GENERAL PART

ORGANISATION, MANAGEMENT AND CONTROL MODEL *pursuant to* Legislative Decree 231/2001

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DEFINITIONS

- ***Company***: Flow Meter S.p.A., with registered office in Levate (BG), Via del lino n. 6
- ***Decree or Legislative Decree 231/2001***: Legislative Decree No. 231 of 8 June 2001, as amended or supplemented
- ***P.A***.: Public Administration
- ***Confindustria*** Guidelines: a Confindustria guideline document (updated to June 2021) for the construction of organisational, management and control models under the Decree
- ***Model***: Organisation, management and control model pursuant to Legislative Decree 231/2001 adopted by the Company
- ***Sensitive activities***: activities of the Company within the scope of which there is a risk, even potential, of offences under the Decree being committed
- ***General prevention protocols***: safeguards to prevent the commission of offences
- ***Code of Ethics***: a document that contains the declaration of values, the set of rights, duties and responsibilities of the Company towards 'stakeholders' (employees, suppliers, customers, etc.). It is an integral part of the Model
- ***Supervisory Board or SB***: a body provided for in Article 6 of the Decree, responsible for supervising the operation of and compliance with the Model and its updating
- ***Reporting***: written or oral communication (addressed to the Supervisory Board) of information on conduct deemed non-compliant with company policies, regulations or procedures (including those referred to in the 231 Model or in the Code of Ethics) or in breach of the law (e.g. civil code, penal code, *privacy* regulations, Legislative Decree 231/2001)
- ***Whistleblower***: the natural person who reports violations acquired in the context of his/her work or in the context of collaboration or business relations with the Company, including collaborators, interns, consultants, agents, suppliers and *business partners*
- ***Reported*** person: a person mentioned in the Report, understood as a person to whom the breach is attributed or as a person otherwise involved in the reported breach

- ***Senior persons***: persons who hold representative, administrative or management positions in the Company or in one of its units with financial and functional autonomy, as well as persons who exercise, including de facto, management or control of the Company
- ***Subordinates***: persons subject to the direction or supervision of the persons referred to in the preceding paragraph
- ***Consultants and collaborators***: persons who, by reason of their professional skills, perform their intellectual work for or on behalf of the Company on the basis of a mandate or other professional collaboration relationship
- ***Employees***: persons having a contract of employment with the Company, whether subordinate, para-subordinate or administered by employment agencies
- ***Business partners***: the Company's contractual counterparties, natural or legal persons, with whom it enters into any form of contractually regulated collaboration
- ***Entities***: any legal entity to which the provisions of the Decree apply in full
- ***CCNL***: National Collective Labour Agreement currently in force and applied by the Company
- ***Model implementation tools***: organisation chart, assignment of powers (delegations and/or proxies), job *descriptions*, *company policies*, procedures and operating instructions, organisational provisions adopted by the Company

CHAPTER 1 - REGULATORY FRAMEWORK

1.1 Introduction

Legislative Decree No. 231 of 8 June 2001 introduced regulations on the administrative liability of legal persons, companies and associations, including those without legal personality.

According to these rules, entities may be held liable, and consequently penalised, in relation to certain offences committed or attempted, in the interest or to the advantage of the entities themselves, by senior persons and subordinates.

The administrative liability of the body is distinct and autonomous from the criminal liability of the natural person who committed the offence, and accompanies (not replaces) the latter. The entity's liability is excluded if it has adopted and effectively implemented, before the offences were committed, organisational, management and control models capable of preventing the commission of the offences from which the entity's liability would arise.

1.2 Nature of liability

Legislative Decree No. 231 of 8 June 2001, in transposing international legislation on the fight against corruption, introduces and regulates the administrative liability arising from offences of collective entities, which until 2001 could only be called upon to pay, jointly and severally, fines, penalties and administrative sanctions imposed on their legal representatives, directors or employees.

The nature of this new form of liability of entities is of a 'mixed' kind; it combines aspects of the criminal and administrative penalty systems. Under the Decree, in fact, the entity is punished with a sanction of an administrative nature, as it responds to an administrative offence, but the system of sanctions is based on the criminal process.

The scope of application of the Decree is very broad and concerns all entities endowed with legal personality, companies, associations, including those without legal personality, public economic entities, and private entities entrusted with a public service. On the other hand, the legislation does not apply to the State, public territorial bodies, non-economic public bodies, and bodies that perform functions of constitutional importance (such as, for example, political parties and trade unions).

1.3 Perpetrators of the offence: persons in senior positions and persons under the direction of others

In addition to the commission of one of the predicate offences, other regulatory requirements must be met for the entity to be punishable under Legislative Decree 231/2001: 'objective requirements' and 'subjective requirements'.

The first objective criterion requires that the offence is committed by persons linked to the entity by a qualified relationship. In this regard, a distinction is made between:

- persons in a 'top position', i.e. who hold positions of representation, administration or management of the entity, such as, for example, the legal representative, directors and persons who manage, even only de facto, the entity itself. These are the persons who actually have autonomous power to make decisions in the name and on behalf of the entity. Also assimilated to this category are all persons delegated by the directors to carry out management or direction activities of the entity and/or its offices/local units;
- subordinates', i.e. all those who are subject to the direction and supervision of senior persons. This category includes employees and collaborators and those persons who, although not part of the staff, have a task to perform under the direction and control of senior persons. The external on behalf of the organisation.

A further objective criterion is that the offence must be committed in the interest or to the advantage of the entity; the existence of at least one of the two conditions, which are alternatives, is sufficient:

- the 'interest' exists when the offender has acted with the intention of favouring the entity, regardless of whether that objective was then actually achieved;
- the 'advantage' exists when the entity has derived - or could have derived - a positive result, economic or otherwise, from the offence.

The liability of the entity exists not only when it derives an immediate pecuniary advantage from the commission of the offence, but also in the event that, even in the absence of such a result, the fact is motivated by the interest of the entity. The improvement of its position on the market or the concealment

of a financial crisis, for example, are cases that involve the interests of the entity without, however, bringing it an immediate pecuniary advantage.

As to the subjective criteria for imputing the offence to the entity, these relate to the preventive instruments the entity has adopted in order to prevent the commission of one of the offences provided for by the Decree in the exercise of its business activity. The Decree provides for the exclusion of the entity from liability if:

- the management body has adopted and effectively implemented, prior to the commission of the offence, organisational, management and control models capable of preventing offences of the kind committed;
- the task of supervising the operation of and compliance with the Models and ensuring that they are updated has been entrusted to a Body of the entity endowed with autonomous powers of initiative and control;
- there has been no omission or insufficient supervision by that Body.

The conditions listed above must come together for the liability of the entity to be excluded.

The mechanism provided for by the Decree on the burden of proof is stricter for the entity in the event that the offence has been committed by a person in an apical position: in this case, the entity must prove that the persons committed the offence by fraudulently circumventing the Model.

In the case of offences committed by persons in a subordinate position, the entity may instead be held liable only if it is established that the commission of the offence was made possible by a failure to comply with management or supervisory obligations, which is in any case excluded if, before the offence was committed, the entity had adopted an organisational, management and control model capable of preventing offences of the kind committed. In this case, the offence is a genuine fault in organisation: the entity has indirectly consented to the commission of the offence, by failing to supervise the activities or conduct of the persons at risk of committing a predicate offence.

1.4 Offences

At the time of its entry into force, the Decree regulated the administrative liability of entities in relation only to the offences against the Public Administration provided for in Articles 24 and 25.

Subsequent legislative interventions have progressively expanded the catalogue of offences for which the administrative liability of the entity is liable.

The types of offences that today may give rise to the administrative liability of entities, if committed in their interest or to their advantage by the persons mentioned above, are expressly referred to in Articles 24 to *25-duodicies* of the Decree, as well as in Law 146/2006 on transnational offences. To date, the offences provided for by the Decree are as follows:

- Misappropriation of funds, fraud to the detriment of the State, a public body or the European Union or for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public procurement (Article 24 of Legislative Decree No. 231/2001);
- Computer crimes and unlawful processing of data (Article 24-bis of Legislative Decree No. 231/2001)
- Organised crime offences (Article 24-ter of Legislative Decree 231/2001);
- Embezzlement, extortion, undue induction to give or promise benefits, bribery and abuse of office (Article 25 of Legislative Decree No. 231/2001);
- Offences of counterfeiting money, public credit cards, revenue stamps and identification instruments or signs (Article 25-bis of Legislative Decree 231/2001);
- Crimes against industry and trade (Article 25-bis.1 Legislative Decree 231/2001);
- Corporate offences (Article 25-ter of Legislative Decree No. 231/2001)
- Crimes for the purpose of terrorism or subversion of the democratic order (Article 25-quater of Legislative Decree No. 231/2001);
- Female genital mutilation practices (Article 25 quater.1 Legislative Decree 231/2001);
- Crimes against the individual (Article 25-quinquies of Legislative Decree No. 231/2001);
- Market abuse (Article 25-sexies of Legislative Decree No. 231/2001);
- Manslaughter or serious or very serious injury committed in breach of the rules on the protection of health and safety at work (Article 25-septies of Legislative Decree No. 231/2001);

- Offences relating to receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin, and selflaundering (Article 25-octies of Legislative Decree No. 231/2001);
- Offences relating to non-cash means of payment (Article 25-octies.1 of Legislative Decree No. 231/2001);
- Copyright infringement offences (Article 25-novies of Legislative Decree 231/2001);
- Offence of inducement not to make statements or to make false statements to the judicial authorities (Article 25-decies of Legislative Decree No. 231/2001);
- Environmental offences (Article 25-undecies of Legislative Decree No. 231/2001);
- Offence of employment of third-country nationals whose stay in the territory of the State is irregular (Article 25-duodecies of Legislative Decree No. 231/2001)
- Offence of racism and xenophobia (Article 25-terdecies of Legislative Decree 231/2001);
- Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices (Article 25-quaterdecies of Legislative Decree No. 231/2001);
- Tax offences (Article 25-quinquiesdecies of Legislative Decree No. 231/2001);
- Smuggling (Article 25-sexiesdecies of Legislative Decree No. 231/2001);
- Crimes against the cultural heritage (Article 25-septiesdecies of Legislative Decree No. 231/2001);
- Laundering of cultural goods and devastation and looting of cultural and landscape assets (Article 25-duodicies of Legislative Decree No. 231/2001).

Through the *Risk Assessment* activity, it emerged that, on the basis of the activities in which the Company operates, the offences most and STRICTLY attributable to it are those listed below:

- Offences in dealings with the Public Administration (Articles 24 and 25 of Legislative Decree 231/2001);
- Computer crimes and unlawful data processing (Article 24-bis of Legislative Decree No. 231/2001);

- Crimes against industry and trade (Article 25-bis.1 Legislative Decree 231/2001);
- Corporate offences and corruption between private individuals (Article 25-ter of Legislative Decree No. 231/2001);
- Crimes against the individual (Article 25-quinquies of Legislative Decree No. 231/2001);
- Manslaughter or serious or very serious injury committed in breach of the rules on the protection of health and safety at work (Article 25-septies of Legislative Decree No. 231/2001);
- Receiving, laundering and using money, goods or benefits of unlawful origin, as well as selflaundering (Article 25-octies of Legislative Decree No. 231/2001);
- Offences relating to non-cash means of payment (Article 25-octies.1 of Legislative Decree No. 231/2001);
- Copyright infringement offences (Article 25-novies of Legislative Decree 231/2001);
- Offence of inducement not to make statements or to make false statements to the judicial authorities (Article 25-decies of Legislative Decree No. 231/2001);
- Environmental offences (Article 25-undecies of Legislative Decree No. 231/2001);
- Offence of employment of third-country nationals whose stay in the territory of the State is irregular (Article 25-duodecies of Legislative Decree No. 231/2001)
- Tax offences (Article 25-quinquiesdecies of Legislative Decree No. 231/2001);
- Transnational offences (Law No. 146, Article 10 of 16 March 2006).

A Special Part of the Model is devoted to each of these offences, in which the offences, the potentially related sensitive activities, the general principles of conduct, the general prevention Protocols (in a document attached to the Special Part) and the obligations to inform the Supervisory Board are described.

1.5 Sanctions apparatus

The penalty system provided for by Legislative Decree 231/2001 is divided into four types of sanctions, to which the entity may be subject in the event of conviction under the Decree:

1. *Monetary penalty*: this is always applied if the judge holds the entity liable. It is calculated by means of a system based on quotas determined by the judge in number and amount: the number of quotas, to be applied between a minimum and a maximum that vary depending on the case, depends on the seriousness of the offence, the degree of liability of the entity, the activity carried out to eliminate or mitigate the consequences of the offence or to prevent the commission of other offences; the amount of the individual quota is instead established, between a minimum of €258.00 and a maximum of €1,549.00, depending on the entity's economic and asset conditions;
2. *Disqualification sanctions*: these apply, in addition to the pecuniary sanctions, only if expressly provided for in respect of the offence for which the entity is convicted and only where at least one of the following conditions is met

    - the entity has derived a significant profit from the offence and the offence was committed by a senior person, or by a subordinate if the commission of the offence was made possible by serious organisational deficiencies;
    - in the event of repeated offences.

    The prohibitory sanctions provided for in the Decree are:

    - disqualification, temporary or permanent, from exercising the activity;
    - suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
    - the prohibition to contract with the Public Administration, except to obtain the performance of a public service;
    - exclusion from facilitations, financing, contributions or subsidies and the possible revocation of those already granted;
    - a temporary or permanent ban on advertising goods or services.

    Exceptionally applicable with definitive effects, disqualification sanctions are temporary, with a duration ranging from three months to two years, and relate to the specific activity of the entity to which the offence refers. They may also be applied as a precautionary measure, prior to the conviction, at the request of the Public Prosecutor, if there are serious indications of the entity's liability and well-founded and specific elements indicating a concrete danger of the further commission of offences of the same nature as the one for which proceedings are being brought;

3. *Confiscation*: the conviction always entails the confiscation of the price or profit of the offence or of goods or other utilities of equivalent value. The profit of the offence has been defined by the United Sections of the Court of Cassation (see Criminal Court of Cassation, S.U., 27 March 2008, no. 26654) as the economic advantage of direct and immediate causal derivation from the offence, and concretely determined net of the actual utility obtained by the injured party in the context of a possible contractual relationship with the entity;
4. *publication of the conviction*: this may be ordered when the entity is sentenced to a disqualification sanction; it consists in the publication (carried out at the entity's expense) of the judgment, in excerpts or in full, in one or more newspapers indicated by the judge in the judgment, as well as by posting in the municipality where the entity has its head office.

1.6 Attempted crimes

In the event of the commission, in the form of attempt, of the offences set out in Chapter I Section III of Legislative Decree No. 231/2001 (Articles 24 to *25-duodicies*), the pecuniary sanctions (in terms of amount) and disqualification sanctions (in terms of time) are reduced by between one third and one half, while sanctions are not imposed in cases where the entity voluntarily prevents the action from being carried out or the event from taking place.

1.7 Offences committed abroad

According to Article 4 of the Decree, the entity may be held liable in Italy in relation to offences (covered by the same Legislative Decree 231/2001) committed abroad.

In order for liability to be imputed to the entity:

- the offence must be committed abroad by a person functionally linked to the entity, pursuant to Article 5(1) of Legislative Decree No. 231/2001;
- the entity must have its head office in the territory of the Italian State;
- the entity can only be held liable in the cases and under the conditions provided for in Article 7 of the Criminal Code 'Crimes committed abroad', Article 8 of the Criminal Code 'Political offence committed abroad', Article 9 of the Criminal Code 'Common offence of the citizen abroad' and Article 10 of the Criminal Code 'Common offence of the foreigner abroad' (in cases where the law

provides that the offender - a natural person - is punished at the request of the Minister of Justice, proceedings are brought against the entity only if the request is also made against the entity itself);

- the State of the place where the offence was committed does not prosecute the entity.

1.8 Proceedings for the assessment of offences

Liability for administrative offences resulting from a crime is ascertained in criminal proceedings. In this regard, Article 36 of Legislative Decree No. 231/2001 provides: "The jurisdiction *to hear administrative offences committed by the entity belongs to the judge competent for the offences on which the offences depend. The provisions on the composition of the court and the related procedural provisions relating to the offences on which the administrative offence depends shall be observed for the proceedings to determine the administrative offence of the entity'.*

The criminal court ascertains the liability of the entity by verifying the existence of the predicate offence and the suitability of the Organisational Models adopted. An organisational model is deemed 'suitable to prevent offences' if, before the offence was committed, it could or should be deemed to have eliminated or at least minimised with reasonable certainty the risk of the offence subsequently being committed.

1.9 Organisation, management and control model

The Model operates as a ground for non-punishment only if:

- effective, i.e. if reasonably suitable for preventing the offence(s) committed;
- effectively implemented, i.e. whether its content is applied in the company's procedures and internal control system.

The Decree merely regulates some general principles concerning the Organisation, Management and Control Model, without, however, providing any specific features. As to the effectiveness of the model, the Decree provides that it must have the following minimum content:

- the activities of the entity within the scope of which offences may be committed are identified;
- specific protocols are in place to plan the formation and implementation of the entity's decisions, in relation to the offences to be prevented;
- appropriate methods of managing financial resources are identified to prevent the commission of offences;

- a disciplinary system is introduced to penalise non-compliance with the measures indicated in the model;
- there are obligations to provide information to the Supervisory Board;
- one or more channels are provided for enabling the persons indicated in Article 5(1)(a) and (b) to submit, in order to protect the entity's integrity, detailed reports of unlawful conduct, relevant under the Decree and based on precise and concordant factual elements, or of breaches of the entity's organisational and management Model, of which they have become aware by virtue of their duties. These channels guarantee the confidentiality of the identity of the reporter in the management of the report;
- there is at least one alternative reporting channel that is suitable for ensuring, by computerised means, the confidentiality of the reporter's identity;
- the prohibition of direct or indirect retaliatory or discriminatory acts against the whistleblower for reasons directly or indirectly linked to the report is introduced;
- in the disciplinary system adopted, sanctions are provided for those who violate the measures for the protection of whistleblowers, as well as those who make reports that turn out to be unfounded with malicious intent or gross negligence.

The Decree provides that the Model must be subject to periodic verification and updating, both in the event of significant violations of the provisions, and in the event of significant changes in the organisation or activity of the entity or changes in the reference legislation, in particular when new predicate offences are introduced.

1.10 Changes in the entity

The Decree regulates, in Articles 28 to 33, the liability regime of the entity in the event of transformation, merger, demerger and transfer of business.

In the event of the transformation of the entity, liability for offences committed prior to the date on which the transformation took effect remains unaffected. The new entity will therefore be subject to the sanctions applicable to the original entity, for acts committed prior to the transformation.

In the event of a merger, the merged entity, even by incorporation, shall be liable for the offences for which the merging entities were liable. If the merger took place before the conclusion of the trial to

ascertain the liability of the entity, the judge must take into account the economic conditions of the original entity and not those of the merged entity.

In the event of a demerger, the liability of the demerged entity for offences committed prior to the date on which the demerger took effect remains unaffected, and the entities benefiting from the demerger are jointly and severally liable to pay the financial penalties imposed on the demerged entity within the limits of the value of the net assets transferred to each individual entity, unless it is an entity to which the branch of activity within which the offence was committed was also partially transferred; disqualification penalties apply to the body (or bodies) into which the branch of activity within which the offence was committed has remained or merged. If the demerger took place before the conclusion of the trial to ascertain the liability of the entity, the judge must take into account the economic conditions of the original entity and not those of the entity resulting from the demerger.

In the event of the transfer or assignment of the business within the scope of which the offence was committed, except for the benefit of prior execution of the assigning body, the assignee is jointly and severally obliged with the assigning body to pay the pecuniary sanction, within the limits of the value of the transferred business and within the limits of the pecuniary sanctions resulting from the compulsory books of account or due for offences of which the assignee was in any case aware.

1.11 Liability for offences in groups of companies

Decree 231 does not expressly address aspects related to the liability of the entity belonging to a group of companies.

The Italian legal system considers the group unitarily only from an economic perspective. In the legal perspective, it lacks autonomous legal capacity and constitutes a grouping of entities endowed with individual and distinct legal subjectivities.

Since the group is not itself an entity, it cannot therefore be regarded as a direct centre of imputation of liability for offences. The existence of the criteria for imputation of liability must be explicitly identified within each of the companies belonging to the group.

On this point, the jurisprudence of legitimacy has intervened by clarifying that the entity's interest or advantage in the commission of the offence must be found in concrete terms, without any automatism deriving from the company's belonging to a group. Therefore, in order for another group company to be held liable for an offence, it is necessary that the offence committed in the subsidiary has brought a

specific and concrete benefit - actual or potential and not necessarily of a financial nature - to the parent company or another group company.

CHAPTER 2 - THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF FLOW METER S.P.A.

2.1 Foreword

The adoption of the Model pursuant to Legislative Decree 231/2001 constitutes, for Flow Meter S.p.A., over and above the requirements of the law, a valid instrument for raising the awareness of all employees and all other parties involved with it (suppliers, customers, collaborators and consultants, etc.), so that these parties adopt, in the performance of their activities, correct, safe and transparent conduct that prevents the risk of the offences contemplated by the Decree being committed.
This document was drawn up on the basis of the results of a risk *assessment* process formalised in the 'Risk Table' document.

2.2 The objectives

The Model prepared by Flow Meter S.p.A. is based on a structured and organic set of procedures and controls aimed at monitoring the company activities that are most exposed, even if only potentially, to the offences contemplated by the Decree, in order to prevent or impede their commission.

Once the potential activities at risk of offences under the Decree have been identified and assessed, the aim is to define an internal regulatory system aimed at planning the formation and implementation of the Company's decisions in relation to the risks/offences to be prevented, by means of:

- a regulatory system - represented by the Code of Ethics - that establishes the general guidelines aimed at regulating how decisions are taken in 'sensitive' areas;
- a system of corporate delegations and powers that ensures a clear and transparent representation of the corporate decision-making and implementation process;
- the definition of organisational structures consistent with inspiring and controlling correct behaviour, ensuring a clear and organic allocation of tasks and an adequate segregation of functions.

The aims of the Model are therefore to:

a) prevent and reasonably limit the possible risks associated with the Company's activities with regard to the reduction of possible unlawful conduct;

b) determine, in all those who work in the name and on behalf of Flow Meter S.p.A., the awareness that they may incur, in the event of violations of the provisions set out in the Model, an offence liable to criminal and administrative sanctions not only against them, but also against the Company;

c) reiterate that Flow Meter S.p.A. does not tolerate unlawful conduct of any kind and for any purpose, as the same, in addition to transgressing the laws in force, are contrary to the ethical-social principles to which the Company intends to adhere.

The Model adopted by Flow Meter S.p.A. therefore represents the result of the documented methodological application of the criteria of risk identification, on the one hand, and of the identification of protocols for the planning, formation and implementation of company decisions, on the other.

With a view to a process of continuous adaptation to the Company's changes, to the evolving needs of the market and to the evolution of reference regulations, the Model elaborated guarantees a system compatible with the structure of the entity, which integrates efficiently with the company's operations.

2.3 The project to define the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001

The Model development process consisted of the three phases summarised here:

Phases	Activities
Phase 1	***Identification of the activities and processes within the scope of which the offences referred to in Legislative Decree 231/2001 may be committed****:* - Collection and analysis of company documentation: (including: chamber of commerce visas; company organisation chart; relevant occupational health and safety and environmental documentation; consultancy assignments). - Identification of persons who, on the basis of their functions and responsibilities, have in-depth knowledge of the sensitive activities and control mechanisms currently in place, in order to determine the areas of intervention and a detailed interview plan.
Phase 2	***Analysis of sensitive activities:***

Phases	Activities
	Identification and analysis of the sensitive activities and control mechanisms in place, with particular attention to preventive controls and other *compliance* elements/activities; identification of the organisational requirements characterising a suitable Organisation, Management and Control Model *pursuant to* Legislative Decree 231/2001 and actions to "strengthen" the current control system.
Phase 3	***Definition of the Organisation, Management and Control Model:*** Definition of the Organisational Model *pursuant to* Legislative Decree 231/2001 articulated in all its components and operating rules, consistent with the guidelines of the trade associations to which the Company adheres.

2.4 The Organisation, Management and Control Model of Flow Meter S.p.A.

Flow Meter S.p.A.'s Model was drawn up taking into account the activity concretely carried out by the Company, its structure, and the nature and size of its organisation.

The Model will be subject to updates as necessary, based on the future evolution of the Company and the context in which it operates.

The Company carried out a preliminary analysis of its corporate context and, subsequently, an analysis of the activities that present potential risk profiles, in relation to the commission of the offences indicated by the Decree.

In particular, the following were analysed: the history of the Company, the context and sector to which it belongs, the corporate organisational structure, the existing *corporate governance* system, the system of powers of attorney and proxies, the existing legal relations with third parties, the operational reality, the practices and procedures formalised and disseminated within the Company for the performance of corporate operations.

For the purposes of drawing up the Model, consistently with the provisions of the Decree, the Confindustria guidelines and the indications inferable to date from case law, the following activities were implemented:

- identification of the corporate processes and activities in which the predicate offences indicated in the Decree may be committed, through interviews with the heads of corporate functions;
- analysis of the existing system of delegations and powers and allocation of responsibilities;
- assessment of the risks of offences being committed (so-called *risk assessment*) and of the internal control system suitable for preventing unlawful conduct;
- critical analysis of the existing internal control system (so-called *gap analysis*), as a whole and for each sensitive activity at risk of offence 231, in order to
    - Identify areas for improvement, criticalities, shortcomings with respect to reference control principles (market *benchmarks* and *best practices);*
    - identify adequate control measures necessary for the prevention or mitigation of the risk of commission of the offences referred to in the Decree.

In relation to the possible commission of the offences of culpable homicide and serious or very serious injury committed in breach of accident prevention regulations (Article *25-septies* of the Decree), the Company has carried out an analysis of its corporate context and of all the specific activities performed, as well as an assessment of the related risks on the basis of the results of the checks carried out in compliance with the provisions of Legislative Decree 81/2008 and of the special regulations connected thereto.

2.5 Addressees and purpose of the Model

The Flow Meter S.p.A. Model applies:

- those who perform, even de facto, management, administration, direction or control functions within the Company;
- to employees of the Company;
- consultants and all those who, while not belonging to the Company's staff, act under the mandate or on behalf of the Company.

The directors and department heads holding relations with external counterparties shall liaise with the Supervisory Board in order to establish any further categories of addressees of the Model, in relation to the legal relations and the activity carried out by them with the Company.

All recipients of the Model are required to comply punctually with the provisions contained therein and in the instruments implementing the Model (e.g.: delegations and proxies, *job descriptions*, *policies*, procedures and company operating instructions).

By adopting the Model, the Company intends to comply punctually with the Decree and to improve and make the already existing internal control and *corporate governance* system as efficient as possible.

The main objective of the Model is therefore to create an organic and structured system of principles and control procedures, aimed at preventing, where possible and concretely feasible, the commission of the offences set forth in the Decree. The Model will constitute the foundation of the Company's governance system and will contribute to the dissemination of a business culture marked by fairness, transparency and legality.

The Model also has the following aims:

- provide adequate information to employees, to those who act on behalf of the Company, or are linked to the Company by relationships relevant for the purposes of the Decree, with reference to the activities that entail the risk of offences being committed;
- disseminate a business culture based on legality: the Company condemns any conduct that does not comply with the law and/or internal provisions, including those contained in its Model;
- disseminate a culture of control and *risk management*;
- implement an effective and efficient organisation of business activities, with reference to the decision-making process, its transparency and traceability, the empowerment of resources dedicated to the taking and implementation of such decisions, the provision of preventive and subsequent controls, and the management of internal and external information;
- implement all measures necessary to reduce as far as possible, and in a short time, the risk of offences being committed, enhancing the safeguards in place in order to prevent unlawful conduct relevant under the Decree.

2.6 Services by third parties

Services by third parties (e.g. collaborators, consultants and business partners), which may relate to sensitive activities, must be formally regulated.

The contract/letter of assignment must provide for the Company's contractual counterpart:

- the obligation to certify the truthfulness and completeness of the documents produced and of the information communicated to the Company by virtue of legal obligations;
- the commitment to respect, during the term of the contract, the inspiring principles of the Model and the Code of Ethics adopted by Flow Meter S.p.A., as well as the provisions of Legislative Decree 231/2001 and to operate in line with them;
- the obligation to comply with any request for information, data or news from the Flow Meter S.p.A. Supervisory Board

The contract must also provide for the right of Flow Meter S.p.A. to proceed with the application of forms of protection (e.g. termination of the contract, application of penalties, etc.), if a breach of the previous points is detected.

In particular, non-compliance by third parties with the obligations set out in the preceding points shall entail the termination for just cause of the same relations, without prejudice to any claim for compensation if concrete damage to the Company results from such conduct.

2.7 Document Structure

This document consists of a General Section and Special Sections relating to offences that are potentially relevant and applicable to the Company.

The General Section deals with the description of the regulations contained in Legislative Decree 231/2001, the operating principles of the Supervisory Board, the definition of a system of sanctions, and the indication of the Model's communication and personnel training obligations.

The Special Sections, with reference to each of the offences potentially applicable to the Company, identify the activities that are 'sensitive' within the meaning of the Decree (i.e., the activities that have been considered by the Company to be at risk of offence, as a result of the risk analysis conducted), define the general principles of conduct and the control measures (Protocols) to protect the aforementioned activities in order to prevent or mitigate offences.

They form an integral part of the Model:

- the risk *assessment* (Risk Table) aimed at identifying sensitive activities, referred to herein in full and on file with the Company;

- the instruments for implementing the Model (delegations and proxies, job *descriptions*, company *policies*, procedures and operating instructions);
- the Code of Ethics.

These deeds and documents are available within the Company, in accordance with the procedures laid down for their dissemination.

CHAPTER 3 - THE SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE 231/2001

3.1 Role and characteristics of the Supervisory Board

In compliance with the Decree, the Company establishes an autonomous, independent and competent Supervisory Board (SB) to control the risks associated with the specific activity carried out by the Company and its legal profiles.

The Supervisory Board has the task of constant monitoring:

- compliance with the Model by the addressees, as identified in the previous chapter;
- on the effectiveness of the Model in preventing the commission of the offences referred to in the Decree;
- the implementation of the provisions of the Model in the performance of the Company's activities;
- the updating of the Model following changes in the corporate structure and organisation, in the activities carried out by the Company or in the regulatory framework.

The Supervisory Board must be selected according to the requirements of:

- *autonomy* and independence: the autonomy and independence of the Supervisory Board, as well as of its members, are key elements for the effectiveness of the control activity.

  The concepts of autonomy and independence have no definition in an absolute sense, but must be declined and framed in the operational complex in which they are to be applied.

  Since the Supervisory Board has the task of verifying compliance with the control measures in the company's operations, its position within the entity must guarantee autonomy from any form of interference and conditioning by any component of the entity and, in particular, by the top management, especially considering that the function performed by the Supervisory Board is also expressed in the supervision of the activities of the top management bodies.

  The entity's administrative body provides the Supervisory Board with company resources, of a number and competence proportionate to the tasks entrusted to it, and approves, in the context of the formation of the company *budget,* an adequate allocation of financial resources, proposed by the Supervisory Board, which the latter may use for any need necessary for the proper performance of its tasks (e.g. specialist consultancy, travel, etc.).

The autonomy and independence of the individual member of the Supervisory Board must be determined on the basis of the function performed and the tasks assigned to him/her, identifying from whom and what he/she must be autonomous and independent in order to be able to perform such tasks. Consequently, each member must not hold decision-making, operational and management roles such as to compromise the autonomy and independence of the entire Supervisory Board. In any case, the requirements of autonomy and independence presuppose that the members of the SB are not in a position, not even potential, of personal conflict of interest with the Company.

- *professionalism*: the Supervisory Board must possess, within it, technical and professional skills appropriate to the functions it is called upon to perform. Therefore, it is necessary that the Supervisory Board includes persons with adequate professionalism in economic, legal and corporate risk analysis, control and management matters. The Supervisory Board must possess the specialised technical skills required to perform control and advisory activities.

  In order to ensure the professional skills useful or necessary for the activity of the Surveillance Body, and to guarantee the professionalism of the Body (as well as, as already highlighted, its autonomy), a specific expenditure *budget* is allocated to the Surveillance Body, aimed at the possibility of acquiring outside the entity, when necessary, additional skills to its own.

  The Supervisory Board can thus, also by availing itself of external professionals, equip itself with competent resources, for instance in the field of the environment and safety in the workplace;
- *continuity of action*: the Supervisory Board continuously carries out the activities necessary for the supervision of the Model with adequate commitment and with the necessary powers of investigation.

  Continuity of action must not be understood as 'incessant operativeness', since such an interpretation would necessarily impose a Supervisory Board made up exclusively of internal members of the entity, when in fact this would lead to a diminution of the indispensable autonomy that must characterise the Board itself. Continuity of action implies that the activity of the Supervisory Board should not be limited to periodic meetings, but organised on the basis of a plan of activities and the constant conduct of monitoring and analysis of the Company's system and preventive controls.

The Supervisory Board remains in office for the term indicated at the time of appointment and may be reappointed.

The rules of the Civil Code on mandates apply to the relations between the entity and the Supervisory Board.

Flow Meter S.p.A. has identified its Supervisory Board as a single-member body, in compliance with the above-mentioned criteria.

3.2 General principles on the establishment of the Supervisory Board

Appointment as a member of the Supervisory Board is conditioned by compliance with the subjective requirements of honourableness, integrity and respectability, as well as the absence of causes of incompatibility with the appointment itself, such as kinship relations with members of the corporate bodies and top management and potential conflicts of interest with the role and tasks that the Supervisory Board is called upon to perform.

In particular, at the time of appointment, the person(s) designated to hold the office of Supervisory Body must issue a declaration certifying the absence of grounds for incompatibility such as, by way of example only:

- relationships of kinship, marriage or affinity up to the fourth degree with members of corporate bodies;
- conflicts of interest, even potential, with the Company such as to undermine the independence required by the role and tasks of the Supervisory Board;
- ownership, direct or indirect, of shareholdings of such a size as to enable it to exercise a significant influence on the Company;
- administrative functions - in the three financial years preceding the appointment as member of the Supervisory Board or the establishment of the consultancy/collaboration relationship with the same Board - in companies subject to bankruptcy, compulsory administrative liquidation or other insolvency procedures;
- public employment relationship with central or local administrations in the three years preceding the appointment as member of the Supervisory Board or the establishment of the consultancy/collaboration relationship with the same Board;

- Conviction, with a final judgment, to a penalty involving disqualification, including temporary disqualification, from public office, or temporary disqualification from the executive offices of legal persons and companies.

The Supervisory Board may avail itself - under its direct supervision and responsibility - in the performance of the tasks entrusted to it, of the collaboration of all the functions and structures of the entity or of external consultants, making use of their respective skills and professionalism. This power enables the Supervisory Board to ensure a high level of professionalism and the necessary continuity of action.

The above-mentioned subjective requirements and grounds for incompatibility must also be considered with reference to any external consultants involved in the activity and performance of the tasks of the Supervisory Board.

In particular, at the time of appointment, the external consultant must make a declaration in which he or she certifies:

- the absence of the reasons listed above for incompatibility or reasons preventing the appointment (e.g.: conflicts of interest; family relations with corporate bodies, senior persons in general, etc.);
- the fact of having been adequately informed of the provisions and rules of conduct laid down in the Model.

3.3 Functions and powers of the Supervisory Board

In order to perform its assigned tasks, the Supervisory Board is vested with all powers of initiative and control over all company activities and personnel levels and reports exclusively to the administrative body.

The activities carried out by the SB cannot be audited by any other body or structure of the Company, it being understood that the administrative body may verify the consistency between the activities actually carried out by the SB and the mandate assigned to it.

The Supervisory Board is vested with the powers of initiative and control necessary to ensure effective and efficient supervision of the functioning and observance of the Model in accordance with Article 6 of Legislative Decree No. 231/2001. In particular, the SB is entrusted with the following tasks and powers for the performance and exercise of its functions:

(i) supervise the operation of and compliance with the Model: ensure that the conduct adopted by the company corresponds to that defined in the Model;

(ii) Verifying the effectiveness of the Model: checking that the Model prepared is concretely suitable for preventing the occurrence of the offences referred to in the Decree;

(iii) Promote the updating of the Model: analysing the Model with regard to the maintenance, over time, of the requirements of soundness and functionality of the same; promote the necessary updating, in a dynamic sense, of the Model in the event that the analyses make corrections and/or adjustments necessary.

At the operational level, the Supervisory Board is entrusted with the tasks of:

- carry out periodic audits aimed at ascertaining the provisions of the Model, in particular, verifying that the procedures and controls provided for within the Model are actually adopted and documented in a compliant manner and that the ethical principles are respected. Furthermore, process the results of the *audit* activities carried out and the related reports;
- collect, process and store all relevant information in compliance with the Model;
- report to the competent functions any news of violations of the Model and monitor, in agreement with the administrative body, the application of disciplinary sanctions;
- promote and monitor initiatives for the dissemination of knowledge of the Model, as well as for staff training and awareness-raising on compliance with the principles contained in the Model;
- coordinate with the other corporate functions (also through special meetings) to exchange information in order to (i) keep the activities at risk of offences monitored; (ii) ensure that the corrective actions necessary to make the Model adequate and effective are undertaken in a timely manner; (iii) verify that the control measures provided for in the Model, in particular in the Special Sections, are adequate and meet the requirements of compliance with the provisions of the Decree, and if not, propose appropriate adjustments.

In performing its assigned tasks, the Supervisory Board:

(i) has unrestricted access to company information for investigation, analysis and control activities;

(ii) avails itself of the support and cooperation of the various corporate structures that may be concerned or otherwise involved in control activities.

The verification activity of the Supervisory Board must tend in a twofold direction:

(i) if it emerges that the state of implementation of the control measures is deficient, it is the duty of the Supervisory Board to take all the necessary steps to rectify this situation. Depending on the cases and circumstances, this will involve:

- urge the heads of the company's organisational functions to comply with the Model;
- directly indicate which corrections and changes are to be made to current operational practices;
- report the most serious cases of non-implementation of the Model to the heads of function and the administrative body.

(ii) If, on the other hand, the monitoring of the state of implementation of the Model shows that the control measures are fully and correctly implemented, but prove to be inadequate to prevent the risk of the occurrence of any of the offences set out in Legislative Decree No. 231/2001, the Supervisory Board will have to take steps to ensure that they are updated. The times and forms of such an adjustment are not predetermined; the times must be understood as being as prompt as possible and the content will be that imposed by the findings that determined the need for adjustment.

The administrative body of Flow Meter S.p.A. informs the corporate functions of the tasks of the Supervisory Board and its powers.

3.4 Information flows to and from the Supervisory Board

3.4.1 Reporting to the Supervisory Board: general information and specific mandatory information

Legislative Decree No. 231/2001 includes, among the Model's suitability requirements, the establishment of reporting obligations towards the Supervisory Board.

To this end, the Supervisory Board identifies the information - necessary and/or appropriate for the purposes of verifying the adequacy of and compliance with the Model - that must be mandatorily transmitted to it by the Recipients of the Model (so-called periodic information flows, defined on a periodic basis and agreed with the corporate functions), including

- news of disciplinary proceedings and sanctions issued or orders to dismiss such proceedings with the reasons therefore;

- measures and/or information from judicial police bodies or any other authority from which the commission of offences, even against unknown persons, is inferred, for offences under Legislative Decree No. 231/2001;
- requests for legal assistance made by managers and/or employees against whom the judiciary is proceeding for offences under Legislative Decree No. 231/2001;
- news of organisational changes;
- decisions relating to the application for, disbursement and use of public funds;
- updates to the system of delegated and proxy powers.

The Supervisory Board, also through the elaboration of a dedicated operating procedure, establishes the further types of information that the managers involved in the management of sensitive activities must transmit, giving indications as to the frequency and manner in which such communications must be forwarded.

3.4.2 *Whistleblowing*

Reference legislation

Law No. 179 of 30 November 2017 on the "Provisions for the protection of the authors of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship" (also known as the "*Whistleblowing* Law") introduces into the Italian legal system an apparatus of rules aimed at improving the effectiveness of tools to combat corrupt phenomena, as well as to protect the authors of reports with greater intensity by encouraging the use of the instrument of reporting unlawful conduct or violations of the Models of organisation, management and control.

The employer bears the burden of proving - in disputes relating to the imposition of disciplinary sanctions, demotions, dismissals, transfers or subjecting the whistleblower to other organisational measures after the submission of the report with direct or indirect negative effects on working conditions - that such measures are based on reasons unrelated to the report itself (so-called 'reversal of the burden of proof in favour of the whistleblower').

The same Law provides that the adoption of discriminatory measures against whistleblowers can be reported to the Labour Inspectorate, for measures within its competence, not only by the whistleblower, but also by the trade union organisation indicated by the whistleblower. Moreover, the retaliatory or discriminatory dismissal of the reporting person is expressly qualified as 'null and void'. Also null and void is the change of duties pursuant to Article 2103 of the Civil Code, as well as any other retaliatory

or discriminatory measure taken against the whistleblower.

Legislative Decree No. 24 of 10 March 2023, the so-called 'Whistleblowing Decree', transposed in Italy Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019, concerning the protection of persons who report breaches of national or European Union regulatory provisions, which harm the public interest, the integrity of the public or private entity, of which they have become aware in the context of their work or collaborative or business relationships.

Legislative Decree 24/2023 amends Article 6 of Legislative Decree 231/2001 by repealing subsection 2-ter and subsection 2-quater, and provides that the Models *pursuant to* Legislative Decree 231/2001 must indicate the internal reporting channels adopted (in accordance with the *Whistleblowing* Decree), making explicit the prohibition of retaliation and the disciplinary system aimed at sanctioning non-compliance with the principles, measures and rules indicated in the Model 231 with specific reference to the Whistleblowing discipline.

In this context, Flow Meter S.p.A. is committed to encouraging and protecting anyone who, in the performance of their work duties, becomes aware of an offence and/or irregularity in the workplace, relevant for the purposes of Legislative Decree no. 231/2001, and decides to report it (so-called *whistleblower*).

In particular, the Company, in compliance with Legislative Decree 24/2023:

- has set up internal reporting channels by providing whistleblowers with an IT platform that allows them to make written or oral reports, and which guarantees the utmost confidentiality of the identity of the whistleblower, the reported person and the content of the report;

- prohibits any act of retaliation, direct or indirect, that may cause unfair harm to the Whistleblower for reasons directly or indirectly linked to the Whistleblowing;

- has provided in the disciplinary system set out in this Model for specific sanctions against those who violate the measures put in place for the protection of the Whistleblower, as well as those who make Reports that turn out to be unfounded with malice or serious misconduct.

Who can report

All Addressees of this Model 231 are entitled to send Reports:

- top management, members of the company's governing and supervisory bodies;

- employees of the Company regardless of contractual classification (even if in a probationary period) and persons who are even only temporarily in a working relationship with Flow Meter S.p.A. even if they are not employees (e.g.: volunteers and trainees - paid and unpaid);

- those who cooperate and collaborate with the Company - in any capacity - in the pursuit of its objectives (e.g. self-employed workers, freelancers and consultants);

- customers, suppliers, business *partners* and any further categories of persons that the administrative body - in agreement with the Supervisory Board - may establish in relation to the legal relations established by the Company.

Subject and Content of Reports

They may be subject to reporting:

- unlawful conduct that constitutes one or more offences from which the Company may incur liability under the Decree;
- conduct which, although not constituting any offence, has been adopted in breach of the rules of conduct, procedures, protocols or provisions contained in the Model, the Code of Ethics and/or the documents referred to and/or annexed thereto.

Both violations that have been committed and those that the reporter reasonably believes could be committed on the basis of concrete elements may be reported, as may those elements concerning conduct aimed at concealing the aforementioned violations.

Anonymous Reports are allowed and deemed admissible provided they are adequately documented and substantiated, with a precise description of facts and situations, in order to avoid the risk of unfounded allegations.

Reports must not have a purely delatory purpose (i.e. a report made essentially to protect one's own interests or for the most varied infamous reasons, of spite, revenge, etc.), but must be circumstantiated reports of unlawful conduct or violations of the Model or of the Code of Ethics adopted by the Company, based on precise and concordant factual elements, having the following characteristics

-indication (optional) of the reporting party;

-description of:

- events and/or facts;
- any other persons involved;
- time and manner of execution of the reported event;
- anything else that may be useful for the description of the event and its authors.

Reports are also prohibited and considered irrelevant and not actionable:

-relating to disputes, claims or demands linked to an interest of a personal nature on the part of the Whistleblower that relate exclusively to his or her individual working relations with colleagues or superiors;

-founded on mere suspicions or rumours concerning personal facts not constituting an offence, or in any case manifestly unfounded and/or acquired only on the basis of indiscretions or rumours that are scarcely reliable (so-called rumours);

-having insulting tones or containing personal insults or moral judgments, intended to offend or harm the honour and/or personal and/or professional decorum of the person or persons to whom the facts reported are referred;

-relating to information that is already fully in the public domain (e.g. information reported in the media, newspapers, websites and judgments).

Modalities for the Transmission of Reports

In order to allow timely compliance with the provisions set out in the preceding paragraphs, all the Recipients of the Model must report to the Reporting Manager, formally identified as the Supervisory Board, any violations of the Model, the Code of Ethics and/or actual or alleged unlawful conduct, relevant pursuant to Legislative Decree No. 231/2001, through specific "dedicated" channels.

Since December 2023, in line with the provisions of Legislative Decree 24/2023, an IT platform has been set up to guarantee, to an even greater extent, the confidentiality of the identity of the Whistleblower, the persons involved, the content of the Report and the related documentation.

Reports should be received through:

- Computer platform: https://flowmeter.cpkeeper.online/keeper/available-configuration-links
- Ordinary mail to the attention of the Supervisory Body at the Company's registered office: Via del Lino 6, 24040 - Levate (BG). The Report must be placed in **two closed envelopes**, including: i) in the first one, the identification data of the reporting party, together with an identity document (if he does not wish to remain anonymous); ii) in the second one, the subject of the report. Both envelopes must then be placed in a **third envelope** bearing, on the outside, the words "**confidential to the Supervisory Board**".

The IT Platform is the priority and preferential internal channel; it allows the sending of reports without the need to register or declare one's personal details. The reporter can, in fact, leave a message through the page anonymously and need not provide an e-mail address or telephone number.

After receiving the report, the Supervisory Board must immediately take the necessary investigations, after maintaining the confidentiality of the reporting person, the reported person, any other persons involved, the content of the report and the relevant documentation.

The Whistleblower may also request a confidential meeting with the Supervisory Board, which shall ensure that it is held - in a suitable place to allow the confidentiality of the Whistleblower - within a period of 15 days, taking care to record it after verification, rectification and confirmation by the Whistleblower.

If the outcome of the checks carried out establishes that the Report is admissible and well-founded, the Supervisory Board shall provide feedback to the Whistleblower (within three months from the date of the acknowledgement of receipt), giving an account of the measures envisaged or adopted or to be adopted to follow up the Report and the reasons for the choice made.

Once the appropriate analyses and evaluations have been carried out, the Supervisory Board shall inform the administrative body of the results, which, if the prerequisites are met, shall initiate the procedure of contestation and possible application of sanctions, by virtue of the powers conferred on it by the Articles of Association or internal regulations of the Company.

In the same way, the Supervisory Board shall, by forwarding an appropriate report to the Chairman of the Board of Directors, if it ascertains that the Report, which turned out to be unfounded following the appropriate investigations, appears to have been forwarded on account of a conduct of the Whistleblower vitiated by willful misconduct or serious misconduct, so that it may assess the appropriateness of taking the necessary disciplinary measures against him/her.

The protections of the reporter and the reporter

Flow Meter S.p.A. guarantees whistleblowers in good faith against any form (even attempted or threatened) of retaliation, discrimination or penalization for reasons directly or indirectly linked to the Report that causes or could cause unfair harm to the Whistleblower and takes appropriate measures to protect the confidentiality of the identity of the Whistleblower, the Reported Person and any other persons involved, without prejudice to legal obligations and the protection of the rights of the Company or persons wrongly accused or in bad faith.

The protections afforded to the reporter are also extended:

- the facilitator (person assisting the reporter in the reporting process, working within the same work context);
- persons in the same work environment as the reporting person with a stable emotional or family link up to the fourth degree;
- to the reporting party's work colleagues with whom they have a regular and current relationship.

Confidentiality is also guaranteed to whistleblowers before the commencement or after the termination of their employment, or during the probationary period, if the information on the reported conduct was acquired in the context of employment or in the selection or pre-contractual phase.

Any alleged retaliation, even if only attempted or threatened, must be reported exclusively to ANAC. In the event that the Authority ascertains the retaliatory nature of acts, measures, conduct, omissions adopted, or even only attempted or threatened, their nullity and the application of a pecuniary administrative sanction shall follow.

Loss of protection

Violation of the whistleblower protection measures, as well as the malicious or grossly negligent submission of Reports that turn out to be unfounded, represent conduct that does not comply with the provisions of the Model. For this reason, such conduct is punished by means of the sanctions system provided for in this Model.

Any wrongdoing or abuse of the reporting management channels committed by third parties with whom the Company has contractual relations (such as suppliers, external consultants/collaborators, business *partners,* etc.), shall be sanctioned in accordance with the provisions of specific contractual clauses. Such clauses may provide, by way of example only, for the right to terminate the contract and/or the payment of penalties. Penalties may also entail a ban on establishing new contractual relations with the persons concerned.

Collection and storage of information

The Reports received and the documentation managed by the SB are kept by the latter (in the computer platform to which the SB has confidential access, in a dedicated archive, paper or computer for Reports received by ordinary/recommended mail), taking care to keep the documents and information acquired confidential. Access to this archive is allowed only to persons authorised, from time to time, by the SB.

All the documentation is kept for as long as necessary for the management of the Report and, in any case, for no longer than five years from the closure of the Report, unless a judicial or disciplinary action is instituted against the Reported Person or the Whistleblower who made false or defamatory statements. In such a case, the documents and related records shall be kept until the conclusion of the proceedings and the expiry of the time limits for lodging an appeal.

The access credentials to the computer platform are known only to the Supervisory Board or the persons expressly authorised by it; any paper documents are filed in an identified place to which only the Supervisory Board or the persons expressly authorised have access.

Reports made through any direct meeting with the Supervisory Board are documented in writing by means of a detailed transcript of the conversation. The Whistleblower may verify, rectify and confirm the contents of the transcript.

3.4.3 Reporting of the Supervisory Board to the Administrative Body

The Supervisory Board reports on the implementation of the Model, the emergence of any critical aspects and communicates the outcome of the activities carried out in the exercise of its assigned tasks.

To this end, the Supervisory Board prepares:

- on an annual basis, a report summarising the activities carried out in the current year and a plan of planned activities for the following year, to be submitted to the administrative body, outlining the following specific information
  - summary of the checks carried out by the Supervisory Board during the period and their findings;
  - any discrepancies between the Model's implementation tools and the Model itself;
  - any new areas of commission of offences under the Decree;
  - reports received from external or internal parties concerning possible violations of the Model and the results of the checks concerning the aforementioned reports;
  - disciplinary procedures activated and any sanctions applied;
  - general evaluation of the Model and its effective functioning, with possible proposals for additions and improvements in form and/or content;
  - any changes in the regulatory framework;
  - statement of expenses incurred.

The administrative body is entitled to convene the Supervisory Board at any time.

Similarly, the Supervisory Body is empowered to request, through the competent functions, the convocation of the administrative body for urgent reasons and whenever it deems it appropriate to examine or intervene with the directors in matters concerning the functioning and/or effective implementation of the Model.

The meetings through which the Supervisory Board reports to the administrative body must be minuted.

CHAPTER 4 - DISCIPLINARY SYSTEM

4.1 Function of the disciplinary system

Flow Meter S.p.A. condemns any behaviour that does not comply with the law, the Model, the instruments for implementing the Model (e.g. *policies*, procedures, operating instructions) and the Code of Ethics adopted by the Company, even if the behaviour is carried out in the interest of the Company itself or with the intention of bringing it an advantage.

Any breach committed by anyone must be immediately reported to the Supervisory Board, in the manner described in paragraph 3.4.2, without prejudice to the procedures and measures falling within the competence of the holder of the disciplinary power.

The duty to report is incumbent on all addressees of the Model.

By way of example, the following conduct constitutes disciplinary offences:

- violation, including through omissive conduct and in possible concurrence with others, of the principles of the Model, the Code of Ethics and the instruments implementing the Model;
- the drafting, possibly in conspiracy with others, of untrue documentation;
- the facilitation, through omissive conduct, of the preparation by others of untrue documentation;
- the removal, destruction or alteration of documentation to evade the system of controls provided for in the Model;
- obstructing the supervisory activity of the Supervisory Board;
- violation of the measures for the protection of the Whistleblower of unlawful conduct, as well as the submission with malice or gross negligence of Reports that turn out to be unfounded. In particular, failure to comply with the principles, measures and rules set out in this Model with reference to the *Whistleblowing* rules set out in Legislative Decree no. 231/2001 constitutes a disciplinary offence;
- the performance of any other conduct liable to circumvent the control system provided for by the Model.

4.2 Violation of the Model

The application of disciplinary sanctions determined pursuant to the Decree is irrespective of the outcome of any criminal proceedings, since the rules imposed by the Model are assumed by Flow Meter S.p.A. in full autonomy, regardless of the type of offence that violations of the Model may determine.
In particular, the disciplinary system adopted sanctions all breaches of the Model, from the most minor to the most serious, by means of a system of gradual sanctions, in compliance with the principle of proportionality between the breach detected and the sanction imposed.

The disciplinary power referred to in Legislative Decree No. 231/2001 is exercised on the proposal of the Supervisory Board by the administrative body, in compliance with the procedures laid down in Article 7 of the Workers' Statute and/or special regulations, where applicable.
For the purposes of compliance with Legislative Decree No. 231/2001, by way of example, the following constitutes a violation of the Model: the implementation of actions or conduct that do not comply with the principles and prescriptions of the Model, or the omission of actions or conduct prescribed by the Model, which

(a) expose the Company to an objective situation of risk of one of the offences covered by Legislative Decree 231/2001 being committed;

and/or

(b) are unequivocally directed to the commission of one or more offences covered by Legislative Decree No. 231/2001;

and/or

(c) are such as to lead to the application against the company of sanctions provided for in Legislative Decree No. 231/2001.

4.3 Measures against employees

The Model constitutes a set of rules with which the personnel must comply: any breach thereof, therefore, entails the application of the disciplinary procedure and related sanctions. All employees of all ranks, bound to the Company by any contract of employment, with or without subordinate status (including those of a para-subordinate nature) are required to comply with the provisions contained in the Model.

With regard to employees, the disciplinary system is applied in accordance with Article 7 of Law no. 300 of 20 May 1970 (the so-called Workers' Statute) and with the applicable national collective labour agreements.

In the event of non-compliance with the requirements set out in the Model, in proportion to the seriousness of the infringements, the sanctions set out below shall be applied:

(a) Verbal reprimand:

- minor non-compliance with the provisions of the Model or the adoption of negligent conduct that does not comply with the requirements of the Model;

- tolerance or failure by supervisors to report minor irregularities committed by other staff members.

(b) Written reprimand:

- misconduct punishable by a verbal reprimand but which, on account of its specific consequences or of recidivism, is of greater importance (repeated violation of the prescriptions laid down in the Model or repeated adoption of a conduct that does not comply with the Model's prescriptions);

- failure of supervisors to report or tolerate non-serious irregularities committed by other staff members;

- repeated failure to report or tolerance by supervisors of minor irregularities committed by other staff members.

(c) Suspension from service and pay for a period not exceeding 10 days:

- non-compliance with or negligence with respect to the requirements set out in the Model;

- failure to report or toleration of serious irregularities committed by other members of staff that are such as to expose the Company to an objective situation of danger or to result in adverse consequences for it.

(d) Dismissal for justified reason:

- violation of the prescriptions of the Model with conduct such as to constitute a possible offence sanctioned by Legislative Decree 231/01;

- reports of illegal conduct relevant to Decree 231 or of violations of the Model and/or the Code of Ethics carried out with gross negligence that turn out to be unfounded

(e) Dismissal for cause:

- behaviour in blatant breach of the provisions of the Model and such as to entail the possible application against the Company of the sanctions provided for by Legislative Decree 231/01, attributable to misconduct of such seriousness as to undermine the trust on which the employment relationship is based and such as not to allow the continuation, even temporary, of the relationship itself;

- reports of unlawful conduct relevant to Decree 231 or of violations of the Model and/or the Code of Ethics carried out with malicious intent that turn out to be unfounded.

4.4 Measures against managers and directors

If the breach concerns managers, the Supervisory Board must inform the administrative body by means of a written report. The administrative body shall initiate the proceedings within its competence in order to initiate the charges and, if necessary, impose the sanctions provided for by law and the applicable CCNL, together with the possible revocation of powers of attorney or proxies.

If the violation concerns the directors of the Company, in the most serious cases and when the violation is such as to damage the relationship of trust with the Company, the Shareholders' Meeting may resolve to remove them from office.

Directors are also liable in the event of failure to set up *whistleblowing* channels, and/or failure to adopt or comply with procedures for making and handling such Reports.

4.5 Measures against external collaborators

In order to ensure the full preventive effectiveness of the Model with respect to the offences indicated in Legislative Decree 231/01, sanctions are also envisaged against external collaborators and consultants who adopt behaviour in contrast with the lines of conduct indicated in this Model.
Therefore, in contracts between Flow Meter S.p.A. and such parties, specific express termination clauses must be included that foresee the termination of the contract in the event that the contractual counterpart engages in conduct in violation of the prescriptions of this Model and such as to entail the risk of commission of offences pursuant to Legislative Decree 231/01, without prejudice to Flow Meter

S.p.A.'s right to claim compensation for damages that the aforementioned conduct causes to the Company.

4.6 Applicable sanctions for whistleblowing protection

In accordance with the provisions of the 'Provisions for the protection of the authors of reports of offences or irregularities of which they have become aware in the context of a public or private employment relationship', the Company - in the event of violations of the measures for the protection of the reporter conducted with wilful misconduct or gross negligence, which turn out to be unfounded - assesses the seriousness of the offence or irregularity and applies the sanctions provided for in the preceding paragraphs.

Specifically, unfounded Reports, committed with malice or gross negligence, as well as violations of the measures protecting the Whistleblower or the performance of retaliatory acts against the Whistleblower in good faith, as well as any abuse of the reporting channels, constitute serious disciplinary violations that will be sanctioned in accordance with the preceding paragraphs.

Without prejudice to the possibility of communicating directly to the National Anti-Corruption Authority (ANAC), any retaliatory measures may be reported to the competent Territorial Labour Directorate, for the measures falling within its competence, not only by the Whistleblower, but also by the trade union organisation indicated by him/her.

Retaliatory or discriminatory dismissal of the Whistleblower is null and void. Change of job within the meaning of Article 2103 of the Civil Code, as well as any other retaliatory or discriminatory measure taken against the Whistleblower, are also null and void.

It will be the employer's burden, in the event of disputes related to the imposition of disciplinary sanctions, demotions, dismissals, transfers, or subjecting the Whistleblower to any other organisational measure having direct or indirect negative effects on working conditions, following the submission of the Whistleblowing, to prove that such measures are dictated by reasons totally unrelated to the Whistleblowing itself.

CHAPTER 5 - TRAINING AND COMMUNICATION

5.1 Foreword

Widespread dissemination, inside and outside the Company, of the principles contained in the Model is essential for its effective implementation.
Flow Meter S.p.A. is committed to facilitating and promoting knowledge of the Model by those required to comply with it, with the degree of detail varying according to the position and role held.

5.2 Training and Communication Plan

The Company plans and implements specific training to ensure the effective knowledge of the Decree, the Code of Ethics and the Model by all corporate functions. The provision of training is differentiated according to whether it is addressed to employees as a whole, to employees working in specific risk activities, or to directors.
The activity of communication and training on the Model is operationally entrusted to the Company's administrative body and is subject to the supervision of the Supervisory Board, which, in the context of the tasks assigned to it by Articles 6 and 7 of Legislative Decree No. 231/2001, is called upon to monitor the initiatives adopted for the dissemination of the Model and to ensure adequate knowledge and understanding thereof.
The external dissemination and communication of the Model is taken care of by the administrative body through the means deemed most appropriate (e.g. company website, special *brochures,* etc.).

Training and information on 231 will also cover the *whistleblowing* procedure adopted by the Company's administrative body and referred to in this Model, by means of specific training activities and communications on

- rules on whistleblowing under Legislative Decree 24/2023;

- operation of and access to the reporting channels and tools made available to the Company and by law for making Reports;

- *whistleblowing* procedure adopted by the Company;

- role and tasks of the Supervisory Board in the management of reports;

- measures applicable in the event of a finding of retaliation, obstruction of reporting and breach of confidentiality obligations, as well as in the event of reports made in bad faith;

- penalty system provided for in the Model.

External parties (customers, suppliers, collaborators in various capacities, consultants, etc.) will be informed about the internal reporting channels and the possibility of consulting the relevant procedure, by means of specific information notices.

CHAPTER 6 - ADOPTION OF THE MODEL, UPDATING AND ADAPTATION

6.1 Checks and Controls on the Model

On an annual basis, the Supervisory Board draws up a supervisory programme that includes a calendar of activities to be carried out during the year, the determination of the time intervals of the controls, and the identification of the procedures to be analysed.
The Supervisory Board, which is vested with the widest powers in order to perform the tasks entrusted to it in the course of audits and inspections, may make use of the assistance of both internal Company functions and external consultants: in this case, the consultants must always report the results of their work to the Supervisory Board.

6.2 Updating and Adaptation

Since the Model is an "act of issuance by the management body" (in accordance with Article 6, paragraph 1, letter a) of the Decree), subsequent amendments and additions of a substantial nature to the Model, which may become necessary due to supervening company needs or regulatory adjustments, are left to the competence of the administrative body of Flow Meter S.p.A., also on the basis of any proposals made by the SB.

Amendments and/or additions to the Model are necessary in the following (non-exhaustive) cases:

- introduction of new procedures and controls where a review of existing ones is not sufficient;
- review of company documents formalising the allocation of responsibilities and tasks;
- regulatory adjustments (new offences included in the '231 catalogue');
- significant changes in the organisation or activity of the Company;
- any violation or circumvention of the prescriptions contained in the Model, which has demonstrated its ineffectiveness for the prevention of offences.

The Supervisory Board monitors the correct implementation and dissemination of the updates.
Changes to company procedures necessary for the implementation of the Model are subject to approval by the administrative body. The Supervisory Board is constantly informed of the updating and implementation of the new operating procedures and is entitled to express its opinion on the changes made.