



Organisation, management and control model pursuant to (It.) Legislative Decree no. 231/01

Master Document – general part

Definitions

TIV Valves S.r.l. or the Company or TIV:

TIV Valves S.r.l., with registered office in Milan (MI), Via Ippolito Rosellini, 1, registered in the Milan Companies' Register, Tax Code/VAT number 06853690961.

Sensitive Areas and Activities:

Areas and Activities Sensitive to the risk of the crimes of the kind that the Organisation Model aims to prevent being committed, as noted following the analysis of the mapping activity carried out by the Company and in light of the possible prevention gaps concretely linked to the business context.

Collaborators:

Persons who, by virtue of mandates, assignments or other legal forms of collaboration, carry out activities on behalf of the Company.

Consultants:

Those who act in the name and/or on behalf of the Company by virtue of mandate, assignment or other collaboration and/or outsourcing relationship.

Decree:

(It.) Legislative Decree of 8 June 2001, no. 231, containing the "*Regulation on administrative responsibility of legal entities, companies and associations, including those not having legal personality, pursuant to art. 11 of (It.) Law of 29 September 2000, no. 300*", published in the Official Journal no. 140 of 19 June 2001 and subsequent amendments and additions.

Proxy of the Board of Directors:

He or she is the member of the Board of Directors to whom the latter has conferred powers for matters relating to the Organisation Model. It is the privileged interlocutor of the SB for the management of the Model and of related activities, and has specific powers of intervention on the text of the Model or on parts of it that do not require approval by the Board of Directors.

Recipients:

Subjects to whom the Organisation Model is addressed, and more precisely (i) the members of the Board of Directors, (ii) the members of Management, (iii) employees of all grades, qualifications, levels, (iv) consultants, agents, representatives, business partners, collaborators in general, (v) the person in charge of the statutory audit of the accounts (respectively, the "Directors", the "Managers", the "Employees", the "Collaborators", the "Auditor" and, jointly, the "Recipients").

Management:

This term refers to the subjects, with managerial powers or equivalent, who direct the Company and who exercise powers of direction over the Company or over individual business areas. This term is also intended to include the values that this body represents.

Organisation Model or Model:

Organisation, management and control model suitable for preventing crimes, as required by articles 6 and 7 of the Decree.

Supervisory and Control Body (SB):

Body provided for in article 6 of the Decree with the task of supervising the functioning of and compliance with the Organisation Model.

Personnel:

All Managers and Employees of the Company, temporary workers, interns, collaborators with project collaboration contracts and Group employees seconded to the Company.

Partners:

Contractual counterparties of the Company, such as suppliers, external collaborators, consultants, minority shareholders of Group companies, participants in various capacities in commercial initiatives of the Company or the Group.

Supervisory Plan:

It is the Plan prepared annually by the SB and which sets out the dates and contents of the periodic checks carried out by the SB on the issues referred to in the Decree.

Public Administration or PA:

For the purposes of the Organisation Model, the term “Public Administration” means that complex of authorities, bodies and agents to whom the legal system entrusts the care of public interests. They are identified with:

- national, EU and international public institutions, understood as organisational structures whose task is to pursue the satisfaction of the interests of the community with legal instruments; this public function qualifies the activity also carried out by the members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities;
- public officials, i.e. those who exercise legislative (production of rules of law), judicial (exercise of judicial power), administrative (characterised by the formation or manifestation of the will of the public administration or by its development by means of authoritative or certifying powers) functions (art. 357 of the (It.) Penal Code);
- persons in charge of public service, i.e. those who provide an activity regulated in the same forms as the public function, but characterised by the lack of the powers typical thereof (art. 358 of the (It.) Penal Code).

Offences:

The types of offence (crimes) referred to in the Decree, in the text in force at any given time (with the additions and amendments established by the legislator).

Sensitive Area Manager:

Subject who is entrusted with the responsibility of a Sensitive Area, where activities potentially exposed to the risk of the commission of crimes have been identified and which, as such, is subject to the control of the SB.

OSHMS:

The occupational health and safety management system (OSHMS) is an organisational system aimed at achieving corporate health and safety objectives for the protection of workers. It is adopted by the Company on a voluntary basis and follows the OSHAS 18001 guidelines.

GENERAL PART

1. Introduction: (It.) Legislative Decree of 8 June 2001, no. 231

(It.) Legislative Decree of 8 June 2001, no. 231 (hereinafter the “Decree”) introduced into the Italian legal system the regulation of liability deriving from crimes of legal persons, companies and associations (*i.e.* “the entities”).

The administrative liability of legal persons was introduced into the Italian legal system in execution of various international conventions, such as the Brussels Convention of 26 July 1995 on the protection of the European Communities’ financial interests, the Brussels Convention of 26 May 1997 on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, the *OECD Convention* of 17 December 1997 on combatting bribery of foreign public officials in international business transactions and related instruments, the *United Nations Convention and Protocols against Transnational Organized Crime*, adopted by the General Assembly on 15 November 2000 and 31 May 2001, ratified by (It.) Law no. 146 of 2006.

Pursuant to the provisions of the Decree, a company can be recognised as directly liable, and sentenced to one of the sanctions provided, if a crime (among those exhaustively listed in the Decree) has been committed in the interest or to the advantage of the company itself by a person who:

- holds powers of representation, administration or management of the company, or of an organisational unit with financial and functional autonomy (subjects in top management), or
- is subject to the direction or supervision of one thereof (persons under the direction of others).

The liability provided for by the Decree also applies to crimes committed abroad, provided that the State in whose territory the crime was committed does not take action against them.

The liability of the company, however, remains autonomous with respect to the criminal liability of the offender, in the sense that the unlawful conduct of the company continues to exist even if the offender is not punished for reasons other than the non-existence of the crime itself (e.g., non-imputability of the offender or prescription phenomena).

The company, even in the presence of such elements, may be exempt from liability if it proves that:

- the governing body has adopted and effectively implemented, before the commission of the crime, organisation and management models pursuant to the Decree suitable for preventing offences of the same kind as the one committed,
- the company has set up a body with autonomous control powers which it has entrusted with: i) supervising the functioning of the model, ii) checking compliance therewith, iii) updating the same,
- the offence was committed fraudulently circumventing the organisation model,
- there was no lack of oversight on the part of the supervisory body.

If the predicate offense was committed by a person subject to the direction of others, the liability of the company will be recognised when it is proven that the commission of the crime was made possible by the fact that the subjects in top positions have not sufficiently fulfilled the obligations of direction and supervision.

In summary, the liability in question exists in those cases in which a company, faced with a criminal offence committed (also) in its interest, shows in fact a business organisation that is culpably negligent and imprudent, such as to take advantage of criminal conduct committed within its structure.

Therefore, the preparation and adoption by the Company of an Organisation Model responds to the need to prevent the commission of crimes and, if this happens, to avoid that such action can be traced back to *organisational guilt*, i.e. to an underlying structural desire to take advantage of illegal conduct.

In this perspective, the Model of TIV Valves S.r.l. is characterised by efficacy and effectiveness - i.e. a shrewd business organisation actively aimed at the prevention of crimes - ensuring that no one can, in the context of the company's activity, commit one of the crimes of the Decree unless they voluntarily and fraudulently and bearing all the responsibilities of the case, also vis-a-vis the Company, circumvent the principles and procedures envisaged.

In order for the Model adopted by the Company to perform its fundamental function, it must demonstrate an ability, in practice, to avoid the commission of possible offences that are indicated by the legislator in the Decree. This ability is expressed, firstly, in ascertaining constant compliance with the Model and, secondly, in detecting and highlighting a plurality of signs, indices and discrepancies that are symptomatic of situations capable of favouring the commission of such offences.

Of the offences indicated by the Decree and by subsequent legislative additions, however, only some can concretely concern the Company's activity; it is, therefore, with reference to these cases that the Model will have to compare its effectiveness as a preventive tool.

The offences examined are listed in the Special Part below.

The full text of the Decree and subsequent legislative additions can still be consulted in the internal company directory of TIV Valves S.r.l..

The Company may also be liable for the commission of one of the aforementioned offences that took place in the territory of a foreign State. The Recipients must therefore follow the provisions outlined in this Model even if the Company operates outside the Italian territory or with non-Italian subjects.

2. The Organisation Model of TIV Valves S.r.l.

TIV Valves S.r.l., having taken note of the legislation in force and its scope, sharing the need for crime prevention expressed by the legislator and being aware of both the fundamental importance of ethics, as a necessary element for every healthy company, and of the opportunity of an internal control system for the prevention of the commission of offences by its Personnel, the Directors and its consultants and partners, wished to draw up and adopt an Organisation Model.

To this end, although the law envisages the adoption of the Model as optional and not mandatory, although highly recommended, the Company, in accordance with its company policies, adopted the Model by resolution of the Board of Directors of 16 September 2013. The Model was subsequently updated gradually in accordance with regulatory or organisational changes that occurred. The Supervisory Body is also regularly established (hereinafter referred to as "SB").

In its preventive function, the Model is aimed primarily at persons with functions of representation, administration or management of the Company, in their various forms, as well as those who exercise de facto management and control of the Company, or of organisational units of the Company itself. These "top management" subjects, in addition to directly respecting and observing the Model punctually, ensure compliance by those who are subject to their direction or supervision.

The Model is, in fact, addressed to and must be observed by all the Company's Employees in its various classifications and requires compliance with its general principles (in particular the ethical principles and conduct referred to in the document called Code of Ethics and Conduct) also by third party collaborators, partners and consultants.

The Company believes, in fact, that the adoption of the Model and of the Code of Conduct constitutes, beyond the provisions of the law and its potential attenuating effectiveness pursuant to the Decree, a valid tool to raise awareness among the Recipients on their potential illegal conduct, to (i) prevent offences through the precise indication of specific conduct and a suitable control system and / or (ii) react promptly in the event that they are committed anyway.

The Model and the Code of Conduct also take into account the indications and principles regarding the prevention of offences adopted by the parent company Pietro Fiorentini S.p.A.

3. Criteria and activities for the creation and maintenance of the Model

In order to ensure the degree of effectiveness required by law, an in-depth analysis of the business context was carried out and conducted both pre- and post-adoption of the Model, which served as a foundation for the Model, with the aim of identifying sensitive profiles for the purpose of prediction of offences, both with reference to relationships and the internal operating structure of the company, and with reference to relationships and contacts developed with third parties (consultants, outsourcers, suppliers and partners of any other kind).

The corporate governance system *adopted* by the Company was taken into account and audited. Subsequently, the practical-operational development of the company's activity was monitored, also through special interviews carried out by the legal consultants who collaborated in the elaboration of this Model with the Company's Key Managers aimed at providing a real and complete picture of the company's activity and its various forms, which also took into account the history of the Company and above all the individual special characteristics of each business area of the Company itself.

Specific activities were also carried out aimed to identify the decision-making system adopted and practised in the Company; mapping, verification, analysis and evaluation of existing practices and procedures were carried out, as well as what is known as gap analysis, i.e. the recognition of which safeguards and procedures were necessary and should be adopted to strengthen and make as advanced as possible the Company's ability to prevent the commission of the offences referred to in the Decree.

The "mapping of risk areas" was therefore based on the following aspects:

- identification of the type of offence to be prevented,
- identification of areas of activity at risk,
- forecast of how such offences could be committed,
- analysis of the degree of risk that the highlighted offences would be committed,
- comparison of all these elements, with the declared and pursued aim of making the Model specific and consistent with the concrete reality of the company.

Thanks to this specificity, it is possible to constantly adapt the - dynamic - Model to the social and business context, with a view to preventing the risk that offences may be committed.

4. Sensitive business areas and Activities

As a result of the analysis of the crimes envisaged and in the light of the possible prevention deficits concretely linked to the company context, the Company identified the areas/activities that are considered potentially sensitive to the risk of committing crimes of the kind that the Model intends to prevent.

These sensitive areas are listed and analysed in detail in the Special Part of this Model.

5. Structure of the Model and Master Document

The Model adopted by the Company (to be understood as including this document and its annexes), in light of the provisions of the law and in consideration of its function, contains the Code of Ethics and of Conduct, envisages the presence of a Supervisory Body with supervisory and control functions in relation to compliance with the principles contained in the Model and, in general, to its operation and updating of the Model itself, a system of internal control and company procedures and a list of sanctions in case of non-compliance with the Model.

Specifically, the Organisation Model of TIV Valves S.r.l. is divided as follows, as regards the documents that comprise it:

1. Master Document (General Part and Special Part);
2. Annex A - Structure and powers of the Company with Annex 1 - Chamber of Commerce Certificate;
3. Annex B - Code of Ethics and Conduct;
4. Annex C - Sanctioning system.

With specific reference to this Master Document, it describes the Company's Organisation Model and is divided into two parts, which contain, respectively:

in the General Part, a description of:

- the regulatory framework of reference;
- the criteria and procedure followed for the construction of the Model;
- the structure of the Model and the documents that form an integral part thereof;
- the procedures for appointing and operating the SB, with specification of its powers, tasks and information flows;
- the criteria for adapting and updating the Model;
- the structure of the sanctioning apparatus;

in the Special Part, a description of:

- the types of offence referred to in the Decree and taken into consideration by the Company due to the special characteristics of the activity carried out in practice;
- the Sensitive processes, Areas and Activities and the related control methods.

6. Code of Ethics and Conduct, and rules of conduct

In consideration of the delicacy and social relevance of the activities carried out and the services offered, the Company felt the need to formalise some values and ethical principles of "corporate

ethics” that the Company endorses in the document called *Code of Ethics and Conduct* under “B” to the Model.

In order to guarantee the transparency, correctness, integrity and professionalism of the Company's work and the quality of its services, the Code of Ethics and Conduct lays down a series of principles and guidelines compliance with which is required by all those who occasionally or permanently have employment or commercial relationships with the Company or, more generally, are stakeholders vis-a-vis the Company.

The observance by all Managers, Employees, Collaborators in any capacity, Directors and Statutory Auditors, if appointed, of the Company, within the scope of their powers and responsibilities, of the rules of conduct contained in the Code of Ethics and Conduct and of the specific procedures provided for in this Model, is of fundamental importance, both for the proper functioning and reliability of the Company, and for the protection of its prestige, image and know-how, factors that constitute a decisive asset for the success and image of the company.

To this end, the Company ensures full knowledge and understanding of the Code of Ethics and Conduct by all Recipients through the adoption of training procedures and continuous awareness of its contents.

Each Recipient is required to promote the principles that inform the Code of Ethics and Conduct, actively contributing to their implementation, promotion and reporting any violations.

In setting corporate objectives, the members of the Board of Directors are inspired by the principles of the Company's Code of Ethics and Conduct in compliance with the provisions of this Model.

No Director, Manager, Employee, Statutory Auditor, if appointed, the person in charge of the statutory audit of the accounts, if appointed, and no Collaborator of the Company is authorised to pursue any corporate objective in violation of the laws in force, in particular using the Company's own means and assets.

Compliance with the Code of Ethics and Conduct, and in general with the Company's principles of conduct, is also expressly required from third parties (collaborators, commercial or financial partners outsourcers, consultants, representatives) who have relations with the Company. In the event of non-fulfilment, the contractual penalties referred to in this Model will be applied (see below).

All actions, operations, transactions and activities carried out by the Company and its officers on its behalf must be:

- verifiable, documented, consistent and adequate, based on documentable and complete information;
- legitimate, respectful of rules, procedures and regulations, as well as complying with the provisions of the Model and the principle of separation of the various corporate functions;
- open to objective analysis and verification, with specific identification of the subjects and business departments involved.

7. The supervisory and control body of the Model pursuant to the provisions of the Decree

The Supervisory and Control Body (also called the Supervisory Body or, for the sake of brevity, “SB”) is the subject who, pursuant to the regulations referred to in the Decree, has the task of supervising the

functioning, effectiveness and observance of the Model and ensuring that the Model is always up to date, in particular if there are changes in the organisation and business activity.

Due to the different and structured corporate activities, as well as the ever-increasing complexity in the management of the Model, given the tendency of the legislator to continuously extend the liability of entities to new offences, it is considered that the function of the Company's Supervisory Body, also in compliance with the provisions of the most widespread and authoritative Guidelines of the trade associations, is covered – at the choice of the Board of Directors: i) by a collegial body composed of two members, one internal and one external, one of whom acts as Chairman of the SB, or ii) by a monocratic SB.

7. 1. Appointment and Requirements

The constitution, appointment, duration of the appointment, revocation and remuneration of the SB are resolved upon by the Board of Directors, having heard the opinion of the Board of Statutory Auditors, if appointed.

The members of the SB are chosen on the basis of requirements of authority, professionalism, independence and integrity outlined in the jurisprudence and in the main sector guidelines, in order to comply with the provisions dictated by the Decree.

Particular attention is paid to the professional background of each candidate, with regard to the knowledge of the contents of the Decree and any past experience on the subject. From this it follows that the SB, also due to the function performed, is in possession of appropriate technical knowledge to be able to carry out on a continuous basis the supervision, control and updating activities provided for by the Decree.

Specific care has also been dedicated to defining the powers of the SB and its position in the company organisation chart in order to ensure its autonomy and independence. To this end, the SB is directly appointed by the Board of Directors of the Company, to which it is required to report and which is the only body, having heard the opinion of the Board of Statutory Auditors, if appointed, with the power to remove it from office or replace it in the event of serious violation of the obligations imposed on the SB by the legislation and/or by this Model.

The Board of Directors resolves, on the recommendation of the SB, a budget of expenditure that the SB may use for the management of its office.

It will constitute a cause of ineligibility for office or forfeiture if the circumstance occurred later:

- kinship relationships up to the fourth degree with members of the Board of Directors, with persons who hold powers of representation, administration or management of the Company, including specifically members of the Management as well as persons who perform, even de facto, management and control functions within the Company, and the independent auditing firm;
- conflicts of interest, including potential ones, with the Company or with companies belonging to TIV Group in Italy that compromise its independence;
- direct or indirect ownership of shareholdings of the Company or parent companies such as to allow it to exercise considerable influence over the Company;
- functions of director with powers held, in the three financial years prior to appointment, in companies subject to bankruptcy, compulsory administrative liquidation or equivalent procedures;

- public employment relationship with central or local administrations in the three years prior to appointment;
- condemnation sentence, even if not final, or application of the sentence on request (plea bargain), for violations relevant to the liability referred to in the Decree in question;
- sentence, even if not final, or plea bargain to a sentence that entails the interdiction, even temporary, from public offices, or the temporary interdiction from the management offices of legal persons and companies.

Upon appointment, each candidate for the position of SB will deliver, in addition to his or her curriculum vitae, a declaration certifying compatibility with the position, his or her independence and autonomy. The CV and certification will be delivered to the Board of Directors, which will be convened for the appointment of the SB itself, having heard the opinion of the Board of Statutory Auditors, if appointed.

The [SB](#) will be required to inform, without delay, the Board of Directors, and, through it, its Chairman as well as the Chairman of the Board of Statutory Auditors, if appointed, of any event involving the loss – even temporary – of the prescribed requirements of compatibility, independence and autonomy for the measures deemed appropriate.

The Company's Board of Directors is also competent to resolve on the revocation of the SB or even of one of its members, if one of the following conditions are met:

- an absolute incapacity, incompatibility or negligence in the performance of the task, or
- in the event of serious violations of the obligations imposed on the SB by the legislation and by this Model, including but not limited to, the omission or insufficient supervision by the SB resulting from a conviction, even if not final, issued against the Company pursuant to the Decree in question or from a plea bargain.

The revocation resolution is brought to the attention and submitted to the prior consent of the Board of Statutory Auditors, if appointed.

The SB is bound to the strictest confidentiality and professional secrecy with regard to the information it becomes aware of in the performance of the assignment and acts with the highest degree of diligence to avoid any leak of information or confidential information to the outside.

Currently the SB of the Company is composed as follows:

- Jacopo Bazzlerla, attorney-at-law, born in Verona, on 28 December 1993, domiciled for the office in Milan, Via De Togni no. 7;

The profile of the SB examined by the Board of Directors meets the requirements of authority, independence, professionalism and integrity dictated by the relevant legislation, by jurisprudential rulings, as well as by doctrine as essential elements of the figure of a SB.

The SB office can be contacted by e-mail at odv.tiv@fiorentinispa.onmicrosoft.com.

The SB carries out the activities necessary for the supervision of the Organisation Model with adequate commitment and with the necessary investigative powers; it is a structure that reports to the Company, so as to guarantee due continuity in supervisory activities, and may use the Company's resources for the performance of its tasks, requesting the collaboration of any company department that is deemed useful; the SB does not carry out operational tasks that may affect and/or compromise the independence and the overall vision of the business activity that is required thereof.

The Company does not intend to hereby approve a regulation of the SB but invites the Body itself, within the scope of its autonomy, also functional, to proceed in this direction if it deems it appropriate. A copy of the Regulation must be sent to the Proxy of the Board of Directors for the necessary information and for appropriate coordination with the Company itself.

7.2. Functions of the SB

In accordance with the provisions of the Decree, the SB is assigned the following tasks:

- verification of the Recipients' compliance with the Model;
- collection, examination and storage of information and reports sent by the Recipients;
- detection of any behavioural deviations of the Recipients with respect to the requirements of the Model that may emerge from the analysis of information flows and reports received;
- proposal for the imposition of sanctions in accordance with the criteria, methods and limits better specified in Annex C to the Model;
- formulation of proposals for updating the structure and contents of the Model, and additions to the list of Sensitive Areas and Activities;
- periodic exchange of information with the Board of Directors and/or the Board of Statutory Auditors, if appointed, of the Company regarding the efficacy and effectiveness of the Model and the possible appropriateness of its amendments and improvements;
- promotion and definition of initiatives for the dissemination of knowledge and understanding of the Organisation Model and for raising awareness in the Recipients regarding the problems related to the administrative liability of entities;
- participation in the continuous training of the Recipients regarding the obligations and requirements deriving from the provisions contained in the Model and in the Decree and subsequent amendments, as well as regarding the impacts of regulatory changes on the company's activity;
- exchange of information and data with the entity responsible for the statutory audit of the accounts, where appointed;
- comprehensive and timely information in the event of inspections, investigations or requests for information by public officials, police forces, supervisory, judicial or tax authorities.

More generally, the SB is responsible for any activity connected with or related to the supervision of the constant effectiveness and efficacy of the Model and control over factors that could be preparatory to the occurrence of a possible offence.

The SB, in this perspective, and in compliance with the aforementioned powers, remains available to each Recipient to provide clarifications or explanations regarding possible regulatory, interpretative or applicative doubts regarding the Decree and the Model, the List of policies and procedures or situations related to the performance of Sensitive Activities or, in any case, connected to the Model itself.

7.3. Powers and rights of the SB

For the purposes of carrying out the functions described above, the SB has autonomous powers of initiative and control of the administrative and management activities of the Company, having to report - with regard to the conduct and outcome of the checks - directly and collectively to the governing and control bodies of the Company.

For these reasons, the members of the SB are not subject, in this capacity and in the performance of their function, to the hierarchical and disciplinary power of any corporate body or department.

In particular, the SB has the following powers, the list of which is to be considered as an example and not exhaustive:

- **as part of its control and inspection activities:**
 - to proceed at any time, within the scope of its autonomy and discretion, to acts of control and verification regarding the effectiveness and application of the Model;
 - to proceed following measures of the competent authority, even provisional, within the scope of its autonomy and discretion, to acts of control and verification of the activity of the recipients subject to the measure, ensuring in any case compliance with the principle of “audi alteram partem” and the protection of confidentiality;
 - to envisage routine checks and extraordinary or unannounced checks; control activities must be intensified in particular cases, such as the detection of serious violations or offences and organic organisational changes involving the Company;
 - to verify and request compliance with the principles of the Code of Ethics and Conduct adopted by the Company, also with reference to external collaborators;
 - to request to consult the documentation concerning the activity carried out by the individual departments and by the Managers of the Sensitive Areas and Activities, also obtaining a copy thereof, as well as carry out interviews and request, if necessary, written reports;
 - to propose to the competent bodies for the imposition of sanctions any violations of the Model or non-fulfilment of the obligations of conduct referred to in the Decree;
 - to report to the Board of Directors any obstacles that may stand in the way of the exercise of its activities;
 - to regulate from an operational point of view the methods and timeframes of fulfilling the obligations deriving from the policies and procedures and, in particular, in agreement with the Board of Directors or a Chief Executive Officer;
 - it prepares on an annual basis the Supervisory Plan on the issues referred to in this Model;

- **as part of the verification of the effectiveness and the formulation of proposals for adaptation of the Model:**
 - in coordination with the Managers of Sensitive Areas and Activities, to periodically verify the suitability of the Model to prevent the commission of offences;
 - to verify the level of knowledge of the Model by the Personnel through *i)* periodic audits on individual acts (sample checks of corporate acts and contracts relating to Sensitive Areas and Activities) and *ii)* periodic checks on policies and procedures;
 - to analyse the requests and reports received by the SB;
 - in light of the regulatory changes that have occurred from time to time, as well as a result of the checks carried out and the verification of the existence of new processes at risk, to propose to the competent bodies the appropriate adjustments and updates of the Model;
 - to participate in: a) meetings with the employees of the areas responsible for administration and management.

In carrying out its activities, the SB may avail itself, in cases where it deems it appropriate and subject to agreement with the proxy of the Board of Directors, of the services of *i)* external consultants, *ii)* the personnel of the individual company departments, on the basis of their respective skills and professionalism. In the latter case, the SB will communicate in writing the names of the Personnel whose services it intends to use to the managers of the offices and/or departments concerned or, for

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top management, to the Company's Board of Directors, so that the awareness and adequate collaboration of all interested parties are guaranteed.

The SB will keep the documentation relating to its activity (files, whistleblowing reports, reports, audits, etc.) in a special hard copy or digital archive (*SB database*) whose management methods are the responsibility of the SB itself. The storage period is 10 (ten) years.

In addition to the members of the SB and upon request to the SB, only members of the Board of Directors, members of the Board of Statutory Auditors, if appointed, the independent auditor and persons delegated and authorised by the SB can access the SB database.

7.4. SB reporting

The SB has the obligation to report on the implementation of the Model and the emergence of any critical issues.

The following SB reporting lines are envisaged:

- on an annual periodic basis, to the Board of Directors and the Board of Statutory Auditors, where appointed, in relation to the control activities carried out;
- on an annual periodic basis, to the Board of Directors and the Board of Statutory Auditors, if appointed, regarding the Supervisory Plan;
- immediate where facts of particular relevance are ascertained with regard to a Chief Executive Officer and/or the Board of Directors and in any case with regard to the Board of Statutory Auditors, if appointed.

The reporting concerns:

- the activity carried out by the SB office;
- the whistleblowing reports received;
- events considered to be of major importance;
- any other data, act or fact that the SB deems appropriate to communicate to one of the recipients.

8. Management of reports of illegal conduct

Consistently with the relevant regulatory provisions, with particular regard to art. 6, para. 2-*bis* of (It.) Legislative Decree no. 231/01, the Company has put in place specific channels for detailed reports of illegal conduct that could generate liability for Tiv Valves pursuant to the Decree itself, identifying the Supervisory Body as the recipient of the reports themselves.

In this context, the Recipients are required to promptly inform the SB of:

- any information relating to the commission of offences or to the reasonable belief that offences have been committed;
- any violation or alleged violation of the rules referred to in the Model, or in any case conduct not in line with the rules of conduct adopted by the Company for the purpose of preventing the commission of offences.

To protect the integrity of the Company, any other detailed report of illegal conduct, relevant pursuant to the Decree and based on precise and consistent factual elements, or violations of the Model, of which they have become aware by reason of the functions performed, may also be submitted.

However, the report sent to the SB must contain all the useful elements of the case in order to enable the competent bodies to carry out the appropriate investigations on the facts covered by the communication transmitted.

The SB, even in response to a specific request made thereby, must be the recipient, by the heads of the Area involved in the report, of the information relating to the proceedings, investigations and verifications concerning the conduct envisaged in the Special Part of this Organisation Model, as well as of all those measures that are in any way related to the offences taken into consideration therein.

Failure to comply with the obligations set out in this paragraph will result in the imposition of a disciplinary sanction that will vary depending on the seriousness of the non-compliance and which will be imposed in accordance with the provisions of the Sanctioning System. The reports received by the SB and all the information collected will be kept for a period of no less than 10 years.

The Company and the Supervisory Body guarantee their commitment to safeguarding the confidentiality of the identity of the whistleblower in good faith and to ensuring that Recipients who report violations are not subject to any form of retaliation. The following are therefore prohibited, also pursuant to art. 6 paragraph 2-bis of the Decree: acts of retaliation or discrimination, direct or indirect, against the whistleblower for reasons connected, directly or indirectly, to the report; the violation of this prohibition as well as of the measures to protect the whistleblower entails disciplinary sanctions against the authors, without prejudice to the application of more serious sanctions where appropriate.

Those who make reports with intent or gross negligence that prove to be unfounded are also subject to disciplinary sanctions, without prejudice however to compensation for the damage thus caused and any investigations in criminal proceedings for the crimes, by way of example, of slander or defamation.

The adoption of discriminatory measures against the subjects who make the reports referred to in the aforementioned paragraph 2-bis can be reported to the National Labour Inspectorate, for the measures within its competence, as well as by the reporting party, also by the trade union indicated thereby.

Upon receipt of the report of the illegal conduct, the SB carries out the appropriate checks and investigative activities, in order to assess the real validity of the report's contents. In order to guarantee the impartiality of these investigative activities, the SB may also use external technical consultants.

Following the evaluation of the results, the SB decides whether to close the report or whether to inform the Management in order to initiate sanctioning proceedings and/or communicate it to the competent authorities.

Consultants, Suppliers and third parties also have the obligation, envisaged in the contracts stipulated with them, to report the information referred to in this paragraph.

It is also specified, as provided for by art. 6 paragraph 2 bis of the Decree, that the pursuit of the interest in the integrity of the Company, as well as in the prevention and repression of offences, constitutes just cause for disclosure of any information covered by the obligation of confidentiality (for example business, scientific secrets, etc.).

Each Management is required to inform the SB on a periodic basis about the implementation of internal legislation on certified reports of illegal conduct, as well as the dissemination and application of the related principles and procedures.

8.1. How to submit reports

The Company has set up a special IT method for collecting reports to the SB. The Recipients can therefore forward their reports to the e-mail address odv.tiv@fiorentinispa.onmicrosoft.com.

The IT mode is set up in such a way as to allow the identity of the whistleblower to be protected and to maintain the confidentiality of the information in any context subsequent to the report, to the extent that confidentiality is enforceable by law.

Alternatively, it is also possible to make reports in writing by letter addressed to the Chairman of the Company's SB at the following address: Via Fratelli Rosselli, 17 - 20027 Rescaldina (MI)

To ensure the confidentiality of the identity of the whistleblower, the name of the whistleblower must not be indicated in the envelope containing the report and the words "personal confidential" must be reported.

9. Sanctions

Please note that the commission of the offences indicated in (It.) Legislative Decree no. 231/2001 may entail the application of the following penalties for the Company:

- Monetary (from EUR 25,800.00 to EUR 1,549,000.00);
- Disqualifications (including the interruption of the exercise of the activity; the suspension or revocation of authorisations, licences or concessions functional to the commission of the offence; the prohibition to contract with the Public Administration; exclusion from subsidies/financing) from three months to two years;
- Publication of the sentence;
- Compulsory confiscation in case of conviction (publication of the sentence);
- Administration by an external commissioner.

For the purposes of the Model's effectiveness and in compliance with the law, the sanctioning system has the function of monitoring compliance with the Model, procedures and principles of conduct.

The violation of the obligations contained in this Model, even if aimed at the pursuit of an alleged business interest, constitutes a breach of contract and a disciplinary offence. In fact, the Company does not intend to pursue any advantage deriving from an unlawful act and, therefore, in the event that an offence has been committed, the Company hereby expresses its intention to return said advantage.

The sanctioning system is attached (attachment under "C"); such system envisages the specific sanctions and methods of imposition in case of violation or non-compliance with the obligations, duties and/or procedures laid down in this Model.

If the commission of the crime by one of the Recipients of the Model is proven, the Company reserves the right to compensation for any damage thus caused to the Company.

10. Adaptation and updating of the Model - Training

Since this Model is an "act of emanation of the governing body" (in accordance with the provisions of art. 6, paragraph I, letter a of the Decree), subsequent amendments and additions of a substantial nature to this Model are the responsibility of the Board of Directors of the Company, subject to the

procedures highlighted below for the timely and urgent updating thereof. The Board of Directors avails itself of the experience and instructions of the SB.

The Proxy of the Board of Directors, in agreement with the SB, is also entitled to make any changes or additions to the text of this Model or its Annexes in the light of the following principles:

- such changes or additions do not affect the substance of the Model itself;
- they are of a predominantly formal nature;
- they reflect a change in the powers conferred by the Board of Directors on its members or attorneys-in-fact;

or

- they reflect a new activity of the Company that has not been foreseen and regulated in the Model and that is relevant for the purposes of this Decree;
- they are in any case aimed at adapting the Model to the company reality if it is considered that some of its parts are not actually and effectively consistent with the company's activity;
- they are necessary for the adaptation of the Model to regulatory updates;

provided that the change is of an urgent nature, so that waiting for the approval of the Board of Directors is detrimental to the Company.

The Proxy of the BoD may also update the names of the heads of department following the change in the company's organisation chart.

It is understood, however, that the proxy will report to the Board of Directors on the changes made during the first meeting convened after the introduction of the changes.

With the adoption of this Model, in fact, the Company undertakes to adapt and modify it both in accordance with any regulatory changes and on the basis of changes concerning the Company in its various articulations and in any case on the basis of application experiences, in a dynamic perspective that entails the constant update of the Model itself.

The SB can always make observations or suggestions regarding such changes.

In the event of disagreement between the Proxy of the BoD and the SB, the matter will be referred to the Board of Directors in its collective composition.

As underlined, the Company is particularly attentive to the dynamic aspect of the Model and its constant coherence with the regulatory and corporate reality. Therefore, beyond the powers conferred on the Proxy of the BoD as well as on the SB, the Company intends to audit this Model in its entirety at least annually (and in any case whenever deemed necessary), and possibly with the involvement of consultants.

Any changes that will affect this Model or part thereof and/or the Attachments to this Model will be made known to all Recipients through appropriate procedures under the supervision of the SB.

For the purposes of disseminating and respecting the Model, the Company considers the process of training Recipients to be particularly important. To this end, both at the time of adoption of the Model and on a periodic basis, a training-information program is drawn up on the Model, on the Code of Ethics and Conduct, on current legislation and on the relevant offences pursuant to the Decree.

Finally, it is the Company's objective to prepare and implement constant periodic updating programmes, as well as verification of the degree of knowledge of the Model and company procedures and policies.