ('criminal conspiracy') and 416-*bis* of the Italian Criminal Code ('mafia-type crime syndicates'), in Article 291-*quater* of Presidential Decree No. 43 of 23 January 1973 ('conspiracy to smuggle foreign tobacco') and Article 74 of Presidential Decree No. 309 of 9 October 1990, ('association for the illegal trafficking of narcotic drugs or psychotropic substances'); offences concerning the 'trafficking of migrants' referred to in Article 12, paragraphs 3, 3-*bis*, 3-*ter* and 5, of Legislative Decree No. 286 of 25 July 1998; offences concerning the 'obstruction of justice' under Article 377-*bis* of the Italian Criminal Code ('inducement to refrain from making statements or to make false statements to judicial authorities') and 378 of the Italian Criminal Code (aiding and abetting').

It should be noted that, in this case, the expansion of offences that trigger entity liability did not occur through the incorporation of additional provisions within Legislative Decree No. 231/2001, as had been the practice in the past. Instead, it was achieved through a separate provision found in Article 10 of Law No. 146 of 2006. This article outlines the specific administrative penalties applicable to the aforementioned offences and underscores, in its final paragraph, that 'the regulations of Legislative Decree No. 146 of 8 June 2001 are applicable to the administrative offences stipulated in Legislative Decree No. 231 of 8 June 2001'.

²⁴ With Law No. 94 of 15 July 2009 (Article 2, Paragraph 29), Article 24-*ter* was added to Legislative Decree 231/2001 (organised crime offences), which identifies as predicate offences for the administrative liability of entities the offences referred to in Articles 416 and 416-*bis* of the Italian Criminal Code, and Article 74 of Presidential Decree No. 309 of 9 October 1990, including in the absence of the transnationality requirement.

With Law No. 116 of 3 August 2009 (Article 4), Article 25-*novies* was added to Legislative Decree 231/2001 (inducement to refrain from making statements or to make false statements to judicial authorities), which identifies as a predicate offence for the administrative liability of entities the offence referred to in Article 377-*bis* of the Italian Criminal Code, including in the absence of the transnationality requirement.

- a person subject to the direction or supervision of a senior individual (a subordinate).
- b) the offence was committed in the interest or to the advantage of the Entity.

The Entity is not liable if the Offence was committed solely in the interest of the offender or third parties.

The Entity's *interest* is present when the wrongdoer has acted with the intent of benefiting the Entity, irrespective of whether this goal was effectively realised.

An *advantage* exists when the Entity has derived, or could have derived, a positive result, economic or otherwise, from the Offence.

The interest and advantage of the Entity are two alternative criteria; for the Entity's liability to exist, it is sufficient that at least one of the two is present.

The law does not mandate that the advantage obtained or anticipated by the Entity must be strictly financial in nature. Hence, liability exists not solely when the offence leads to a monetary gain but also when, even in the absence of such tangible outcomes, the offence aims to advance the Entity's interest.

Articles 6 and 7 of the Decree govern the criteria for the subjective attribution of the Entity's liability, which vary depending on whether the Offence is committed by Senior Management or a Subordinate.

In the case of Offences committed by Senior Management, Article 6 of the Decree provides for a specific form of exemption from liability for the Entity, if the Entity proves that:

- a) the governing body of the Entity has, before the commission of the offence, put in place and successfully executed an organisation, management, and control model designed to prevent offences of the type committed;
- b) the responsibility for overseeing the functioning and adherence to the organisation, management, and control model, as well as ensuring its updates, has been delegated to a body within the Entity with independent authority and oversight powers (referred to as the Supervisory Board or 'SB');
- c) the persons who committed the offence acted by fraudulently evading the measures provided for in the model;
- d) there was no omission or insufficient supervision on the part of the SB.

The conditions listed above must be concurrent in order for the liability of the Entity to be excluded.

However, in instances where Offences are committed by a Subordinate, Article 7 of the Decree stipulates that the Entity's liability will be established solely if the Offence became feasible due to its neglect of management and oversight responsibilities, with the exception of this neglect if the Entity, before the Offence took place, had adopted and successfully put into practice a Model designed to prevent such Offences.

1.3. Offences committed abroad

Pursuant to Article 4 of the Decree, the Entity may be held liable in Italy for Offences committed abroad provided that:

- the Entity has its head office in Italy;

- the general conditions of prosecution provided for in Articles 7, 8, 9 and 10 of the Italian Criminal Code exist for the prosecution in Italy of an Offence committed abroad;
- the Offence is committed abroad by a person functionally linked to the Entity;
- the country in which the Offence was committed does not press charges.

1.4. Penalties

If the Entity is found to be liable, the penalties set out in Articles 9 *et seq.* of the Decree will apply, namely:

- a) financial penalties;
- b) disqualification penalties;
- c) confiscation;
- d) publication of the conviction.

It will be up to the criminal court, having ascertained the Entity's liability, to determine the extent of the penalty to be applied. As specified above, the Entity shall also be held liable if the Offence is committed in the form of an attempt; in this case, the financial and disqualification penalties shall be reduced by 30% to one half (Article 26 of the Decree). Pursuant to Article 26 of the Decree, the Entity is not liable when it voluntarily prevents an act or event.

1.4.1. Financial penalties

Financial penalties entail the payment of a specific amount, as determined by the Decree. This amount should not be less than EUR 10,329.14 (as per Article 12(4) of the Decree) and should not exceed EUR 1,549,000. The actual sum is determined through a two-phase assessment process by the judge (commonly known as the '*per quota*' system).

Financial penalties are levied in instalments of no less than EUR 100 and no more than EUR 1,000; instalment amounts are between a minimum of EUR 258 and a maximum of EUR 1,549.

1.4.2. Disqualification penalties

Disqualification penalties comprise:

- a) a ban on conducting business as a company;
- b) the suspension or revocation of permits, licences, or concessions necessary for committing the offence;
- c) the temporary or permanent prohibition from entering into contracts with the Public Administration, except for obtaining the provision of public services;
- d) the exclusion from benefits, funding, grants, or subsidies, and the potential revocation of previously granted ones;
- e) the temporary or permanent ban on advertising goods or services.

Disqualification penalties are applicable solely to the Offences explicitly designated by the Decree, even when imposed jointly.

Disqualification penalties are applicable when:

- the Entity has obtained substantial profits from the offence, and the offence was committed either by Senior Management or a Subordinate, with the latter scenario requiring the presence of severe organisational shortcomings that either enabled or facilitated the offence;
- offences are repeated.

However, even if one or both of the above conditions are met, disqualification penalties will not be imposed in the presence of one of the following circumstances:

- a) the offender primarily committed the offence for their own or third-party interests, and the Entity either gained no advantage or only a minimal advantage from it;
- b) the financial damage caused is exceptionally minor;
- c) before the first-instance hearing is set, the following conditions are fully met, precluding the imposition of disqualification penalties:
 - the Entity has fully compensated for the damage and remedied the harmful or dangerous consequences of the offence or has taken effective measures to do so;
 - the Entity has rectified the organisational deficiencies that led to the offence by adopting and implementing a Model;
 - the Entity has made the profit obtained available for confiscation purposes.

Disqualification penalties may also be imposed as a precautionary measure, individually and not simultaneously (upon the request of the Public Prosecutor to the Judge), when the following conditions are met:

- there is compelling evidence that the Entity is liable;
- there are well-founded and specific indications of a tangible risk of further offences of a similar nature as the one under investigation.

When issuing precautionary measures, the Judge will consider the individual appropriateness of each measure based on the nature and extent of the specific precautionary needs in the given case. The Judge will also assess the required balance between the applied measure, the severity of the offence, and the potential permanent penalty that may be imposed on the Entity.

1.4.3. The publication of judgements

The judgement will be published once, either in part or in its entirety, by the office of the clerk of the court and will be paid for the Entity. It will be published in one or more newspapers specified in the judgment and displayed in the municipality where the Entity's headquarters are located.

The publication of the judgement may be ordered when a disqualification penalty is imposed on the Entity.

1.4.4. Confiscation

Confiscation involves the State's compulsory acquisition of the proceeds or gains from an Offence, except for the portion that can be returned to the injured party, and without affecting the rights acquired by innocent third parties. When it is not feasible to confiscate the actual items involved, it may involve monetary sums, assets, or other assets of comparable value to the proceeds or gains from the Offence.

1.5. Precautionary measures

During ongoing criminal proceedings, at the request of the Public Prosecutor, the Judge can impose the aforementioned restrictive measures as a precautionary step.

Precautionary measures can be applied under the condition that there are compelling signs of the Entity's liability, along with evidence indicating a real risk of additional offences of a similar nature being committed.

Just like precautionary measures in cases involving individuals, precautionary measures in cases involving Entities must adhere to the principles of proportionality, suitability, and adequacy (Article 46): they should be proportional to the severity of the offence and the potential penalty, aligned with the specific pre-trial requirements, and deemed necessary when no alternative measure would suffice for the circumstances. The duration of penalties imposed as a precautionary measure (Article 51) shall be determined by the court and may not, in any event, exceed one year.

If there has already been a conviction at first instance, the duration of the precautionary measure may correspond to that of the conviction, subject to a limit of three and a half years (Article 51(2)).

The legislator also establishes the possibility of suspending, revoking, or replacing precautionary measures.

It is also possible that the Entity's activities may be suspended for the duration of the penalty that would have been applied in lieu of prohibitory penalties as a precautionary measure.

1.6. Factors affecting the Entity's administrative liability

The Decree addresses the consequences of changes within the Entity, including transformations, mergers, demergers, and company transfers, with respect to administrative liability for Offences.

It seeks to strike a balance between preventing these transactions from being used as ways to evade liability and avoiding overly punitive effects that might hinder legitimate organisational restructuring efforts of Entities without evasive intentions.

As such, a general criterion was established to govern the handling of financial penalties imposed on the Entity in line with the principles outlined in the Italian Civil Code regarding the liability of the Entity undergoing changes due to the debts of the initial Entity. Concurrently, the disqualification penalties remain linked to the specific sector of activity in which the Offence took place.

In case of:

- the Entity transformation, liability for Offences committed prior to the transformation's effective date remains unchanged;
- a merger, the resulting Entity from the merger, including incorporation, assumes liability for the Offences previously attributed to the merging Entities;
- a partial division, the divided Entity's liability for Offences committed before the division's effective date remains intact. Entities that benefit from either a partial or total demerger are collectively and individually responsible for settling the financial penalties owed by the

demerged Entity for Offences committed prior to the demerger's effective date. The obligation is restricted to the real value of the net assets transferred to the specific Entity, except when the branch of activity where the Offence occurred is transferred, even partially, to that Entity;

- a business sale or transfer where the Offence occurred, the transferee assumes joint and several liability for the financial penalty. However, the transferor retains the opportunity for prior exoneration, and the liability is confined to the business's assessed value. The transferee's responsibility is restricted to fines related to mandatory financial records or those stemming from administrative violations of which the transferee had knowledge.

1.7. Decree guidelines on Model characteristics

The Decree provides general guidelines concerning the nature and features of the Model. It specifies that Models must possess the following characteristics – based on the extent of delegated powers and the risk of an Offence occurring:

- definition of the company activities where Offences may potentially occur;
- establishment of specific protocols for planning and implementing the Entity's decisions regarding Offence prevention;
- identification of financial resource management methods to prevent Offences;
- inclusion of obligations to provide information to the supervisory body responsible for monitoring the model's function;
- implementation of an effective disciplinary system to penalise non-compliance with the model's regulations.

In addition, Law No. 179 of 30 November 2017, 'Legislation safeguarding whistleblowers reporting offences or irregularities in public or private employment relationships'²⁵ introduced new suitability requirements and therefore the model must also contain the indications set out in paragraphs 2-bis of Article 6 of Legislative Decree 231/2001.

Nevertheless, merely implementing the Model doesn't absolve entities from their actions. The latter, in fact, must also put in place adequate measures to ensure the Model's implementation is effective:

- regular assessment and potential adjustments to the Model in cases of substantial violations or organisational changes;
- implementation of an effective disciplinary system to address non-compliance with the model's measures.

Lastly, a dedicated company body, known as the Supervisory Board (SB), should be established with adequate authority and independence to oversee the operation and adherence to these created and executed Models, as well as to ensure their ongoing updates.

From a formal perspective, the adoption and effective implementation of a Model is not an obligation for Entities, but merely an option. Therefore, the failure to adopt a Model pursuant to the Decree does not in itself entail any penalties for Entities. Nonetheless, for the Entity to qualify for the exemption outlined in the Decree in case of Offences committed by Senior Management and/or Subordinates, the adoption and effective implementation of an appropriate Model is a mandatory requirement.

²⁵ Published in Official Gazette No. 291 of 14 December 2017 and entered into force on 29 December 2017.

The Model therefore constitutes a set of rules, principles, procedures and controls that govern the organisation and management of the Company with the objective of preventing the commission of Offences.

The Model varies and takes into account the nature and size of the Entity and the type of business it performs. As such, it is not a static tool but rather a dynamic mechanism that allows the Entity to reduce the risk of Offences being committed through its continuous and effective implementation.

1.8. Codes of ethics developed by entity associations

When creating the Model, the Entity has the option to align with industry-standard codes of conduct, such as the Guidelines provided by Confindustria, among others.

Confindustria's '*Guidelines for Developing Organisation, Management, and Control Models in Accordance with Legislative Decree 231/2001*' were circulated on 7 March 2002, supplemented on 3 October 2002 with an appendix on corporate offences (introduced with Legislative Decree 231/2001 pursuant to Legislative Decree No. 61/2002) and last updated in March 2008.

On 2 April 2008, the Ministry of Justice announced the conclusion of the review process for the new Confindustria Guidelines. These were approved on the grounds that the update was considered '*on the whole adequate and suitable for achieving the purpose laid down in Article 6(3) of Legislative Decree No. 231/2001*'.

In 2021, after a comprehensive and thorough review, Confindustria finalised the revision of its Guidelines. The updated version aligns the previous 2014 text with the legislative, jurisprudential, and enforcement practice changes that have occurred during this time, preserving the differentiation between the general and special sections. Specifically, the primary revisions and enhancements to the General Section include: the addition of a new chapter addressing the framework of criminal liability and a summary table of predicate offences, modifications to the disciplinary system and penalty mechanisms, updates to the composition of the Supervisory Board, and considerations related to corporate group dynamics. The Special Section has undergone significant revisions, not only to address the new predicate offences but also to introduce a more user-friendly and structured analytical approach for the relevant stakeholders. The document was submitted to the Ministry of Justice, which announced its final approval on 8 June 2021.

The Guidelines provide companies with indications and measures, essentially drawn from company practice, on the preparation of Organisational Models. In short, they provide an overview of the regulatory system outlined by Legislative Decree 231/2001, guidance on risk assessment and internal protocol preparation, assistance in drafting the Code of Ethics and disciplinary system, identification of the Supervisory Board, and a case study illustrating relevant alleged offences concerning administrative liability.

1.9. Ascertaining administrative offences

In cases involving administrative offences linked to criminal offences, the regulations of Legislative Decree 231/2001, the provisions of the Italian Code of Criminal Procedure, and Legislative Decree 271/1989²⁶ also apply.

Therefore, the Entity's administrative liability for an offence, even though it falls under administrative law, is determined within the framework of criminal proceedings, and more precisely, by the same judge responsible for ruling on the alleged offence committed by senior management or a subordinate (Articles 36 and 38 of Legislative Decree No. 231/2001).²⁷

However, as per Article 37 of Legislative Decree 231/2001, the administrative offence cannot be established against the Entity when criminal proceedings against senior management, who committed the offence, cannot be initiated or pursued due to the absence of a complaint, a request for proceedings, or authorisation to proceed (i.e., the prosecution prerequisites outlined in Articles 336, 341, 342, 343 of the Italian Criminal Code).

Lastly, it is important to emphasise that the Entity's liability is fundamentally based on fault or culpability. Therefore, the criminal judge will be called upon to:

- check for the existence of the predicate offence;
- investigate the actual liability/guilt of the company, also ascertaining the effective adoption and implementation of measures to prevent the offence;
- examine the suitability of these measures and the organisational models implemented and scrutinise their capacity to prevent or, at the very least, reduce the likelihood of the offence occurring due to unforeseen factors.²⁸

1.10. Examination of suitability

The determination of the Entity's liability, a responsibility placed within the jurisdiction of the criminal court, involves two main steps: confirming the presence of the underlying offence contributing to the Entity's liability and assessing the effectiveness of the adopted organisational models.

The judge's examination of the abstract suitability of the organisational model to prevent the offences referred to in Legislative Decree 231/2001 is conducted according to the criterion of 'posthumous prognosis'.

²⁶ 'Implementation, coordination and transition rules of the Italian Code of Criminal Procedure'.

²⁷ Without prejudice to separate proceedings in the cases provided for in Article 38(2) of Legislative Decree 231/2001: 'Separate proceedings for the administrative offences of entities are initiated only under the following circumstances: a) when the suspension of proceedings is decreed in accordance with Article 71 of the Italian Code of Criminal Procedure [suspension of proceedings due to the inability of the defendant]; b) when the proceedings are resolved through summary judgment or the application of a penalty as per Article 444 of the Italian Code of Criminal Procedure [application of the penalty on request], or a criminal conviction decree has been issued; c) when adherence to procedural provisions deems it necessary'.

²⁸ To assess the Model's abstract suitability in preventing the offences defined in Legislative Decree 231/2001, the judge must place themselves within the company context at the time of the offence. This entails a retrospective evaluation to determine the adequacy of the model adopted. This form of evaluation, commonly found in the criminal justice system, is known as 'prognosi postuma' or 'posthumous prognosis'.

The assessment of adequacy should primarily follow an *ex-ante* approach, where the judge ideally puts themselves in the company's situation at the time of the offence to evaluate the appropriateness of the adopted Model.²⁹

In simpler terms, the Organisational Model, before the offence occurred, must be considered 'capable of preventing offences' and should have the effect of eliminating or at least significantly reducing the risk of the offence happening thereafter.³⁰

²⁹ Paliero, *La responsabilità della persona giuridica per i reati commessi dai soggetti in posizione apicale*, Report delivered at the Paradigma conference in Milan, 2002, p. 12 of typescript. Rordorf, *La normativa sui modelli di organizzazione dell'ente*, in *Responsabilità degli enti, cit.*, supplement to No. 6/03 of the *Cassazione Penale*, 88 s.

³⁰ Amato, in the commentary on the 4-14 April 2003 order issued by the Examining Judge of Rome, in *Guida al diritto* no. 31 of 9 August 2003.

2. Governance and Organisation of TEXA SPA

2.1. The Company and its history

TEXA, an acronym for 'Tecnologie Elettroniche X l'Automotive', was established in 1992 by Bruno Vianello and Manuele Cavalli (who left the company in 2017) and has grown to become a global leader in designing, industrialising, and manufacturing a wide range of multi-brand diagnostic tools, exhaust gas analysers, air conditioning maintenance stations, and remote diagnostics devices for various types of vehicles, including cars, motorcycles, trucks, boats, and agricultural vehicles. Its latest focus is on developing advanced powertrain systems for electric vehicles.

With a broad-reaching distribution network, TEXA operates globally. It has direct sales channels in Brazil, France, Great Britain, Germany, Japan, Spain, the USA, Poland, and Russia through its subsidiary companies. Initially, with a team of just 10 employees, the Veneto-based company (headquartered in Monastier di Treviso), quickly gained market recognition. Over the years, it has manufactured millions of advanced diagnostic and telediagnostic devices, in addition to stations for recharging vehicle air conditioning and conducting exhaust gas analysis. Additionally, it has established significant partnerships with major international corporations.

Today, TEXA employs nearly 1,000 individuals across the globe, featuring a youthful workforce that includes over 250 engineers and specialists dedicated to research and development.

In 2002, TEXA transitioned to a Joint-Stock Company. In 2004, to accommodate its remarkable expansion, it opened a state-of-the-art production facility spanning 12,000m² on a 64,000m² plot. This facility prioritises cutting-edge technology, safety, and social sustainability.

Over the years, the TEXA Group has consistently achieved positive growth in terms of results and performance.

Innovation, research and development have always been the Company's guiding principle for achieving ambitious results: TEXA has transformed the industry by introducing video-assistance and remote diagnostics. In 2007, it took a significant step by entering into a crucial partnership with Google Search Appliance, which laid the foundation for all its subsequent product generations.

In 2009, TEXA was the first company in the world to launch a multi-brand diagnostic tool for the agricultural and marine sectors. In 2010, it marked a pioneering achievement as the first company to introduce and manufacture a full range of air conditioning system recharging stations that adhere to new EU legislation, featuring an environmentally friendly refrigerant gas. The KONFORT A/C line has established itself internationally and is recommended by the world's leading car manufacturers. In 2011, TEXA showcased AXONE 4, an innovative touch-screen display tool that represented the latest frontier in vehicle diagnostics.

Since 2012, it has also played a leading role in the field of Telediagnosics, supplying the fleets of many leading Italian and foreign companies with its TMD solution. In 2016, it launched AXONE Nemo, a powerful forward-looking diagnostic tool designed to withstand severe shocks. In 2018, TEXA presented RCCS, an advanced system for calibrating ADAS systems (safety devices installed in modern vehicles). In 2020, the Company introduced the AXONE NEMO 2, an enhanced version

of the tablet with even faster and improved performance. The latest advancement in this line is the AXONE VOICE, a groundbreaking hands-free 2-in-1 diagnostic tool.

The future of the automotive industry undoubtedly lies in electric mobility, a revolution that will reshape the way we think about and use vehicles. This fundamental paradigm shift was immediately seized upon by TEXA, which established e-Powertrain in 2018. This new company focused on the production of sophisticated inverter systems, VCUs, and electric motors for vehicle propulsion.

As part of the industry's social responsibility, a commitment that Bruno Vianello deems essential, TEXA focuses on young talent through the TEXAEDU project. Since 2004, the Company has been actively involved in organising a two-year programme, officially recognised by the Ministry of Education, Universities, and Research, aimed at obtaining a 'mechatronic' diploma. This diploma certifies expertise in mechanics and electronics and is offered in 61 Italian vocational colleges. TEXA writes the curriculum, trains teachers, produces books, and supplies the tools required for lessons to each school, all free of charge. At the end of each school year, the two best students from each college are invited to TEXA with a teacher to participate in a fun competition, the TEXA Diagnosis Contest, a 'Grand Prix of Diagnosis' that celebrates the best budding Italian mechanics.

The project's value was officially recognised through an agreement signed with the Ministry of Education.

TEXA's Headquarters

TEXA's headquarters are an architectural masterpiece, widely acknowledged as one of Italy's most impressive workplaces. It spans over 36,000m², situated on a sprawling area of more than 100,000m². It represents a genuine movement against the outsourcing and dehumanisation of work, seamlessly combining cutting-edge workspaces with community hubs, all thoughtfully designed in alignment with local traditions. These include a café, theatre, restaurant, and recreation area. Emphasising greenery, there's a 40,000m² park, an expansive rooftop garden adorned with various plants and herbs, and the relaxing presence of numerous water features and fountains.

The visionary idea is to establish a space where employees feel appreciated, inspired, and actively engaged in shaping the Company culture.

Against this backdrop, Bruno Vianello replaced the term 'employees' with 'members', underlining our collective involvement in a shared vision.

Starting in 2023, the primary facility has been accompanied by the e-Powertrain plant, covering an area of 24,000m². This new facility is situated in Monastier but also has technology hubs in Bologna and Turin.

PRIZES AND AWARDS

TEXA has received several awards over the years for its commitment to Research, Innovation and Trade.

NATIONAL AWARDS

- Ernst & Young Entrepreneur of the Year Award Finalist (2008).

- Enterprise City Award (2008 and 2010).
- Unioncamere del Veneto Award (2009).
- Marco Polo Foreign Trade Award (2010).
- SMAU, winners in the IT Architectures category (2011).
- National Innovation Award (2011)
- Unindustria Treviso 'Giovani in Fabbrica' award (2012).
- Capital Award (2013, 2014).
- National Mechatronics Award Finalist (2014).
- Top Ten Disruptive Italian Companies - MIT Technology Review (2015).
- National Confindustria Orientagiovani Award (2015).
- 'Data Driven Innovation' Statistics Award, Treviso (2019).
- Bruno Vianello appointed Cavaliere del Lavoro (2023).

INTERNATIONAL AWARDS

In the international arena, TEXA and its President Bruno Vianello have won several impressive awards:

- GIPA (Groupement Inter Professionnel de l'Automobile) Award for Electronic Diagnosis (2005).
- GIPA (Groupement Inter Professionnel de l'Automobile) award for the TEXAEDU programme (2009).
- Gold Trophy at the Grand Prix Internationaux de l'Innovation Automobile in Paris (2009).
- Innovation Trophy at Automechanika Frankfurt (2010).
- 'Galeria de Innovacion' Prize, Madrid (2011).
- Press Award, GIPA (2013).
- Innovation Trophy at Automechanika Frankfurt (2014) in two out of seven categories.
- Automotive Innovation Trophy Ireland (2014).
- Profi Werkstatt Award - Beste Marke, Germany (2014).
- The 'Golden Key' Award, MIMS Fair in Moscow (2014, 2015).
- Frost & Sullivan Award (2016).

- Profi Werkstatt Award - Beste Marke, Germany (2018).
- PTEN Award with AXONE Nemo, AAPEX Fair in Las Vegas (2018).
- PTEN Award with eTRUCK, AAPEX Fair in Las Vegas (2019).
- PTEN Award with eTRUCK OHW, Las Vegas (2020).
- PTEN Award with AXONE Nemo 2 TRUCK, Las Vegas (2021).

2.2. The Company's governance Model

TEXA is a Joint-Stock Company in accordance with Italian law, adhering to a conventional governance structure. As such, its corporate bodies include a Shareholders' Meeting, Board of Directors, and Board of Statutory Auditors.

The Company's corporate governance framework is presently structured as outlined below, in alignment with the Company's Articles of Association: a) Shareholders' Meeting b) Board of Directors c) Board of Statutory Auditors.

As per legal requirements, the financial accounts undergo an audit conducted by an independent audit firm, selected by the Shareholders' Meeting, in full adherence to legal provisions and regulations.

2.3. The Company's organisation and control system

2.3.1. Organisational structure

The organisational system meets the following requirements: (i) transparency, formalisation, and effective communication, including clearly defined responsibilities, hierarchies, and operational tasks; (ii) role separation, ensuring that organisational structures prevent functional overlaps and the concentration of highly critical or risky tasks in one individual.

To ensure these criteria are met, the Company employs organisational tools (organisation charts, communication protocols, and procedures) guided by the overarching principles of: (i) facilitating understanding within the Company; (ii) clearly describing reporting structures; (iii) clearly and formally defining roles with detailed descriptions of the tasks and responsibilities assigned to each function.

TEXA's organisational structure consists of several Departments and Functions. Staff departments/functions and those under line management report directly to the Chairperson of the Board of Directors (referred to as the 'Chairperson').

The HR Department ensures that the overview of the organisational structure, along with detailed organisational charts for each business area/department, remains consistently up-to-date. The *HR Department* collaborates with the *QHSSE and Compliance Department* to oversee changes to these documents, and it is responsible for communicating updates and publishing them in a dedicated section of the corporate intranet.

2.3.2. Delegations and powers

The proxy system encompasses both internal authorisation powers, which are crucial for the Company's decision-making processes, and powers of representation for signing documents that have external implications and can bind the Company (commonly referred to as special or general 'proxies').

The Company is committed to ensuring that these delegated powers are regularly updated. This involves determining the circumstances under which powers should be assigned, modified, or revoked (such as taking on new responsibilities, transitioning to roles incompatible with the initially conferred powers, resignations, dismissals, etc.).

To facilitate this process, TEXA maintains a well-structured system of delegations, powers, and powers of attorney. This system is documented and aligned with the organisational structure and is overseen by the *Legal Department*.

Documents pertaining to delegations of powers, powers of attorney, or appointments related to directors, as well as any other executives or personnel within the Company, are maintained by the *HR Department*.

2.3.3. Control and monitoring activities

Control and monitoring activities at TEXA involve various parties with different roles: the Board of Directors, the Board of Statutory Auditors, Independent Auditors, the Supervisory Board, the Prevention and Protection Service Manager, as well as all company personnel. These activities are a fundamental aspect of TEXA's daily operations.

These control tasks are categorised into three levels:

- first-level controls: these are line controls focused on ensuring the correct execution of operations. They are conducted by the production facilities themselves or are integrated into established procedures;
- second-level controls: these controls are geared towards ensuring the proper execution of the risk management process, adherence to operational limits within different functions, and compliance with relevant regulations, including self-regulatory guidelines. The functions responsible for these controls contribute to shaping risk governance policies and the risk management process;
- third-level controls: these encompass (i) internal audit controls, which seek to detect anomalies and violations of the company procedures and assess the functionality of the overall internal control system. These are carried out by units independent of operational structures; (ii) external audit controls, focused on verifying the accurate maintenance of company accounts and the preparation of financial statements in accordance with applicable accounting standards; (iii) supervisory activities that oversee the proper administration of the Company, the adequacy of organisational structures, and compliance with legal and charter requirements.

3. The TEXA Organisation and Management Model pursuant to Legislative Decree 231/2001

3.1. Foreword

As outlined in TEXA's Code of Ethics, the Company adheres to ethical principles that guarantee the lawful conduct of its business and operations, all while respecting the legitimate expectations of its numerous stakeholders.

In pursuit of this objective, TEXA recognises the significance of implementing an internal control and risk management system. This system serves the purpose of preventing any illicit behaviour by its senior executives, employees, associates, and representatives. It also highlights the importance of engaging in business partnerships with ethical integrity, avoiding associations with partners whose ethical values are compromised or do not align with similar ethical principles.

For this reason, in accordance with Confindustria's guidelines, TEXA has adopted an Organisation, Management, and Control Model pursuant to Legislative Decree No. 231/2001. This action serves not only to secure exemptions but also to integrate the overall internal control and risk management system. The objective is to maintain compliance with industry best practices and high ethical standards while efficiently managing corporate activities over time.

While the Decree does not mandate the adoption of the Model, leaving it as an optional decision for each entity, the Company has chosen to adhere to the Decree's regulations for the aforementioned reasons. It has made this decision to enhance and evolve its organisation, management, and control tools over time, including behavioural guidelines and preventive controls against the risk of offences. This ongoing effort is to ensure that these tools consistently align with the Decree's objectives. The Company achieves this by regularly undertaking dedicated review and updating projects.

3.2. Recipients

The principles and contents of the 231 Model are intended for everyone involved in pursuing the Company's goals, irrespective of their roles and levels of responsibility. These principles also apply to all external parties with whom TEXA interacts (collectively referred to as 'recipients'). It is imperative that the following individuals strictly adhere to and actively adopt the principles and components outlined in the Model, leaving no room for exceptions:

- legal representatives, directors by virtue of their role in the Company, general attorneys, special attorneys, those acting with special powers of attorney, as well as appointed agents and proxies;
- members of the Board of Statutory Auditors and persons (natural and/or legal) that perform supervisory and control functions within the Company in accordance with the law and the Articles of Association;
- managers and employees of the Company ('employees');
- individuals employed through temporary staffing agencies, in intermittent employment, or ancillary employment relationships ('assimilated employees');

- parasubordinate workers, individuals engaged in coordinated and continuous collaboration, especially in project/programme collaboration, those in a marginal collaboration relationship (providing occasional services), individuals in an occasional ancillary service relationship, and those participating in training and orientation traineeship (internship) agreements;
- any person exercising management and control over the Company, irrespective of their formal legal status.

For the purposes of this Model, members of administrative and corporate bodies, employees, assimilated employees, interns/trainees, and apprentices are jointly referred to as members of staff or 'members'.

The following individuals and entities are also considered Recipients: suppliers, customers, partners engaged in the Company's commercial initiatives, individuals (natural and/or legal persons) providing self-employment services, such as consultants or those with consultancy and/or professional service relationships with the Company. This also includes those involved in commercial distribution, agency, mandate with or without representation, representation relationships, mediation, business procurement, and all individuals who collaborate with the Company for various reasons.

Consultants, occasional contractors, agents and other representatives are hereinafter jointly referred to as 'Contractors'.

Every individual or entity covered by the Model is obligated to diligently comply with its provisions and the associated implementation procedures while actively contributing to its execution.

3.3. Aims and Principles

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

- reiterate its strong condemnation of unlawful conduct, emphasising its inconsistency not only with legal provisions but also with the Company's ethical principles;
- align its internal control system with the legal requirements and established precedents essential for the Model's exemption effectiveness;
- raise awareness about the severe consequences that could impact the Company due to the application of financial and prohibitory penalties as outlined in Legislative Decree 231/01. This includes the potential imposition of precautionary measures and underscores the possible indirect ramifications for all stakeholders;
- enable the Company to maintain continuous monitoring and vigilant oversight of its activities, facilitating prompt intervention in the event of emerging risk profiles. If necessary, this allows for the application of disciplinary measures stipulated within the Model.

Through the Training and Communication initiatives outlined in Chapter 6, the Company seeks to instill an understanding among all Model recipients of the requirement to adhere to the Model in a timely manner, and that any breach of the Model will result in the application of appropriate disciplinary measures.

The principles applied when developing the Model are primarily designed to address the potential scrutiny of the Model's exemption efficacy, as detailed below:

- for the Model:

- the activities/processes in the scope of which offences may be committed have been identified;
- the control protocols have been defined in such a way that they cannot be circumvented except fraudulently (i.e. with intent to deceive);
- the Model's general suitability has been considered, and the control protocols specifically, with respect to the objective of preventing predicate offences;
- the necessary actions have been taken for the Model's effective implementation;
- for the Supervisory Board:
 - the roles and duties related to monitoring the Model's operation, ensuring compliance, and managing updates have been clearly outlined;
 - specific powers of initiation and oversight have been established, allowing for autonomous implementation, supported by designated budgetary authority and supervisory control over certain functions and company departments;
 - guidelines and protocols for supervisory activities have been established to ensure their adequacy and effectiveness;
 - general information obligations have been established for all employees, and specific information obligations have been outlined for certain departments and functions within the Company, with a focus on the Supervisory Board;
- the procedures for managing financial resources and other assets³¹ have been revised to prevent senior management figures responsible for activities related to offences against the Public Administration and corruption between private individuals from engaging in activities that could lead to corrupt practices before the actual offence is committed;
- a disciplinary system has been introduced to address non-compliance with the Model's measures;
- the Company's decision-making processes concerning the planning, formation, and implementation of decisions in relation to the offences to be prevented have been reviewed.

To identify and assess the adequacy of preventive measures for culpable offences concerning occupational health and safety, specific reference is made to the provisions and guidelines of Article 30 of Legislative Decree 81/2008.

When evaluating the adequacy of measures aimed at preventing environmental offences, the Company considered the stipulations and recommendations found in the Unified Environmental Law and the protective measures mandated by the ISO14001 'Environmental Management System' standard.

To determine the adequacy of preventive measures against computer crimes and unlawful data processing, reference is specifically made to the Company's information security protocols outlined in ISO/IEC 27001.

To assess the effectiveness of preventive measures, TEXA also takes into account the responsibilities associated with transnational offences introduced by Law 146/2006.

³¹ Specifically, these processes are seen as supportive of, or having the potential to generate, the allocation of funds and/or other resources required for the execution of the specific corrupt activities directly associated with the vulnerable activities outlined in the predicate offence categories related to Public Administration and Bribery.

In a broader sense, when defining its Model, TEXA also sought guidance from Confindustria's code of conduct (Guidelines for the Construction of Organisation, Management, and Control Models pursuant to Legislative Decree No 231/2001)³² (source: www.confindustria.it).

TEXA has carefully considered the fundamental principles related to identifying controls within the Model, as outlined in these Guidelines:

The principle of 'segregating duties', or 'segregating functions': 'no one can manage an entire process independently'.

The system must guarantee the application of the principle of the separation of duties, ensuring that the authorisation to conduct a task is the responsibility of an individual distinct from the person responsible for recording, operationally executing, or overseeing it.

In addition, it is crucial that:

- a) no one is given unlimited powers;
- b) powers and responsibilities are clearly defined and known within the organisation;
- c) authorisation and signature powers align with the designated organisational responsibilities and are adequately documented to facilitate easy reconstruction if needed in the future.

The principle of 'traceability' of operations/transactions: 'every operation, transaction, action must be: verifiable, documented, consistent, and aligned'.

Each operation should have sufficient documentary evidence that allows for ongoing scrutiny, providing details about the operation's nature and rationale, as well as identifying the individuals responsible for authorisation, execution, documentation, and verification of the operation.

Protecting data and IT procedures can be achieved by adopting security measures in compliance with the European Data Protection Regulation, Regulation (EU) 2016/679.

The principle of 'documenting control activities': 'documentation of controls' (pertaining to the execution of controls, not to be mistaken for the documentation of controls that need to be performed).

To uphold this principle, control activities performed as part of the comprehensive Internal Control System must be documented (ensuring a traceable record is maintained). The methods for documenting controls can vary widely, encompassing both paper-based approaches (such as checkmarks, meeting notes, initials, etc.) and computerised methods (including electronic records of authorisations and digital registers for automated control results, etc.).

3.4. Integration of the Model into the internal control and risk management system

TEXA's Organisation, Management, and Control Model pursuant to Legislative Decree 231/2001, in addition to the specific goals outlined earlier concerning the exemption as stipulated by the Decree, forms an integral part of the more extensive internal control and risk management system that the Company has already established and implemented to address its unique control requirements and objectives.

³² Update released in June 2021, as provided for in Legislative Decree 231/2001 (Article 6, Paragraph 3). The document was submitted to the Ministry of Justice, which announced its final approval on 8 June 2021.

TEXA is aware of the complexity generated by the multiplication of regulations and figures with supervisory and internal control tasks over the Company's activities.

For this reason, to optimise the efficiency and effectiveness of control activities and the administration of its internal control and risk management system, which includes independent control verification and overall monitoring, TEXA seeks to adopt an integrated approach for the development and upkeep (which encompasses updates and testing) of its Internal Control System.

In this regard, the control protocols outlined in the Special Sections of this Model are standardised with existing control systems, as TEXA adheres to an integrated management system that encompasses Quality, Information Security, Privacy, Environment, and Occupational Health and Safety. This system includes, specifically:

- the internal control and risk management system, in its broadest context, designed to enhance the efficiency of business processes, ensure the accuracy of accounting and management data, and uphold compliance with relevant laws and regulations;
- the quality management system for the Company's activities, in accordance with ISO 9001;
- the information security management system following the ISO/IEC 27001 standard;
- the requirements for management systems in line with the relevant standards (ISO 45001:2015 and/or UNI-INAIL Guidelines) for workplace health and safety;
- the environmental management system based on the ISO 14001 standard.

This integration can occur across various stages of the internal control management process, encompassing the design and implementation of internal controls, the execution of controls by managers, the oversight activities of senior management, and the conduct of independent audits by the entities tasked with monitoring the entire system.

3.5. Methodology for preparing and updating the Model

Considering the potential for exempting the Company from administrative liability as provided by Legislative Decree 231/2001, TEXA formulates, adopts, revises, and enforces an organisational model designed to prevent predicate offences and safeguard the Company's administrative liability.

In accordance with legal requirements and the guidelines proposed by Confindustria, TEXA follows a methodological approach to update its 231 Model, involving the following key steps:

- identification of sensitive corporate activities. This is achieved through an analysis of the business model and collaboration with relevant Departments possessing the most thorough understanding of their respective corporate sectors. The goal is to identify and evaluate activities where the risk of unlawful conduct, potentially resulting in offences under Legislative Decree 231/2001, may be present, even in theory (risk analysis of offences and identification of sensitive activities);
- definition of control protocols suitable for preventing the commission of predicate offences;
- definition of appropriate control protocols. These protocols are designed to ensure that the management of financial resources and utilities does not facilitate the creation of funds required for potential offences related to corruption, both in dealings with the Public Administration and the private sector;

- identification and evaluation of existing control measures and identification of areas requiring enhancement. This involves a thorough examination of current internal controls, following the Company's integrated approach to compliance, with the aim of identifying and rectifying any existing deficiencies;
- design and implementation of actions for enhancing the control system. This step is essential for improving the control system and aligning it with the objectives outlined in the Decree. It takes into account the Confindustria Guidelines and adheres to core principles such as the separation of duties and the alignment of authorisation powers with designated responsibilities;
- definition/revision of the composition, powers, and resource allocation of the Supervisory Board;
- definition/revision of the means for disseminating the Model and engaging employees at all organisational levels in the adherence to prescribed procedures and codes of conduct;
- developing/reviewing methods for post-event verification of corporate conduct, as well as for periodic updates to the Model.

More precisely, the principles guiding the development of the Model, in accordance with legal requirements and case law concerning the Model's appropriateness and effective implementation, can be summarised as follows:

- the adoption and effective implementation of an Organisation, Management, and Control Model as part of independent verification activities. This Model is designed to prevent predicate offences, even if there is a minimal or remote risk of their occurrence. Key aspects include:
 - identifying applicable predicate Offences according to the business and sector in which TEXA operates (crime risk analysis)
 - identifying the processes and sensitive activities where applicable offences might occur, as described in the previous point;
 - reviewing the management of financial resources and any resources that could support or facilitate the commission of corruption offences, whether directed at the public administration or the private sector;
 - defining control protocols in a manner that reasonably prevents predicate Offences unless they are fraudulently bypassed;
 - evaluating the overall suitability of the Model and, in particular, the control protocols in relation to the goal of preventing predicate offences;
 - adopting the necessary actions for the Model's effective implementation;
- an internal body, known as the Supervisory Board, possessing independent authority to initiate and oversee actions, has been assigned the responsibility of monitoring the Model's functionality and its adherence, as well as ensuring its ongoing updates;
 - the roles and duties related to monitoring the Model's operation, ensuring compliance, and managing updates have been clearly outlined;
 - specific powers of initiation and oversight have been established, allowing for autonomous implementation, supported by designated budgetary authority and supervisory control over certain functions and company departments;
 - guidelines and protocols for supervisory activities have been established to ensure their adequacy and effectiveness;

- the Supervisory Board's general information obligations have been laid down for all Model Recipients;
- a Disciplinary System has been introduced to address non-compliance with the Model's measures, in line with the provisions of Article 6, paragraphs 2-*bis* on whistleblowing in the private sector;
- the Company's decision-making processes concerning the planning, formation, and implementation of decisions in relation to the offences to be prevented have been reviewed.
- information obligations vis-à-vis the Supervisory Board have been introduced.

3.6. Components and contents of TEXA's Organisation, Management, and Control Model

3.6.1. Legal Requirements

Regarding Organisation, Management, and Control Models aimed at preventing predicate Offences, Article 6 of Legislative Decree 231/2001, specifically in paragraph 2, outlines the following requirements:

- a) identification of the activities where these Offences may occur;
- b) implementation of specific protocols to plan and execute the Entity's decisions related to preventing these offences;
- c) establishment of suitable methods for managing financial resources to prevent the commission of offences;
- d) imposition of obligations to provide information to the supervisory body responsible for monitoring the models;
- e) introduction of an appropriate Disciplinary System to penalise non-compliance with the measures outlined in the Model, in line with Article 6, Paragraph 2-*bis*.

Considering these requirements and the broader concepts presented in this document, TEXA has pinpointed the organisational and documentary elements of its Organisation, Management, and Control Model pursuant to Legislative Decree 231/2001.

3.6.2. Components of TEXA's Model

The Model has been approved by TEXA's Board of Directors, and consists of the following main elements:

- Document describing the Organisation, Management, and Control Model pursuant to Legislative Decree 231/2001;
- Supervisory Board;
- Disciplinary System and enforcement mechanism;
- Training and communication plan;

- Code of Ethics;
- Quality Management System certified according to ISO 9001 and IATF 16949;
- Information Security System certified according to ISO/IEC 27001;
- Occupational Health and Safety Management as per the requirements for management systems in line with the relevant standards (ISO 45001:2015 Standard and/or UNI-INAIL Guidelines);
- Environmental Management System certified according to ISO 14001;
- Procedures and internal regulations, periodically issued, to which all staff and, in a broader sense, the recipients bound by them are required to fully adhere.

The following paragraphs briefly describe the components of the Model, making reference to the documents that these components constitute or in which they are described.

Document describing the Organisation, Management, and Control Model pursuant to Legislative Decree 231/2001

This document includes a General Section and a Special Section, which is further divided into several sections for each major category of 'predicate offence'.

The General Section includes the following main elements:

- description of the regulatory framework of reference (Legislative Decree 231/2001, main related regulations, relevant case law);
- description of TEXA's governance and organisational system;
- description of TEXA's overall Organisation, Management, and Control Model pursuant to Legislative Decree 231/2001, including a description of the methodology adopted for its preparation,³³ adoption, implementation, and updating;
- description of the Supervisory Board's tasks and responsibilities, composition and main operating methods;
- description of the Disciplinary System established for imposing penalties in the event of violations of the conduct outlined in the Model;
- description of the Training and Communication activities envisaged for the Model's circulation and application;
- description of the procedures envisaged for the Model's periodic and timely updating and adaptation;

The descriptive document's Special Section for each category of predicate offence includes the following main elements:

- a list of offences and administrative offences relevant to the administrative liability of Entities (the section's predicate offences);
- a list of 'sensitive activities' and/or 'instrumental activities', i.e. the company activities potentially exposed to the commission of the offences referred to in the section;
- a description, for each 'sensitive' or 'instrumental' activity, of the general principles of conduct and the control protocols adopted by the Company to prevent the predicate offences.

Supervisory Board

³³ Including the crime risk analysis in Annex 1.

Concurrently with the Model's adoption, the Board of Directors has established a Supervisory Board and appointed its members, outlining their responsibilities, authorities, and communication channels in Chapter 4 of the Model's general section.

Disciplinary System and its Enforcement Mechanism

The Model incorporates a disciplinary system for addressing violations of the Model's provisions. This disciplinary system is described in Chapter 5, which outlines the penalties applicable to employees and corporate entities and defers to the relevant sections of the disciplinary system outlined in employment contracts and internal company codes and regulations for specific aspects.

Training and Communication Strategies for Ensuring Familiarity with Model Measures and Provisions

The description of Training and Communication activities for employees and other persons who interact with the Company forms an integral part of this Model and is described in Chapter 6 below.

The TEXA Code of Ethics

TEXA's Code of Ethics, an integral part of the Model, illustrates the principles and behavioural standards that the Company adheres to when conducting business and managing relationships within the organisation, with governmental bodies, customers, suppliers, as well as political parties and various associations (stakeholders).

TEXA's Code of Ethics plays a fundamental role within this Model, serving as an essential component of it. This document establishes the foundational principles and behavioural regulations that underpin the control protocols outlined in this Model.

TEXA's Code of Ethics is published on its official websites.

Quality Management System Certified Pursuant to ISO 9001 and IATF 16949

TEXA holds certification in accordance with the global ISO 9001 standard. This certification signifies that TEXA has adopted a quality management system that effectively monitors its business processes, enhancing the organisation's efficiency and service quality.

Information Security Management System Pursuant to ISO 27001 and TISAX for the Automotive Sector

TEXA adopts an information security management system pursuant to ISO/IEC 27001 and TISAX for the automotive sector.

TEXA implements its control system in accordance with the certification standards and the relevant data protection regulations.

Occupational Health and Safety Management Certified According to the Requirements for Management Systems in Line With the Relevant Standards (ISO 45001:2015 Standard And/or UNI-INAIL Guidelines)

While TEXA lacks certification under the international ISO 45001 standard for a Workers' Health and Safety Management System, it diligently enforces an internal control system in alignment with the stipulations set forth in Article 30(4) of Legislative Decree 81/2008.

Environmental Management System Certified According to ISO 14001

TEXA holds certification to the international ISO 14001 standard for environmental management systems, ensuring the implementation of its control system in alignment with the certification requirements and in compliance with the Environmental Consolidation Act and pertinent regulations.

TEXA's Internal Regulations, Procedures and Standards

As previously stated, the Internal Regulations established for specific issues, along with all of the Company's current procedures and internal guidelines, should be regarded as integral components of TEXA's comprehensive Organisation, Management, and Control Model.

All the Members subject to these regulations and procedures are obligated to adhere to them. In essence, these procedures serve as one of the tools employed by the Company to ensure compliance with the principles outlined in Legislative Decree 231/2001, together with related legislation.

4. TEXA's Supervisory Board

4.1. Requirements and composition

4.1.1. Requirements

The effectiveness of an Organisation and Management Model in preventing the specified Offences as outlined in Legislative Decree 231/2001 depends on its adoption and effective implementation. Additionally, an internal Entity within the organisation is tasked with overseeing the Model's operation, ensuring compliance, and keeping it up to date.

It is worth noting that Legislative Decree 231/2001 does not specify the composition of the Supervisory Board.

In the absence of such guidance, TEXA has decided to follow the indications of applicable case law, doctrine and industry guidelines.

Specifically, case law, academic literature, and industry recommendations (such as the Confindustria Guidelines for creating models in accordance with Legislative Decree 231/2001), emphasise that the discriminating factor for assessing the Model's effectiveness with regard to the SB is the real and potential impact of the Board's actions.

Based on these sources, we can establish the main requirements for the SB as a whole, or its individual members:

- a) composition;
- b) autonomy and independence;
- c) professionalism;
- d) respectability;
- e) continuity and effectiveness of action;
- f) allocation of resources.

The following paragraphs discuss each of these requirements separately, highlighting the sources drawn on in the discussion.

a) Composition

The SB must sit within the Entity, although external members may be part of it (refer to Court of Rome, 4 April 2003; Cit. Confindustria, Guidelines, updated to June 2021).

The SB can be structured as a collective body. In the case of medium-sized and large organisations, the collegial format is obligatory (refer to Court of Rome, 4 April 2003).

b) Autonomy and independence

The members of the SB must be independent (members may not hold operational, senior or management positions in a Subsidiary (Court of Naples, Examining Judge's Office, 26 June 2007, Ord.).

The SB should be positioned 'as a staff division in the highest possible hierarchical position', as suggested by the Confindustria Guidelines.

The work of the SB cannot be reviewed by other corporate bodies or structures, without prejudice to the prerogatives of the Administrative Body (Confindustria Guidelines).

The SB is authorised to access all company functions to collect the information and data required to perform its duties (Confindustria Guidelines).

The SB must not be entrusted with operational tasks that would jeopardise its objectivity (Confindustria Guidelines).

c) Professionalism

The SB must have sufficient professionalism (Court of Naples, Examining Judge's Office, 26 June 2007, Ord.).

The notion of professionalism should encompass the essential 'set of skills and methods' required for the efficient execution of the SB's responsibilities (Confindustria Guidelines).

d) Respectability

The Entity must establish criteria for the disqualification or removal of SB members to ensure that individuals convicted of the Offences under Legislative Decree 231/2001 cannot continue in their roles until the judgment becomes legally conclusive (Court of Naples, Examining Judge's Office, 26 June 2007, Ord.).

e) Continuity and effectiveness of action

The Model must be 'adopted', which implies that the SB must be 'active' (Court of Milan, 24 October 2004, Siemens AG - Court of Bari, 18 April 2005).

The SB should possess a thorough understanding of the Entity's business operations and associated risks. The reports generated by the SB should not be overly broad or vague. Furthermore, the SB's regulations should outline the timing and methods for conducting inspection activities. The prevention protocols within the Model should be specific and comprehensive. Additionally, the content and delivery methods of the training courses related to Legislative Decree 231 should be subject to verification by the SB (Court Order of the Investigating Judge, Court of Naples, 26 June 2007).

Sustained and effective execution of the complex and extensive 231 Models in medium and large companies is facilitated by having a dedicated structure solely focused on supervising the models. This structure should be 'free from operational duties that might result in decisions with economic and financial implications' (Confindustria Guidelines).

f) Allocation of resources

The Supervisory Board has adequate financial resources (Confindustria Guidelines).

4.1.2. Composition

In accordance with legal requirements, and considering the guidance provided by case law, academic discourse, and Confindustria's guidelines, TEXA has opted for a unified bench composition for its Supervisory Board, taking into account the company's organisational structure.

4.2. General Principles on the Establishment, Appointment, Duration, Revocation and Replacement of the Supervisory Board

4.2.1. Appointment and Term of Office

TEXA's SB is established by resolution of the Board of Directors. The members of the SB remain in office for the same term as the Board of Directors and may be re-appointed. The Board of Directors itself reserves the right to determine the annual remuneration due to the members of the SB for their entire term of office.

The SB shall cease to hold office on the date of the Shareholders' Meeting called to approve the financial statements for the last year of its term of office, although it shall continue to perform its functions ad interim until new members of the SB are appointed.

When appointing the Supervisory Board, the Board of Directors acknowledges that it has verified:

- the fulfilment of the requirements set out in section 4.1.1 by the individual members and the SB as a whole;
- the absence of grounds for ineligibility referred to in section 4.2.2;
- the absence of causes of incompatibility provided for by law.

4.2.2. Causes of Ineligibility and Disqualification

Appointment as a member of the Supervisory Board is subject to the absence of the following subjective causes of ineligibility:

- being related by blood, marriage, or affinity up to the fourth degree to individuals holding executive roles on the Board of Directors, high-level management, Company auditors, and auditors designated by the audit firm;
- exhibiting conflicts of interest, including potential ones, with the Company to a degree that would compromise the independence necessary for the responsibilities of the Supervisory Board. Additionally, displaying shared interests with the Company that go beyond the typical ones associated with employment or intellectual work relationships.
- being the direct or indirect holder of shareholdings of such a size as to enable it to exercise control or significant influence over the Company;
- having previously served as a director of companies undergoing bankruptcy, compulsory administrative liquidation, or similar proceedings within the three financial years leading up to the appointment as a member of the Supervisory Board;
- having been engaged in public employment with central or local administrations that possess direct authority over the company in terms of concessions, control, and supervision during the three years prior to their appointment as a member of the SB;
- having been found guilty, even if the conviction is not yet final, or sentenced as part of a plea bargaining arrangement, whether in Italy or abroad, for offences related to the administrative liability of organisations or similar offences;
- having been subject to administrative fines for administrative offences relevant for the purposes of Legislative Decree 231/2001;

- having been found guilty (even if the conviction is not yet final) or sentenced as part of a plea bargaining arrangement, to sentences entailing disqualification, including temporary, from public office, or temporary disqualification from the executive offices of legal persons and companies.

To serve as a member of the SB, individuals must provide proof of their eligibility at the time of their appointment. Without this certificate, they cannot assume their position, even on a temporary basis.

If any of the specified disqualifying factors come into effect after a person's appointment, they are obligated to promptly notify the other members of the SB and will be automatically removed from their role.

The grounds for ineligibility also apply to any external consultants engaged to carry out duties associated with the tasks of the SB. Specifically, during the appointment process, external professionals must submit a declaration certifying the following:

- their lack of any of the aforementioned disqualifying factors, such as reasons that would prevent them from assuming the role (e.g., conflicts of interest, familial relationships with members of the Board of Directors, high-level management, Company auditors, or auditors designated by the audit firm, etc.);
- their adequate awareness of the regulations and ethical guidelines that the Company follows in conducting its operations, particularly those outlined in the Model and the Company's Code of Ethics, which they commit to adhere to in the execution of their duties.

4.2.3. Revocation, Resignation and Replacement

To ensure the necessary stability of the Supervisory Board members and their vital role in independent verification, the removal of one or more members and the transfer of their powers to different individuals can only occur for valid reasons. These reasons may include organisational restructuring within the Company. This action requires a dedicated resolution from the Board of Directors, following consultation with the Board of Statutory Auditors.

In this context, 'just cause' for the removal of powers associated with a SB member's role may encompass, as illustrative examples:

- severe neglect in fulfilling the responsibilities tied to the position, such as, for instance, failing to produce the semi-annual summary report on activities presented to the Board of Directors and the Board of Statutory Auditors as mentioned in paragraph 4.3 below, or neglecting to draft the supervisory schedule;
- the occurrence of 'omitted or insufficient supervision' by the Supervisory Board, as stipulated in Article 6, Paragraph 1, Letter d) of Legislative Decree 231/2001, as the result of a conviction, even if not yet final, handed down against the Company pursuant to Legislative Decree 231/2001 or due to a sentence resulting from plea bargaining;
- a final conviction or a plea bargaining sentence leading to disqualification, even temporarily, from public office or executive positions within legal entities and corporations;
- the assumption of operational roles and responsibilities within the Company's structure that are inconsistent with the requirements of 'autonomy and independence' and 'continuity of action' expected of the SB;
- neglecting to inform the Board of Directors about a conflict of interest, including potential conflicts, that obstructs the continuation of the member's role within the Body.

In particularly severe circumstances, the Board of Directors – following consultation with the Board of Auditors – may decide to suspend the authority of the SB and designate an interim body.

If one or more members of the SB voluntarily resign, are removed from their position, or are disqualified, the Board of Directors must promptly appoint replacements, especially if the minimum required number of members is no longer maintained. In the interim, the body continues to function, albeit with a reduced composition, while still possessing full authority.

4.3. Functions, Powers, and Responsibilities

The activities conducted by the SB are not subject to audit by any other entity or structure within the Company. However, this does not diminish the prerogatives and authority of the Company's administrative body to oversee the adequacy of the SB's work, as it bears ultimate responsibility for the Model's functionality and effectiveness.

The SB holds the necessary initiative and control powers to ensure effective and efficient supervision of Model operations and compliance in accordance with the stipulations of Article 6 of Legislative Decree 231/2001.

Specifically, the SB is entrusted with various tasks and authorities to fulfil its functions, and these are further facilitated through internal support and secretarial functions, as explained in the ensuing paragraphs.

4.3.1. Functions and Powers of the Supervisory Board

With reference to supervisory activities on the functioning and observance of the Model

- It ensures the ongoing efficiency and effectiveness of the Model's requirements.
- It maintains continuous communication with the audit firm, preserving its essential independence, as well as with other consultants and collaborators involved in implementing the Model.
- It identifies any deviations in behaviour that may arise from the analysis of information flows and reports related to various functions.
- It promptly notifies the management body of any Model violations that could result in Company liability.
- It manages relationships and facilitates the flow of pertinent information to the Board of Directors and the Board of Auditors.
- It launches and outlines initiatives for knowledge sharing and comprehension of the Model, as well as for staff training to enhance awareness and adherence to Model content.
- It promotes communication and training regarding Legislative Decree 231/2001, its impact on company operations, and the behavioural standards for compliance.
- It offers guidance on the interpretation and application of the Model's provisions.
- It collaborates with the Company's Senior Management to establish an effective internal communication system for acquiring and transmitting relevant information in compliance with Legislative Decree 231/2001, ensuring the protection and confidentiality of whistleblowers.

With reference to updating the Model

- In collaboration with Senior Management, it encourages the Model's continuous revision, overseeing its proper execution. When deemed necessary, it presents recommendations to Senior Management for updates and modifications, including amendments and/or additions. These revisions may be required due to significant breaches of Model requirements, notable alterations in the Company's internal framework or operational methods, regulatory modifications, or other circumstances warranting Model updates.
- It promotes and verifies the regular updating of the system employed for identifying, mapping, and classifying sensitive activities.
- It verifies and assesses the suitability of the Disciplinary System pursuant to and for the purposes of Legislative Decree 231/2001.

With reference to its operation

- It establishes its operational procedures, including regulations governing the use of available resources and the processes for convening, voting, and reaching resolutions within the SB.
- It prepares and presents a budget forecast to the governing body for approval, ensuring that this forecast adequately supports the successful execution of its assigned tasks.
- It possesses independent spending authority within the confines of the previously approved budget forecasts by the executive body. If necessary, the Supervisory Board may request authorisation from the executive body for additional expenses not covered in the previously approved forecasts.

With reference to its powers

- It enjoys unrestricted access to, or can call upon, any department, function, division, or employee of the Company – without prior consent – for the purpose of requesting and obtaining information, documents, and data essential for fulfilling the obligations outlined in Legislative Decree 231/2001.
- It can request relevant information from external collaborators, consultants, agents, and representatives not affiliated with the Company.
- It collaborates with Senior Management in recommending the commencement of disciplinary proceedings to impose the penalties detailed in Chapter 5 of this Model.

With reference to activities to support the authorities in the event of inspections or audits

- When competent authorities conduct audits, investigations, or information requests to assess the Model's compliance with Legislative Decree 231/2001, the SB collaborates with the Company's legal counsel in coordinating with the individuals overseeing the audit process. This includes providing them with appropriate information and assistance.

4.3.2. Outsourcing company functions and management and/or external consultants

While carrying out its assigned responsibilities, the Supervisory Board has the authority to demand the cooperation of all Company functions and structures, as well as external consultants, with the obligation to oversee and take responsibility for their actions.

This authority ensures that the SB can operate effectively and maintain continuity, leveraging specific expertise from both within and outside the organisation as required.

Specifically, the SB may designate a specific company department to assist its operations, providing secretarial support and participating in investigative activities.

In cases where the company outsources tasks and processes, agreements with the respective suppliers outline the terms for the SB, potentially in collaboration with the supplier's internal control functions, to carry out supervisory tasks over the outsourced processes and activities. Additionally, it allows for the involvement of functions responsible for the outsourced services in fulfilling the SB's duties.

By way of example only, the SB may make use of:

- trusted lawyers, e.g. to interpret legislation and examine any updates, as well as relevant case law;
- the *HR Department*, e.g. with regard to implementing the staff communication and training plan and the Disciplinary System, and managing disciplinary proceedings;
- the *Administration, Finance and Control Department*, e.g. to conduct bookkeeping audits and/or monitor the accuracy of management acts and processes.

4.3.3. Raising awareness of the roles and authorities of the Supervisory Board

The Company's Board of Directors ensures – through the relevant company departments – that the Company structures are adequately informed of the SB's tasks and powers.

4.3.4. Supervisory Board responsibilities and safeguards

TEXA's Supervisory Board is primarily responsible for overseeing the operation of the Company's Organisation, Management, and Control Model, as well as ensuring it is updated on an ongoing basis. It is essential to note that the Supervisory Board's role does not encompass the prevention of offences or the guaranteeing of legal assets protected by Legislative Decree 231/2001. These responsibilities fall within the purview of the governing body and delegated bodies.

To provide adequate coverage for the activities of the Supervisory Board members, TEXA maintains suitable D&O (Director and Officers) and RCT (Third Party Liability) insurance policies.

4.4. Disclosure and Whistleblowing Obligations Vis-à-Vis the Supervisory Board

4.4.1. Foreword

The Supervisory Board should receive prompt notification of any actions, behaviours, or events that could potentially result in a Model violation or are otherwise relevant to the requirements of Legislative Decree 231/2001. This information should be conveyed through a suitable internal communication system.

The obligation to report any conduct contrary to the provisions outlined in the Model is an integral aspect of the broader responsibilities of diligence and loyalty imposed on employees, as stipulated in Articles 2104 and 2105 of the Italian Civil Code.

Complying with the duty to inform should not lead to the imposition of disciplinary sanctions on employees.

Agents, business partners, consultants, external collaborators, and the like, are contractually obliged to promptly inform the SB if they receive, either directly or indirectly, any requests to perform actions that conflict with the Code of Ethics from an employee or representative of the Company.

4.4.2. Reporting mechanism for activities harming company integrity

In 2023, Legislative Decree 24, which transposes Directive (EU) 2019/1937, commonly referred to as the 'Whistleblowing Decree', introduced significant changes to the existing national whistleblowing regulations. This decree consolidated a unified legal framework, extending protection to individuals in both the public and private sectors who report well-founded instances of misconduct, in breach of European and national laws, that jeopardise the public interest or the integrity of the organisation. These reports typically arise from their professional experiences.³⁴

In particular, under the new Article 6, Paragraph 2-*bis* of Legislative Decree 231/2001, this Model incorporates a reporting system designed to identify unlawful behaviour. It establishes internal reporting channels while also implementing a whistleblower protection framework, which serves to deter any retaliatory actions by the employer and penalise violations of the applicable regulations.

The reported conduct may relate to offences relevant under Legislative Decree 231/2001 (predicate offences) or violation of this 231 Model, including violations of the Code of Ethics and company 'policies and procedures'.

All stakeholders, including Recipients, are obliged to report any suspected or actual Model violations in their interactions with TEXA or in their activities related to the company.

Both senior management and subordinates (as defined in Article 5, Paragraph 1 of Decree 231) have the authority to file detailed reports, with the aim of safeguarding the Entity's integrity. These reports should pertain to unlawful behaviour that falls under the purview of this Decree and must be substantiated with specific and consistent factual evidence. Additionally, they can report violations of the Entity's organisation and management model that have come to their attention in the course of their duties.

Internal reporting channels ensure and uphold: the confidentiality of the whistleblower's identity; the confidentiality of individuals referenced or implicated in the report; the confidentiality of the report's contents; the confidentiality of documents associated with the report. Furthermore, it is specified that at least one of the alternative reporting channels must employ encryption tools to ensure the highest level of confidentiality.

The management of the reporting channel is the responsibility of an Ethics Committee, comprising both internal and external individuals who fulfil the requirements stipulated in Legislative Decree

³⁴ Legislative Decree 24 of 10 March 2023 amended the text of Article 6, Paragraph 2-*bis* of Legislative Decree 231/2001 and repealed paragraphs 2-*ter* and 2-*quater* of Article 6, previously provided for by Law No. 179/2017.

24/2023. Notably, a member of the Ethics Committee also serves on the Supervisory Board, ensuring effective information exchange between these two entities.

TEXA operates its internal reporting channel in compliance with Article 5 of Legislative Decree 24/2023.

As of the date of this 231 Model version's approval, reports can be submitted through various **internal channels** within the Company, such as orally (e.g., using dedicated phone lines or messaging systems) or in writing, including electronically. Additionally, reports can be made through an **external channel** established by the national anti-corruption authority ANAC.

Internal Channels

Oral reports

using dedicated phone lines or voice messaging systems or, at the request of the whistleblower, through a face-to-face meeting set within a reasonable period of time.

Reports by letter

Reports by letter should be sent to the following address:

TEXA S.p.A. - Comitato Etico

Via I Maggio, 9 CAP 31050 Monastier di Treviso (TV)

Reports via web form

Whistleblowers can submit reports by clicking on the following link:
<https://texagroup.integrityline.com/>

This dedicated IT platform allows for the submission of reports through a guided online pathway without the need to register or submit your personal details.

The Ethics Committee has provided clear information to potential users regarding the internal reporting channel, including the procedures and requirements for making reports within the organisation. They have also provided information about the procedures and prerequisites for submitting reports externally.

This information is prominently displayed in the workplace, ensuring easy visibility. It is also accessible to individuals who may not be physically present at the workplace but have a legal relationship with the Company. Information is also published in a dedicated section of the Company's websites.

External Channels

External reports only occur in one of the following conditions:

- a) no reporting channel is provided in the work context or if provided, it is not compliant;
- b) the whistleblower has already made an internal report and it has not been followed up;
- c) the whistleblower has reasonable grounds to believe that, if he or she were to make an internal report, it would not be effectively followed up or that the report might lead to the risk of retaliation;
- d) the whistleblower has reasonable grounds to believe that the breach may constitute an imminent or obvious danger to the public interest.

The external reporting channel is established by ANAC and is required to ensure the confidentiality of the whistleblower's identity (following consultation with the Guarantor Authority), the individuals mentioned in the report, and the report's content, including any associated documentation.

Finally, please note that all of the procedures outlined above and/or any others implemented by the Company concerning whistleblowing in accordance with Legislative Decree 24/2023 are an integral and indivisible component of this 231 Model. Consequently, any violation of these procedures, for this very reason, constitutes a breach of the Model, with all associated consequences, including potential disciplinary actions.

4.4.3. Provision of Information to the Supervisory Board

In accordance with Article 6, Paragraph 2, Letter d) of the Decree, apart from reports related to general violations mentioned earlier, any information deemed pertinent for conducting control activities and ensuring compliance with the Model, along with its effective operation and proper implementation, should be relayed to the Supervisory Board by the corporate entities and governance bodies (such as the Board of Directors, Board of Statutory Auditors, and the Employer).

This information encompasses:

- periodic outcomes of control activities undertaken by these bodies to implement the Model (including summaries of conducted activities, monitoring results, final indicators, etc.).
- any irregularities or unusual findings in the available data that could suggest the presence of risks related to potential misconduct by Company representatives or personnel.

This may include, but is not limited to:

- operations perceived as 'high-risk' (e.g., decisions regarding the request, disbursement, and utilisation of public funding, indicators signalling potential money-laundering offences, summary tables of public contracts obtained through national and international tenders, contracts awarded by public entities, etc., wherein critical elements deviate from standard business practices);
- measures and/or information from law enforcement authorities or any other agencies that may imply ongoing investigations, even against unidentified individuals, for offences (including administrative offences) relevant to entities' administrative liability and which could implicate the Company;
- requests for legal assistance from employees facing legal proceedings, particularly in cases related to offences within the scope of entities' administrative liability, unless explicitly prohibited by the judicial authority;
- requests, reports, and communications concerning inspections carried out by Public Authorities and Independent Administrative Authorities;
- reports generated by the heads of various corporate functions as part of their control activities, which may reveal critical facts, acts, events, or omissions concerning compliance with the Model's rules and provisions. This may include, for example, periodic reports from the Head of the Prevention and Protection Service, the Company Physician, or the Head of Environmental Management;

- updates on disciplinary proceedings and any sanctions imposed (including actions taken against employees), as well as notices regarding the dismissal of such proceedings along with the reasons for dismissal;
- any other information that, although not explicitly mentioned in the above list, is pertinent for ensuring proper and thorough oversight of the Model's operation and compliance and its overall well-being.

Specifically, a dedicated organisational procedure has been established to create a clear and readily accessible framework for the dissemination of information to the SB, in accordance with the Model's requirements. This procedure includes information regarding the originating company Departments/Functions, the relevant frequency of transmission, and, unless specified otherwise, the deadlines for forwarding such information. The SB archives all documentation concerning information flows.

Information flows to the SB, as described in this paragraph, must be sent to the following e-mail address: odv@texa.com.

4.5. Reporting by the Supervisory Board to the corporate bodies

The Supervisory Board reports on the Model's implementation, the emergence of any critical aspects, and the need for amendments.

Specifically, the Supervisory Board has the following responsibilities:

- a) upon request, it provides reports to the Executive Directors and the Board of Auditors regarding the status of Model implementation and any significant events during the reporting period;
- b) it compiles an annual report summarising the activities conducted during the year. At the beginning of each financial year, it submits the Annual Supervisory Schedule for review by the Board of Directors, and for informational purposes, to the Board of Auditors;
- c) it promptly informs relevant corporate bodies or delegated authorities in the event of exceptional circumstances (such as: significant violations of the Model's provisions, legislative changes related to the administrative liability of entities, the need to amend the Model due to substantial alterations in the Company's organisational structure, and any reports of an urgent nature received). When necessary, it also communicates such matters to the Board of Directors.

Meetings between the Supervisory Board and the corporate bodies to which it reports must be documented. The Supervisory Board is responsible for filing the relevant documentation.

4.6. Filing documentation

It is the Supervisory Board's responsibility to manage methods for:

- managing and filing its correspondence;
- clearly managing and filing reports documenting its work;

- clearly managing and filing updated versions of documents that comprise or describe the Organisation, Management, and Control Model, so as to ensure that previous versions can be reconstructed at any time;
- clearly managing and filing documents it produces (reports, analyses, evaluations, action plans, progress reports, etc.), together with the appropriate and relevant working papers that provide evidence and context for its findings, especially its conclusions.

The methods for document management by the Supervisory Board shall be established and applied to all documentation, regardless of the format, whether it is paper-based or digital, as deemed suitable.

5. The disciplinary system

Pursuant to Article 6, Paragraph 2 (e), Paragraph 2-*bis* (d), and Article 7, Paragraph 4 (b) of Legislative Decree No. 231/2001, the Organisation, Management, and Control Models, whose adoption and implementation (along with other conditions outlined in Articles 6 and 7) are prerequisites for the Company to be exempt from liability in the event of Decree-related offences, are deemed effectively implemented only when they include a Disciplinary System capable of penalising violations of the specified measures.

The application of disciplinary sanctions is not contingent on the initiation or resolution of any criminal proceedings. The Model and Code of Ethics serve as obligatory regulations for the Recipients. Violations of these rules must be penalised in line with the requirements of the aforementioned Decree, regardless of whether an offence has been committed or whether it is subject to punishment.

The rules of conduct mandated by the Model are voluntarily adopted by the Company to enhance its compliance with the regulatory obligations it holds.

Furthermore, the principles of promptness and immediacy not only render it unnecessary but also inadvisable to postpone the imposition of disciplinary sanctions pending the resolution of any proceedings before the Judicial Authority.

5.1. Definition and limits of disciplinary liability

This section of the Model outlines and defines the applicable offences in accordance with Legislative Decree 231/2001, as amended, the corresponding disciplinary penalties that could be enforced, and the process for appealing them.

The Company, recognising the importance of legal compliance and adherence to relevant collective bargaining agreements, guarantees that the penalties that can be enforced through this Disciplinary System adhere to the stipulations of the national collective bargaining agreements (CCNLs) pertinent to the industry – in this case, the 'Mechanical Engineering and Plant Installation Industry' CCNL and the CCNL for 'Senior Executives of companies producing goods and services'. The Company also ensures that the procedural process for challenging the offence and imposing the associated penalty aligns with the provisions of Article 7 of Law No. 300 ('Workers' Statute').

For individuals categorised as Recipients under contracts distinct from standard employment agreements (such as directors and external individuals), the relevant measures and procedures for applying sanctions must align with legal requirements and the terms specified in the respective contract.

5.2. Recipients of the disciplinary system and their duties

The Recipients of this disciplinary system are the recipients of the Model itself.

Recipients are obliged to align their behaviour with the principles outlined in the Code of Ethics, as well as all the principles and measures for organising and managing company activities as defined in the Model.

Any breach of the aforementioned principles, measures, and procedures (referred to as 'Breaches') shall, if established:

- in the case of employees, contract staff, and managers, constitute a breach of contract concerning the obligations arising from the employment relationship, as per Article 2104 and Article 2105 of the Italian Civil Code;
- in the case of directors, signify non-compliance with the duties imposed on them by law and the Articles of Association in Accordance with Article 2392 of the Italian Civil Code;
- in the case of auditors, signify non-compliance with the duties imposed on them by law and the Articles of Association in accordance with Article 2403 of the Italian Civil Code;
- in the case of external parties, constitute a breach of contract and may lead to contract termination, with potential compensation for damages.

The procedure for imposing sanctions, as outlined below, considers the specificities arising from the legal status of the individuals involved.

In all cases, the Supervisory Board must be involved in the disciplinary sanctions process.

The Supervisory Board ensures that separate procedures are in place to inform all the aforementioned individuals, upon entering into a relationship with the Company, about the existence and details of this sanctions system.

It is important to note that the disciplinary system complements, rather than substitutes, the disciplinary system established by the current National Collective Bargaining Agreement (CCNL) applicable to various employee categories within the Organisation.

5.3. General principles relating to sanctions

The sanctions imposed for Breaches must adhere to the principles of gradualness³⁵ and proportionality, considering the severity of the violations committed.

However, if the nature, method, or circumstances of a Breach are of exceptional significance or substantially detrimental to company discipline, the Company may impose disciplinary measures without necessarily following the principle of gradualness.

The determination of the type and extent of the sanctions imposed for any Breaches, including relevant offences under Legislative Decree 231/2001, must consider and take into account the following factors:

- the intention behind the conduct leading to the Breach;
- the level of negligence, recklessness, or inexperience displayed by the offender during the commission of the Breach, especially regarding their ability to foresee the outcome;
- the significance and potential consequences of the violation or offence;
- the Recipient's position within the Company's organisational structure, particularly in relation to their job responsibilities;
- any aggravating and/or mitigating circumstances associated with the individual's behaviour, with aggravating circumstances including, for instance, previous disciplinary actions against the same individual within the two years preceding the breach or offence;

³⁵ Disciplinary sanctions will be administered based on the severity of the Breach, considering all factors, both objective and subjective, that define the alleged misconduct, as well as the extent of the infringement on the protected corporate interest.

- the involvement of multiple Recipients, acting together, in the commission of the violation or offence.

Special consideration regarding the severity and imposition of the sanction should be made in cases where protective measures for the whistleblower are violated, as well as in cases where reports are made with intentional misconduct or serious negligence and subsequently proven to be unfounded.³⁶ Nevertheless, the prohibition of retaliation against the whistleblower, the submission of reports to the labour inspectorate for the circumstances described in Paragraph 2-*ter* of Article 6 of Legislative Decree 231/01, and compliance with the nullity cases specified in Paragraph 2-*quater* of Article 6 of Legislative Decree 231/01 remain in place.

Sanctions and the procedure for contesting violations vary based on the Recipient's specific category.

Furthermore, the disciplinary system is guided by the principles of:

- **Transparency:** the Organisation ensures full and adequate awareness of the disciplinary system, primarily by publishing it in an accessible location for all employees (Article 7, Paragraph 1 of the Workers' Statute). It is also provided to individual employees through hand delivery and email, and made available on the company intranet.
- **Due process:** to uphold the principle of due process, specific, immediate, and unchangeable written notification of objections is provided before disciplinary action (Article 7(2), Workers' Statute).
- **Timeliness:** disciplinary proceedings and the potential imposition of sanctions must occur within a reasonable and defined timeframe from the initiation of proceedings (Article 7(8), Workers' Statute).
- **Establishment of facts:** the evaluation of breaches of conduct, prohibitions, or procedures outlined in the Model is carried out on a case-by-case basis by the Supervisory Board (Article 6(2)(e) of Legislative Decree 231/01).
- **Effectiveness and sanctionability of attempted violations:** not only actual violations but also actions that significantly endanger the rules, prohibitions, and procedures stipulated in the Model, or even preliminary acts with the intention of violating them, will be subject to penalties (Article 6(2)(e) of Legislative Decree 231/01).

5.4. Measures for employees

Employee behaviour that violates the specific rules of conduct outlined in this Model is categorised as a disciplinary infraction.

The potential sanctions applicable to employees, in accordance with Article 7 of the Workers' Statute (L. 300/1970) align with those established within the Disciplinary System. This encompasses the penalty framework defined by the CCNL, trade union agreements where applicable, and any relevant special regulations.

The Company believes that the aforementioned sanctions outlined in the Disciplinary System should be administered, following the procedures described below and taking into account the general principles and criteria mentioned earlier, in response to the Breaches defined above.

³⁶ Letters, (a), (b), (c), Subparagraph 2-*bis* of Article 6 of Legislative Decree 231/2001.

The CCNL identifies several scenarios of disciplinary non-compliance, which, due to their broad and abstract nature, and without aiming to be exhaustive, are deemed to appropriately encompass the aforementioned violations.

The disciplinary measures that may be taken, depending on the seriousness of the alleged offence, are as follows:

- a verbal or written warning;
- a fine;
- suspension from duty and pay (not exceeding three days);
- termination of employment in situations as stipulated by the law and CCNL, or if the employee engages in conduct that violates the provisions of the Model, constituting a significant breach, explicitly aimed at committing an offence as defined by Legislative Decree 231/2001, or leading to the actual application of measures specified in Legislative Decree 231/2001 against the Company.

All legal requirements and guarantees established by both the law and the employment contract with respect to disciplinary proceedings will be adhered to. This includes the following:

- the requirement, when applying any disciplinary measure, to provide the employee with advance notice of the charges and an opportunity for the employee to present their defence;
- the obligation, with the sole exception of verbal warnings, to submit the objection in writing and refrain from implementing the measure until the specified period has elapsed from the notice of the charges.

The employer's authorities remain unchanged and may be delegated to specific individuals if necessary during the investigation of the aforementioned violations, the initiation of disciplinary proceedings, and the imposition of sanctions.

However, the Supervisory Board will be notified when a disciplinary procedure is initiated and informed of its outcome.

This notification is unnecessary when the recommendation for applying the sanction originates from the Supervisory Board.

Employees will be informed of any new regulations related to this section through an internal memorandum that provides explanations and summarises the content. This information will be communicated using the most suitable means (such as the intranet or similar tools).

If the requirements are met, the provisions of Legislative Decree 23 of 4 March 2015 will apply.

5.5. Measures for managers

Managerial relationships are primarily based on trust. Managers' actions have an impact not only within the Company but also externally, influencing aspects like the Company's reputation in the market and its relationships with various stakeholders.

Hence, the Company's managers must adhere to the guidelines outlined in this Model, making it a fundamental aspect of their managerial roles. This not only serves as an incentive but also sets an example for all those under their hierarchical supervision.

Based on the considerations above and in accordance with the mentioned Article 7 of Law 300/1970 regarding prior notice and the right to defence, any breaches committed by Company managers, due to the unique relationship of trust between them and the Company, and the absence of a specific Disciplinary System, will be subject to disciplinary measures tailored to the specific circumstances. These measures will align with the general principles outlined in the previous paragraph and may include financial consequences such as full or partial withholding of performance bonuses (MBOs or otherwise), or organisational measures like suspension or removal from their managerial position, with a subsequent transfer to a role of lesser importance.

This is subject to legal and contractual provisions, bearing in mind that the aforementioned violations are, in any event, breaches of obligations arising from the employment relationship.

The employer's authorities remain unchanged and may be delegated to specific individuals if necessary during the investigation of the aforementioned violations, the initiation of disciplinary proceedings, and the imposition of sanctions.

However, the Supervisory Board will be notified when a disciplinary procedure is initiated and informed of its outcome.

This notification is expected when the recommendation for applying the sanction originates from the Supervisory Board.

5.6. Measures for senior executives

With utmost respect for individual dignity and a strict adherence to the principles of proportionality and adequacy, as well as the cross-examination rule, the Company diligently assesses any violations of this Model perpetrated by its Senior Executives. These individuals, due to their positions, represent the Company's image to employees, shareholders, customers, creditors, Public Institutions, Independent Administrative Authorities, Judicial Authorities, and the general public. The core values of fairness and transparency should primarily be embraced, shared, and respected by those entrusted with making corporate decisions. They serve as an example, inspiring all employees at every level within the Company.

In the event of a breach of the Model's provisions and code of conduct by members of the Board of Directors, the Supervisory Board will promptly notify the Board of Directors regarding the incident. The Delegated Bodies will take immediate and suitable actions to halt any violations, while the Board of Directors will swiftly adopt necessary resolutions in accordance with legal requirements and those of the Articles of Association. This may involve *directly imposing sanctions, such as reducing the anticipated emoluments or, in severe cases, convening a Shareholders' Meeting to consider the revocation or suspension of the mandate for an appropriate period.* Additionally, they may initiate a liability claim as per Article 2393. *Board members under assessment for alleged Model violations must refrain from participating in the voting process for resolutions related to measures taken against them.*

In the event of Model violations committed by the Chairperson of the Board of Directors, where the seriousness of the violations may potentially lead to suspension or revocation of their mandate, the Supervisory Board, if it deems that the Shareholders' Meeting might not be able to impartially evaluate the situation – due to the nature of the alleged violations, the circumstances surrounding them, or their connection with the Company's ownership structure – may, through a well-founded written decision, assume responsibility for imposing the relevant sanctioning measures. In the

exceptional case of revocation of the mandate, it can delegate this task to a specially appointed Board of Arbitrators, guided by instructions from the Supervisory Board. This Board of Arbitrators should consist of three members selected based on their professional expertise and authority, drawn from professors in law and economics, retired judges, or regional chairs of professional associations, including Lawyers, Notaries, and Chartered Accountants.

If the Delegated Bodies or the Board of Directors fail to take appropriate action, the Supervisory Board will expeditiously notify the Board of Statutory Auditors. This will enable the Board of Statutory Auditors to carry out its duties, including the authority to report to the court and convene the Shareholders' Meeting.

In any circumstance, the Companies retain the right to seek compensation for any additional damages incurred due to the actions of the director.

5.7. Measures for auditors or the board of auditors

If one or more auditors violate the terms of this Model,³⁷ the Supervisory Board will promptly inform both the entire Board of Auditors and the Board of Directors, who will take the necessary actions.

The Board of Statutory Auditors will conduct the required investigations and, in compliance with legal regulations and the Articles of Association, may, in agreement with the Board of Directors, implement appropriate measures. This could include convening a Shareholders' Meeting for the potential revocation of the auditor's mandate and pursuing a corporate liability claim as per Article 2407 of the Italian Civil Code.

The right of the Company to claim compensation for any additional damages incurred due to the actions of the auditor shall remain unaffected.

5.8. Measures for the Supervisory Board

In situations where the Supervisory Board, due to negligence or lack of experience, fails to detect and consequently address violations of the Model, and in more severe cases, instances of misconduct, the Board of Directors will promptly notify the Board of Auditors.

The Board of Directors will conduct the necessary investigations and, in compliance with legal requirements and the Articles of Association may take appropriate actions in coordination with the Board of Statutory Auditors. This could involve the removal of the appointment for justifiable reasons, with the option of seeking assistance from Senior Management when dealing with employees.

The right of the Company to claim compensation for any additional damages incurred due to the actions of the Supervisory Board shall remain unaffected.

³⁷ Although statutory auditors are not typically considered to be in senior management positions, as noted in the Explanatory Report of Legislative Decree No. 231/2001 (Page 7), it is still hypothetically possible that statutory auditors themselves might be indirectly involved in the commission of offences under Legislative Decree No. 231/2001 (potentially as accomplices to individuals in senior management positions).

5.9. Measures for external parties

Any actions taken by External Parties (including collaborators, agents, representatives, consultants, self-employed individuals, as well as suppliers and partners, including those in temporary company associations and joint ventures) that contradict the conduct guidelines outlined in this Model and carry the potential of violating the Decree may lead to, in accordance with the specific contractual terms within the appointment letters or contracts, either the termination of the contractual relationship or the right to withdraw from it. This is without prejudice to the possibility of seeking compensation if such actions result in harm to the Company. For instance, this may include the application of sanctions stipulated by the Decree against the Company, even as a precautionary measure.

The Supervisory Board, working in collaboration with the Board of Directors or another individual designated by the latter, ensures the adoption of specific procedures designed to communicate the principles and guidelines outlined in this Model and the Code of Ethics to External Parties. It also confirms that these parties are made aware of the potential consequences arising from any violations of these principles and guidelines.

6. Employee training Model distribution

6.1. Employee training and awareness

In the context of adopting this Model, TEXA seeks to ensure that both existing and newly recruited personnel within the Company are well-informed about the code of conduct presented here. The depth of this familiarity varies according to their level of involvement in sensitive activities and processes.

The information and training system is overseen by the Supervisory Board, as part of its responsibility to promote awareness and dissemination of the Model. The *HR Department*, along with the heads of other departments and functions engaged in the Model's application, is responsible for its implementation.

6.1.1. Communication

The adoption of this Model is communicated to all existing personnel within the Company, following the established Company communication methods. It is also made available on the company intranet. Any updates and information related to the Model are conveyed through the same communication channels.

New employees, on the other hand, receive a set of informative documents, which may include the Code of Ethics, the Organisation, Management, and Control Model, as well as Company regulations. This is done to ensure that they become acquainted with the most important Company guidelines and regulations.

6.1.2. Training plan

Training initiatives aimed at promoting an understanding of the regulations outlined in Legislative Decree 231/2001 are tailored to the recipients' qualifications, their specific work area, and whether they hold particular management responsibilities, delegations, or representative roles within the Company. These training programmes vary in content and delivery methods accordingly.

Regarding the comprehensive comprehension of this Model by employees, regular training sessions are scheduled to ensure the broad distribution of the guidelines contained herein. This approach sees to raise awareness among all staff members so that they can effectively implement these provisions.

In particular, TEXA organises and promotes the delivery of training courses for employees and personnel, which illustrate, according to a modular approach:

- the regulatory context;
- the principles contained in the Code of Ethics and the General Section of the document describing the Organisation, Management, and Control Model;
- the system of controls contained in the Special Section of the document describing the Organisation, Management and Control Model.

- the role and responsibilities of the Supervisory Board and the main aspects of the disciplinary system.

The courses also encompass Case Study modules, which focus on in-depth exploration and practical application of the concepts covered in preceding sections of the course.

The Supervisory Board, in coordination with the *HR Department* and in collaboration with the heads of relevant departments/functions, will be responsible for promoting course content, diversifying course offerings, determining delivery methods, scheduling repeat sessions, and monitoring the mandatory attendance requirement. The *HR Department* is responsible for developing measures to address cases of unexcused absence from courses.

6.2. Disclosure to external parties and contractual partners

External collaborators and contractual partners (such as consultants, suppliers, and customers) should receive relevant information about the Model during the contract-signing phase of their relationship with the Company. This information disclosure can be customised, taking into consideration access to Company regulations rather than requiring paper delivery of the Code of Ethics and/or the Model. Different methods may also be used based on the type of contractual relationship and the nature of the activities carried out, taking into account the risks related to potential Offences under the Decree.

External parties engaged in contractual relationships with the Company are likewise obligated to adhere to and respect the Company's Code of Ethics. They are expected to refrain from actions that could result in the Company being held liable for offences committed by its employees or representatives. If they receive, directly or indirectly, any requests from an employee or representative of the Company that contradicts the Code of Ethics, they should promptly inform the Company.

The Model and the Code of Ethics will also be made available on the Company's websites.

7. Updating and adapting the Model

The Supervisory Board is responsible for the development, promotion, and ongoing maintenance of the Model. In pursuit of this goal, it offers insights and recommendations regarding the organisational structure and internal control system to the relevant corporate bodies. In instances of particular significance, these recommendations may be directed to the Board of Directors.

The Board assigns its Chairperson the task of updating, as necessary, the descriptive aspects³⁸ of the Model to ensure their alignment with the evolving business environment.

Upon presenting its annual report, the Supervisory Board provides the Board of Directors with an informative summary of the alterations made to the Model during the given period.

However, the exclusive authority to make updates and/or adjustments to the Model rests with the Board of Directors in the following circumstances:

- changes required due to evolving regulatory requirements concerning the administrative liability of entities, resulting in amendments to Legislative Decree 231/2001;
- identification of new sections of predicate offences and/or adjustments to the category of offences, including potential changes stemming from the initiation of new business activities following extraordinary events such as transformations, mergers, or demergers, listing of shares on a regulated market, or exchanges of shareholdings leading to significant changes in the Group's scope;
- submission of observations concerning the category code(s) mentioned in the Company's Model by the Ministry of Justice in accordance with Article 6 of Legislative Decree 231/2001 and Article 5 and subsequent articles of Ministerial Decree 201 of 26 June 2003;
- commission of crimes or administrative offences falling under the administrative liability of entities committed by recipients of the Model's provisions, or more broadly, significant violations of the Model;
- identification of shortcomings and/or gaps in the Model's provisions subsequent to assessments of its effectiveness.

Following the approval of Model amendments, the Company Secretariat conveys these changes to the Supervisory Board. Simultaneously, the *HR Department* is responsible for ensuring that these modifications are accurately communicated to the recipients of the Model.

The Supervisory Board informs the Board of Directors of the implications of Model changes in regular or dedicated reports.

In addition, the Model undergoes scheduled reviews every three years.

The *Company Secretariat* maintains successive versions of the descriptive Model documents in its archives, ensuring that their contents remain readily accessible at all times.

³⁸The term 'descriptive aspects' encompasses the following: a) elements and information derived from decisions made by the Board of Directors – such as the restructuring of the organisational chart. It also includes actions taken by company functions with specific delegated authority – like the implementation of new company procedures that necessitate changes to the company's process Model; b) outcomes from supervisory activities related to Legislative Decree 231/2001 that lead to the improved design of control objectives and the associated control protocols.

8. Document history

Rev	Date	Cause/Change
00	20/12/16	First adopted
01	23/11/18	Review of the Model and adoption of new sections (Special Section)
02	13/09/23	Complete update and revision of the General and Special Sections