

GENERAL SECTION

**ORGANIZATION, MANAGEMENT, AND CONTROL MODEL
(MOG)**

of

ATLANTIC FLUID TECH S.R.L.

San Cesario sul Panaro (MO), December 2024

1. APPLICABLE LEGISLATION – INTRODUCTION

Legislative Decree No. 231/2001 (hereinafter, the “Decree”), issued in implementation of the mandate granted to the Government under Art. 11 of Law No. 3001/2000, governs the administrative liability of legal persons for administrative offenses arising from criminal offenses.

Through this Decree, the legislator introduced for the first time in the Italian legal system the liability of Entities for administrative offenses arising from a specific set of criminal offenses enumerated exhaustively in Legislative Decree No. 231/2001.

All companies, associations (whether or not they possess legal personality), public economic entities, and private entities holding public-service concessions are subject to the aforementioned legislation.

The Decree does not apply, however, to the State, to territorial public entities, to non-economic public entities, or to entities performing functions of constitutional importance (including, by way of example, political parties and labor unions).

In light of prevailing case law, the scope of entities subject to the Decree also includes privately organized corporations performing a public service, as well as companies controlled by public administrations.

Specifically, Italy’s Supreme Court has ruled that joint-stock companies (“S.p.a.”) with both public and private shareholdings are subject to Decree 231.^{^1} Indeed, given their corporate form, they qualify as economic entities that do not perform constitutionally significant functions, although they may address constitutionally relevant values in their operations.

Under Art. 5(1) of Legislative Decree No. 231/2001, an Entity may be deemed “liable” for certain offenses (consummated or attempted) committed in the interest or for the benefit of the Entity by senior-level representatives of the company (hereinafter, “top-level persons” or simply “senior managers”) or by those subject to their direction or supervision (hereinafter, “subordinate persons” or “subordinates”).

However, the Entity’s liability is excluded if top-level persons and/or their subordinates acted exclusively in their own interest or in the interest of third parties.

By means of this legislation, the legislator intended to supplement the criminal liability of the natural person with that of the legal person, in whose framework the individual perpetrator of the underlying offense is situated.

^{^1} See Italian Supreme Court (Corte di Cassazione), Criminal Division II, July 21, 2010, decision No. 28699.

Indeed, an Entity’s liability under Legislative Decree No. 231/2001 neither replaces nor is an alternative to individual criminal liability; rather, the two forms of liability coexist in parallel and independently. The legislative rationale behind this choice is to punish, for specific offenses listed by law, not only the individual—who may sometimes act as a mere operational tool of the Company—but also the Entity itself.

In the past, legal persons were not subject to significant consequences resulting from criminal offenses committed in their interest or to their advantage by Directors and/or employees.

Legislative Decree No. 231/2001 innovates the Italian legal framework in that it allows for the direct and independent imposition of pecuniary and disqualifying sanctions on the Entity as a result of offenses committed by parties functionally linked to it, pursuant to Art. 5 of Legislative Decree No. 231/2001.

2. THE NATURE OF THE ENTITY’S LIABILITY

First of all, while the liability provided for by Legislative Decree No. 231/2001 is formally classified as “administrative,” some clarifications are needed.

Legislative Decree No. 231/2001 introduced in our system a form of “administrative” liability for companies, but it has numerous points of contact with liability of a “criminal” nature.

In particular, the Explanatory Report on the Decree underscores the “creation of a tertium genus that combines essential features of the criminal law system with those of administrative law, seeking to reconcile the reasons for preventive effectiveness with those—still more pressing—of maximum protection of individual guarantees.”

Several provisions of the Decree confirm this interpretation, in particular Arts. 2, 8, and 34 of Legislative Decree No. 231/2001:

- The principle of legality typical of criminal law is reiterated, under which the Entity “may not be deemed liable for conduct constituting an offense unless [criminal] liability relating to that offense and the corresponding sanctions are expressly provided by a law in force prior to the commission of the act” (Art. 2 of the Decree);
- The principle of independence of the Entity’s liability from the criminal liability of the natural person who committed the offense (Art. 8 of the Decree);
- Such liability of the Entity, arising from the commission of a predicate offense, must be ascertained in a criminal proceeding and is, therefore, accompanied by the procedural safeguards typical of criminal trials (Art. 34 of the Decree);
- Finally, note the punitive nature of sanctions applicable to the company, which clearly aligns such Entity liability with that of a criminal nature for individuals.

3. CRITERIA FOR ATTRIBUTING LIABILITY TO THE ENTITY

Two types of attribution criteria exist for the Entity’s liability: objective and subjective.

Objective attribution criteria require that:

1. One of the offenses specified in the Decree is committed;
 2. The offense is committed by a person functionally linked to the Entity;
 3. The offense is committed in the interest or for the advantage of the Entity.
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1. Under Legislative Decree No. 231/2001, the Entity may be held liable only for certain offenses (the so-called “predicate offenses”), exhaustively enumerated in the Decree and subsequent additions, as well as in any laws that expressly refer to the Decree (see below for the catalog of predicate offenses).

However, the principle of specificity of the offenses that may trigger the Entity’s liability has come under discussion in scholarly interpretation in relation to the predicate offense of self-laundering. Specifically, a portion of legal scholarship argues that the Entity’s liability is also triggered by the base offenses of self-laundering that are not included in Decree 231. This position seems confirmed by the recent amendment to the offense of self-laundering—introduced by Legislative Decree No. 195/2021—which provides that the conduct under Art. 648 ter.1 of the Italian Criminal Code is established even where the predicate offense is a misdemeanor.

2. The perpetrators of the offense that may trigger Entity liability can be:

- a) persons in charge of administration, management, or direction functions (the so-called “top-level persons”), or in charge of a business unit with financial and functional autonomy, and also those who, even *de facto*, manage or control the Entity;
- b) persons subject to the direction or control of top-level persons (the so-called “subordinate persons”).

Specifically, the category of top-level persons includes directors, general managers, and legal representatives, but also, by way of example, managers of branch offices, divisional or plant managers.

Likewise, anyone delegated by the Board of Directors to perform management or direction activities for the company or any branch thereof is considered top-level.

Subordinate persons include all those under the direction and supervision of top-level managers who, in essence, implement, in the Entity’s interest, decisions made by management. This category may include all of the Entity’s employees, as well as anyone acting on the Entity’s behalf or in its interest (including, by way of example, collaborators, quasi-subordinate workers, and consultants).

3. To establish Entity liability, it is also necessary that the offense be committed in the interest or for the advantage of the Entity.

It must be underscored that, under an express legislative provision (Art. 5(2) of Legislative Decree No. 231/2001), the Entity is not liable if the abovementioned persons acted solely in their own interest or in that of third parties. The Entity's interest or advantage remains the basis for the Entity's liability even if such interest or advantage coexists with the perpetrator's or third parties' interests or advantages, with the only exception being cases where the interest of the top-level individual to commit the offense is exclusively that of the perpetrator or of third parties.

Because the law does not consider the exclusive "advantage" of the perpetrator or third parties to be exculpatory (only their exclusive "interest" is exculpatory), it must be concluded that Entity liability can arise even where the Entity itself obtains no advantage or if the advantage is gained solely by the individual or third parties, provided that the Entity has an interest—even if shared with third parties—in the offense committed by the party who holds a qualified position within the organization.

Beyond these clarifications, the Entity's liability arises not only when the unlawful conduct actually generates a benefit for the Entity but also in cases where, even absent an actual outcome, the unlawful act was still pursued in the interest of the Entity.

Therefore, the two concepts express legally distinct notions and constitute alternative grounds for liability, each with its own autonomy and scope.

As for the meaning of "interest" and "advantage," the Government Explanatory Report accompanying the Decree assigns a strongly subjective meaning to the former (subject to ex ante assessment) and a strongly objective meaning to the latter—referring to the actual outcomes of the agent's conduct, which, even if not directly aimed at the Entity's interest, nonetheless yields a benefit—subject to ex post verification.

Essential elements of "interest" include:

- **Objectivity**, i.e., independence from the agent's personal psychological convictions, correlatively requiring that it be grounded in verifiable external factors;
- **Concreteness**, meaning that the interest is part of real, not merely hypothetical or abstract, relationships and must exist to protect the principle of harmfulness;
- **Immediacy/timeliness**, meaning that the interest must exist and be objectively recognizable at the time the act is committed, not be merely future or uncertain, or else the harm required for any illicit act that is not a mere "danger" offense would be absent. This is not necessarily an economic interest but may also relate to a business policy.

The "advantage" to the Entity, distinguishable from "profit," can be:

- **Direct**, i.e., solely and directly attributable to the Entity;
- **Indirect**, i.e., realized through gains made by third parties but potentially conferring positive repercussions on the Entity; it may be economic, though not necessarily immediate.

Interest and/or advantage in negligent offenses
 Ordinarily, liability under the Decree is based on intentional offenses. However, particularly following the inclusion in Legislative Decree 231/2001 of negligent offenses related to workplace health and safety, questions have arisen regarding the applicability of attribution criteria to negligent offenses.

On one hand, it is argued that for negligent offenses, the "interest/advantage" test should refer not to the unintentional event, but rather to the person's conduct in performing his or her duties; on the other

hand, it is noted that from a structural standpoint, a negligent offense does not align well with the concept of interest.

Hence, some argue that in this context it may be hypothesized that the omission of legally required behaviors under safety rules results in cost savings for the company, which, ex post, may be defined as an “advantage.”

It is worth pointing out that, in a landmark ruling (Supreme Court, Criminal Division IV, Dec. 17, 2015–Jan. 21, 2016, No. 2544, Gastoldi et al.) and also in a more recent decision (Supreme Court, Criminal Division IV, Apr. 16, 2018, No. 16713), the Court provided important clarifications regarding how to construe the notions of “interest” and “advantage” for Entity liability in cases of negligent homicide or serious/very serious bodily harm committed in breach of workplace health and safety regulations (Art. 25-septies, Legislative Decree 231/2001). The Court also provided operational guidelines for lower courts in assessing the potential relevance of negligent wrongdoing—forming the basis of the perpetrator’s criminal liability for the predicate offense—for determining the Entity’s liability.

These rulings, echoing the Supreme Court’s United Sections (see decision No. 38343 of Apr. 24, 2014, Espenhahn et al.), reiterate that “the concepts of interest and advantage in negligent offenses resulting in harm must necessarily refer to the conduct and not to the injurious outcome.”

With respect to workplace safety offenses, the Supreme Court emphasizes that the Entity’s interest or advantage could lie in cost savings from not implementing safety measures or in boosting speed of performance or productivity by skimping on accident-prevention protocols (see Supreme Court, Criminal Division IV, Dec. 2, 2019, No. 48779; Criminal Division III, Jan. 27, 2020, No. 3157; Criminal Division IV, Jan. 29, 2020, No. 3731).

The Supreme Court noted that “the terms ‘interest’ and ‘advantage’ express legally distinct concepts and can be alternatives: this emerges from the use of the conjunction ‘or’ by the legislator in drafting the relevant provision. From a systematic perspective, note Art. 12, paragraph 1, letter a), which provides for a reduction in fines if the perpetrator committed the offense in his own interest or in that of third parties and the Entity did not derive any advantage, or only a minimal advantage” (see also Supreme Court, Criminal Division II, Jan. 9, 2018, No. 295).

This theoretically implies that the offense may be committed in the Entity’s interest without producing any actual advantage.

Therefore, the concept of “interest” concerns an ex ante assessment of the behavior before the predicate offense is committed, whereas the concept of “advantage” implies its actual attainment upon the offense’s completion (thus an ex post assessment).

Moreover, the Supreme Court noted that “in negligent offenses resulting in harm, the requisite purposiveness of the conduct envisioned by Legislative Decree No. 231/2001 is compatible with the unintentional nature of the harmful event, provided it is established that the conduct that caused the event was driven by choices reflecting the Entity’s interest or was aimed at obtaining a benefit for the Entity.”

Thus, the “interest” requirement is met when the individual, while not intending the worker’s injury or death, consciously acted with the aim of obtaining a benefit for the legal entity; for example, if the failure to adopt accident-prevention measures was the result of a deliberate choice (not merely an

underestimation of risk or a flawed assessment of safety measures) oriented toward saving business costs.

Consequently, only conscious and deliberate conduct aimed at benefiting the Entity is attributable to the Entity. Conversely, conduct arising from mere incompetence, from a simple underestimation of risk, or from imperfect execution of required safety measures would not be relevant.

The “advantage” requirement is met when the individual, acting on the Entity’s behalf, though not intending the worker’s injury or death, systematically breaches safety rules and thus implements a company policy neglectful of workplace safety, resulting in lower costs, lower expenditures, and increased profit.

The ruling states that “the concept of ‘benefit,’ so interpreted, is undoubtedly best suited to link the Entity to the wrongdoing committed by its managers or employees operating under their direction or supervision.”

Subjective attribution criteria pertain to the Entity’s fault. Entity liability exists if necessary standards of sound management and control relating to its organization and operations have not been adopted or observed.

The Entity’s fault, and thus the basis for blame, depends on establishing that the company policy was not properly structured, or that the Entity’s organizational structures were deficient in preventing the commission of one of the predicate offenses.

The Decree indeed excludes the Entity’s liability if, prior to the commission of the offense, the Entity had adopted and effectively implemented an Organization, Management, and Control Model suitable to prevent the commission of offenses of the type that occurred.

4. CATALOG OF PREDICATE OFFENSES UNDER LEGISLATIVE DECREE 231/2001

The scope of the Decree covers the following offenses:

1. Crimes against the Public Administration and harming the State:

- Wrongful receipt of public grants (Art. 24)
- Fraud to the detriment of the State, other public entities, or the European Community (Art. 24)
- Aggravated fraud to obtain public grants (Art. 24)
- Computer fraud against the State or a public entity (Art. 24)
- Extortion (Art. 25)
- Undue inducement to give or promise benefits (Art. 25)
- Misappropriation of public grants (Art. 24)
- Corruption in the exercise of one’s functions (Art. 25)
- Corruption for an act contrary to official duties (Art. 25)
- Judicial corruption (Art. 25)
- Incitement to corruption (Art. 25)

- Corruption of a person in charge of a public service (Art. 25)
 - Embezzlement, extortion, corruption, and incitement to corruption of members of EU bodies and officials of the European Community and of foreign states (Art. 25)
 - Trading in illicit influence (Art. 25)
 - Bid rigging (Art. 24)
 - Disturbing the contractor selection process (Art. 24)
 - Fraud in public supplies (Art. 24)
 - Fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (Art. 24)
 - Embezzlement (when the act harms the financial interests of the European Union) (Art. 25)
 - Embezzlement by taking advantage of others' errors (when the act harms the financial interests of the European Union) (Art. 25)
 - Wrongful allocation of money or movable property (Art. 25)
2. **IT crimes and the unlawful processing of data** (Art. 24-bis):
- Falsification in a public IT document or one with probative value
 - Material falsification by a public official in public deeds
 - Material falsification by a public official in certificates or administrative permits
 - Material falsification by a public official in certified copies of public or private acts and in attestations of content of acts
 - Ideological falsification by a public official in public deeds
 - Ideological falsification by a public official in certificates or administrative permits
 - Ideological falsification in certificates by persons providing a public service
 - Material falsification by a private individual
 - Ideological falsification by a private individual in a public act
 - Falsification in registers and notifications
 - Falsification in a sheet signed in blank. Public deed
 - Other falsifications in a sheet signed in blank. Applicability of provisions on material falsification
 - Use of a false document
 - Suppression, destruction, and concealment of genuine documents
 - Authentic copies that replace missing originals
 - Falsifications by public employees in charge of a public service
 - Unauthorized access to an IT or electronic system
 - Possession, dissemination, and unauthorized installation of equipment, codes, or other means suited for accessing IT or electronic systems
 - Possession, dissemination, and unauthorized installation of hardware, devices, or software intended to damage or interrupt an IT or electronic system
 - Distribution of hardware, devices, or software intended to damage or interrupt an IT or electronic system
 - Possession, dissemination, and unauthorized installation of equipment or other means suitable for intercepting, blocking, or interrupting computer or electronic communications
 - Damage to IT data and programs
 - Damage to public or public-interest IT data and programs
 - Damage to IT or electronic systems
 - Damage to publicly important IT or electronic systems
 - Computer fraud by the provider of electronic signature certification services
 - Breach of regulations on the National Cybersecurity Perimeter
 - Extortion
3. **Organized crime offenses** (Art. 24-ter):

- Criminal conspiracy
 - Mafia-type conspiracy (including foreign groups)
 - Political-mafia electoral exchange
 - Kidnapping for ransom or extortion
 - Conspiracy for the illegal trafficking of narcotic or psychotropic substances
 - Illegal manufacture, introduction into the State, sale, transfer, possession, or carrying in public places or places open to the public of weapons of war or warlike weapons or parts thereof, explosives, clandestine weapons, and multiple common firearms
4. **Offenses involving counterfeiting currency, public credit notes, revenue stamps, and instruments or signs of identification (Art. 25-bis):**
- Counterfeiting of coins, spending, and introduction into the State, with prior agreement, of counterfeit coins
 - Alteration of coins
 - Spending and introduction into the State, without prior agreement, of counterfeit coins
 - Spending counterfeit coins received in good faith
 - Counterfeiting of revenue stamps, introduction into the State, purchase, possession, or placing into circulation of counterfeit revenue stamps
 - Counterfeiting of watermark paper used for making public credit notes or revenue stamps
 - Manufacturing or possession of watermarks or tools intended for counterfeiting coins, revenue stamps, or watermark paper
 - Use of counterfeit or altered revenue stamps
 - Counterfeiting, alteration, or use of trademarks or distinctive signs, or of patents, designs, and models
 - Introduction into the State and trade of products with false marks
5. **Crimes against industry and commerce (Art. 25-bis.1):**
- Disruption of the freedom of industry and commerce
 - Unfair competition with threats or violence
 - Fraud against domestic industries
 - Fraud in commerce
 - Sale of non-genuine foodstuffs labeled as genuine
 - Sale of industrial products with false labels
 - Manufacturing and trading goods by infringing industrial property rights
 - Counterfeiting of geographical indications or designations of origin of agri-food products
6. **Corporate offenses (Art. 25-ter):**
- False corporate communications
 - Minor violations
 - False corporate communications by publicly traded companies
 - False statements in a prospectus
 - Falsification in the reports or communications of auditing firms
 - Obstruction of control
 - Undue restitution of contributions
 - Unlawful distribution of profits and reserves
 - Unlawful transactions involving the company's or its parent's shares or quotas
 - Transactions to the detriment of creditors
 - Omission of conflict-of-interest disclosures
 - Fictitious capital formation
 - Undue distribution of corporate assets by liquidators
 - Private-to-private bribery
 - Incitement to private-to-private corruption

- Illicit influence on the shareholders' meeting
 - Market manipulation
 - Obstruction of the duties of public supervisory authorities
 - False or omitted statements to obtain the preliminary certificate
7. **Crimes with terrorist aims or subversion of the democratic order, set forth in the Criminal Code and in special laws (Art. 25-quater):**
- Subversive associations
 - Associations for terrorist purposes, including international ones, or for subversion of the democratic order
 - Aid to conspirators
 - Recruitment for terrorist purposes, including international ones
 - Organizing transfers for terrorist purposes
 - Training or instruction in terrorist activities, including international ones
 - Financing conduct for terrorist purposes
 - Misappropriation of goods or money under seizure
 - Conduct with terrorist aims
 - Attack for terrorist or subversive purposes
 - Terrorist acts using deadly or explosive devices
 - Nuclear terrorist acts
 - Kidnapping for terrorist or subversive purposes
 - Kidnapping for coercive purposes
 - Incitement to commit the felonies set forth in Chapters I and II
 - Political conspiracy by agreement
 - Political conspiracy by association
 - Armed gang: formation and participation
 - Aid to participants in conspiracy or armed gang
 - Hijacking, seizure, and destruction of aircraft
 - Damage to ground installations
8. **Practices of female genital mutilation (Art. 25-quater.1)**
9. **Crimes against individual personality (Art. 25-quinquies):**
- Enslavement or maintenance in a state of slavery or servitude
 - Child prostitution
 - Child pornography
 - Possession of pornographic material
 - Virtual pornography
 - Tourist initiatives aimed at exploiting child prostitution
 - Human trafficking
 - Purchase and sale of slaves
 - Illegal labor intermediation and exploitation
 - Grooming of minors
10. **Market abuse offenses (Art. 25-sexies):**
- Market manipulation
 - Insider trading
11. **Offenses relating to health and safety at work (Art. 25-septies):**
- Manslaughter (negligent homicide)
 - Serious or very serious negligent bodily harm

12. Receiving stolen goods, money laundering, use of illegally obtained money, goods, or benefits, as well as self-laundering (Art. 25-octies):

- Receiving stolen goods
- Money laundering
- Use of illegally obtained money, goods, or benefits
- Self-laundering

13. Offenses concerning payment instruments other than cash (Art. 25-octies.1):

- Unauthorized use and counterfeiting of payment instruments other than cash
- Possession and dissemination of hardware, devices, or software intended to commit offenses relating to payment instruments other than cash
- Fraudulent transfer of assets
- Computer fraud aggravated by the execution of a transfer of money, monetary value, or virtual currency

14. Offenses involving violation of copyright (Art. 25-novies):

- Art. 171(1)(a-bis) and (3) of Law No. 633 of April 22, 1941
- Art. 171-bis of Law No. 633/1941
- Art. 171-ter of Law No. 633/1941
- Art. 171-septies of Law No. 633/1941
- Art. 171-octies of Law No. 633/1941
- Art. 174-sexies of Law No. 633/1941

15. Incitement to withhold statements or make false statements to the judicial authority (Art. 25-decies)

16. Environmental offenses (Art. 25-undecies):

- Environmental pollution
- Environmental disaster
- Negligent offenses against the environment
- Trafficking and abandonment of highly radioactive material
- Organized activities for the illegal trade of waste
- Killing, destruction, capture, taking, or possession of protected wild fauna or flora species
- Destruction or deterioration of habitats within protected sites
- Arts. 137 and 279 of Legislative Decree No. 152/2006
- Unauthorized waste management activities
- Land remediation
- Breach of obligations to provide information and keep mandatory records and forms
- Illegal waste trafficking
- IT waste-tracking system
- Arts. 1, 2, 3-bis, and 6 of Law No. 150 of February 7, 1992
- Art. 3 of Law No. 549 of December 28, 1993
- Arts. 8 and 9 of Legislative Decree No. 202 of November 6, 2007

17. Employment of third-country nationals whose stay is irregular (Art. 25-duodecies)

18. Racism and xenophobia (Art. 25-terdecies):

- Propaganda and incitement to commit crimes for reasons of racial, ethnic, or religious discrimination

19. Offenses of sports fraud, unauthorized betting or gambling, and illegal gambling carried out by means of prohibited devices (Art. 25-quaterdecies):

- Sports fraud
- Unauthorized exercise of gambling or betting activities

20. Tax offenses (Art. 25-quinquiesdecies):

- Fraudulent tax return through the use of invoices or other documents for non-existent transactions
- Fraudulent tax return by other means
- Issuance of invoices or other documents for non-existent transactions
- Destruction or concealment of accounting records
- Fraudulent avoidance of tax payments
- Misrepresentation (if committed as part of cross-border fraudulent arrangements involving at least one other EU Member State to evade VAT causing or potentially causing a total loss of at least 10 million euros)
- Failure to file a tax return (if committed as part of cross-border fraudulent arrangements involving at least one other EU Member State to evade VAT causing or potentially causing a total loss of at least 10 million euros)
- Undue offsetting (if committed as part of cross-border fraudulent arrangements involving at least one other EU Member State to evade VAT causing or potentially causing a total loss of at least 10 million euros)

21. Smuggling offenses (Art. 25-sexiesdecies):

- Smuggling by omission of declaration
- Smuggling by false declaration
- Smuggling in maritime, air, or border lake transport of goods
- Smuggling by wrongful use of goods imported under full or partial exemption from duties
- Smuggling in the export of goods that benefit from duty refunds
- Smuggling in temporary exports or in special-use and processing regimes
- Smuggling of manufactured tobacco
- Conspiracy for the smuggling of manufactured tobacco
- Circumvention of the assessment or payment of excise duties on energy products
- Circumvention of the assessment or payment of excise duties on manufactured tobacco
- Sale of manufactured tobacco without authorization or purchase from persons not authorized to sell
- Clandestine manufacture of alcohol and alcoholic beverages
- Conspiracy for the clandestine manufacture of alcohol and alcoholic beverages
- Circumvention of the assessment and payment of excise duties on alcohol and alcoholic beverages
- Alteration of seals, imprints, and markings

22. Crimes against cultural heritage (Art. 25-septiesdecies):

- Theft of cultural property
- Misappropriation of cultural property

- Receiving stolen cultural property
 - Forgery in private writing relating to cultural property
 - Violations concerning the alienation of cultural property
 - Illegal import of cultural property
 - Illegal removal or export of cultural property
 - Destruction, dispersal, deterioration, disfigurement, defacement, or unlawful use of cultural or landscape property
 - Forgery of works of art
23. **Laundering of cultural property and devastation and looting of cultural and landscape property** (Art. 25-duodevices):
- Laundering of cultural property
 - Devastation and looting of cultural and landscape property
24. **Liability of entities for administrative offenses resulting from a crime** (Art. 12, Law No. 9/2013) [applicable to entities operating in the supply chain for virgin olive oils]
25. **Transnational crimes** (Law No. 146/2006):
- Measures against illegal immigration
 - Conspiracy for the trafficking of narcotic or psychotropic substances
 - Conspiracy for the smuggling of foreign manufactured tobacco
 - Inducement not to make statements or to make false statements to authorities
 - Harboring a criminal
 - Criminal conspiracy
 - Mafia-type conspiracy

5. OFFENSES COMMITTED ABROAD

Under Art. 4 of Legislative Decree No. 231/2001, an Entity may be prosecuted in Italy for offenses—listed in Legislative Decree No. 231/2001—committed abroad.

The Explanatory Report on Legislative Decree No. 231/2001 stresses the need not to leave unsanctioned criminal conduct that frequently takes place abroad and to prevent easy circumvention of the regulatory system in question.

The Decree, however, conditions the Entity's liability for offenses committed abroad upon the existence of the following additional preconditions:

- The foreign state where the offense was committed has not already taken action against the Entity;
- The Entity has its main headquarters in the Italian territory;
- The offense abroad was committed by a person functionally linked to the Entity;
- The conditions for prosecution set forth in Articles 7, 8, 9, and 10 of the Italian Criminal Code are met.

6. GROUNDS FOR EXCLUDING THE ENTITY'S LIABILITY

Art. 6(1) of Legislative Decree No. 231/2001 provides a specific ground for excluding liability if the offense was committed by top-level persons and the Entity proves that:

- Senior management adopted and effectively implemented, prior to the commission of the wrongful act, an organizational model suitable to prevent the commission of offenses of the type that occurred;
- It entrusted an internal body (the so-called “Supervisory Body,” endowed with autonomous powers of initiative and control) with the task of supervising the operation of and compliance with the Model, as well as overseeing its updating;
- The top-level persons committed the offense by fraudulently circumventing the Model;
- There was no omission or insufficient supervision by the Supervisory Body.

Similarly, Art. 7 of Legislative Decree No. 231/2001 provides a specific ground for excluding administrative liability if the offense was committed by subordinates but it is established that, before the offense was committed, the company had adopted a Model suitable to prevent offenses of the same kind as that which occurred.

Hence, the Model operates as a ground for exemption whether the predicate offense was committed by a top-level person or by a subordinate.

However, for offenses committed by top-level individuals, the Decree introduces a presumption of the Entity's liability, since liability is excluded only if the Entity demonstrates that all of the above conditions have been met.

For offenses committed by subordinates, the Entity is liable only if it is proven that “the offense was made possible by a failure to properly direct or supervise,” which typically lies with senior management.

In any event, the adoption and effective implementation of the Model before the commission of the crime precludes a finding that the Entity failed to properly direct or supervise, thereby exempting it from liability. For the Model to serve as a ground for exemption, it must be appropriate to preventing the relevant predicate offenses and effectively implemented.

The Decree, however, does not provide a detailed list of the features or content the Model must have, instead outlining a few general principles and essential elements.

In general, the Model must include—according to the nature and size of the organization, as well as the type of activity performed—measures to ensure that operations are conducted in compliance with the law and to promptly detect and eliminate risk situations.

Specifically, the Model must (pursuant to Art. 6 of Legislative Decree No. 231/2001):

- Identify the activities in whose context offenses may be committed (“sensitive activities”);
- Establish specific protocols for planning the formation and execution of the Entity's decisions regarding the offenses to be prevented;

- Identify procedures for managing financial resources to prevent the commission of offenses;
- Impose information obligations toward the body responsible for supervising the functioning and observance of the Model;
- Introduce a disciplinary system to penalize non-compliance with the measures set out in the Model;
- Provide for one or more channels that allow individuals identified in Art. 5(1)(a) and (b) to submit, in order to protect the integrity of the Entity, well-grounded reports of unlawful conduct (relevant under the Decree) based on accurate and consistent factual evidence, or of violations of the Model they learned about in the course of their duties. Such channels must ensure the confidentiality of the whistleblower's identity in managing the report;
- Provide at least one alternative reporting channel using IT methods to ensure the whistleblower's confidentiality;
- Prohibit retaliatory or discriminatory actions—whether direct or indirect—against whistleblowers for reasons directly or indirectly related to the report;
- Include sanctions in the disciplinary system for individuals who violate whistleblower protection measures and for those who make—intentionally or through gross negligence—reports that prove to be unfounded.

Regarding effective implementation of the Model, the Decree also requires periodic verification and any necessary amendments if significant violations of its provisions occur or if there are changes in the organization or business activities.

In practice, in order to be exempt from administrative liability, the Entity must:

- Adopt a Code of Ethics that sets forth rules of conduct for the offenses in question;
- Design an organizational structure ensuring a clear and comprehensive assignment of tasks and segregating duties;
- Formalize corporate procedures to regulate the conduct of business activities;
- Assign authorization and signing powers consistent with the organizational and management responsibilities established;
- Clearly and thoroughly communicate the Code of Ethics, corporate procedures, disciplinary system, and authorization and signing powers, as well as all other tools suitable for preventing unlawful acts;
- Provide an adequate disciplinary system;
- Establish a Supervisory Body with autonomy and independence, composed of persons with the necessary professional expertise;
- Establish a Supervisory Body capable of assessing the suitability of the Model, monitoring its operation, overseeing its updating, and operating continuously.

7. SANCTIONS UNDER THE DECREE

Arts. 9 and 23 of Legislative Decree No. 231/2001 prescribe the following types of sanctions on the company, resulting from the commission or attempted commission of administrative offenses arising from crime:

- Monetary fines;
- Disqualifications;

- Confiscation;
- Publication of the judgment.

Upon a finding of liability, the Entity is always subject to monetary fines, determined by the judge using a “quota” system.

The number of quotas depends on the severity of the offense, the degree of the Entity’s liability, and its actions to eliminate or mitigate the harm or to prevent additional unlawful acts.

In setting the amount of each quota, the judge considers the Entity’s financial and asset position to ensure the sanction is effective.

Art. 12 of Legislative Decree No. 231/2001 provides certain circumstances where monetary fines are reduced:

- Halved, up to a maximum of EUR 103,291, if:
 - The perpetrator committed the offense predominantly in his/her own interest or that of third parties, and the Entity derived no benefit or a minimal benefit from it;
 - The property damage caused is particularly minor.
- Reduced by one-third to one-half if, before the trial commences:
 - The Entity has fully compensated for the damage and eliminated the harmful or dangerous consequences of the offense, or it has adopted and implemented a Model suitable to prevent offenses of the same type as the one that occurred.
- Reduced by one-half to two-thirds if, before the trial commences, the Entity has met both of the conditions set forth in the previous point.

Disqualifications are applied in addition to the monetary sanction but only if expressly provided for the specific offense being prosecuted, and provided that at least one of the following conditions is met:

- The Entity derived substantial profit from the offense, and the offense was committed by a top-level person or by a subordinate, but in the latter case only if the offense was facilitated by serious organizational deficiencies;
- There has been a recurrence of offenses.

The judge shall choose the type and duration of the disqualifying sanction considering the suitability of each measure to prevent offenses similar to the one committed, and may, if necessary, apply them jointly (Art. 14(1) and (3), Legislative Decree No. 231/2001).

The disqualifying sanctions under the Decree are:

- Disqualification from conducting business;
- Suspension or revocation of authorizations, licenses, or concessions used to commit the offense;
- A ban on contracting with public administration, except to obtain a public service;
- Exclusion from benefits, loans, grants, or subsidies and revocation of those already granted;
- A temporary or permanent ban on advertising goods or services.

While generally temporary, disqualifications can exceptionally be imposed permanently in the most serious cases.

When the requirements for applying a disqualifying sanction that would result in the suspension of the company's business are met, the judge may, instead of imposing the sanction, order the business to continue under a court-appointed administrator for a period equal to that of the disqualifying sanction that would otherwise have been imposed, if at least one of the following conditions applies:

- a) The company performs a public service whose interruption could seriously harm the public;
- b) The interruption of the company's business would have serious repercussions on employment, given its size and the economic conditions in the region.

Profit derived from continuing the business is subject to confiscation.

However, disqualifications do not apply if, before the opening of the first-instance trial, the Entity:

- Has fully compensated for the damage and eliminated the harmful or dangerous consequences of the offense or has effectively attempted to do so;
- Has made available to the judicial authority the profit arising from the offense for confiscation;
- Has eliminated the organizational shortcomings that led to the offense by adopting and implementing organizational models suitable for preventing new offenses of the type that occurred.

Additionally, two other sanctions may be imposed:

- **Confiscation**, always ordered upon conviction, consisting of the State's acquisition of the price or profit of the offense, or of any money, assets, or other benefits of equivalent value;
- **Publication of the judgment**, in one or more newspapers indicated by the judge, as well as posting it in the municipality where the Entity's principal office is located.

Precautionary measures
Disqualifications may also be applied as precautionary measures—i.e., before a final conviction—if strong evidence exists of the Entity's liability and there is reasonable and specific evidence suggesting a concrete risk of similar offenses being committed.

The Decree also provides for the possible application of precautionary measures over the Entity's property. Specifically:

- Under Art. 53 of the Decree, the judge may order the preventive seizure of any assets subject to confiscation under Art. 19 of the same Decree;
- Under Art. 54 of the Decree, the judge may order, at any stage or level of proceedings on the merits, the conservatory seizure of the Entity's movable or immovable property, or of sums or objects owed to it, if there is reason to believe that there are insufficient guarantees for payment of the monetary fine, legal costs, and any sums owed to the State.

8. ATTEMPTED OFFENSE

In the event of the commission or attempted commission of offenses sanctioned under Legislative Decree No. 231/2001, both the monetary fines (in terms of amount) and the disqualifications (in terms of duration) are reduced by between one-third and one-half.

No sanctions are imposed if the Entity voluntarily prevents the completion of the action or the occurrence of the event (Art. 26 of Legislative Decree No. 231/2001).

9. CORPORATE RESTRUCTURING TRANSACTIONS AFFECTING THE ENTITY

Legislative Decree No. 231/2001 regulates the Entity's liability for fines in relation to various corporate transactions, including transformations, mergers, demergers, and transfer of business. Under Art. 27(1) of Legislative Decree No. 231/2001, the Entity remains liable for the payment of fines through its assets or its collective fund, with "assets" referring to companies or Entities with legal personality, and the "collective fund" applying to unincorporated associations.

Arts. 28–33 of Legislative Decree No. 231/2001 govern the impact on Entity liability of restructuring transactions such as transformation, merger, demerger, and the transfer of business. The legislator took into account two opposing needs:

- On one hand, to prevent these transactions from easily circumventing the Entity's administrative liability;
- On the other hand, not to penalize legitimate restructuring initiatives.

As stated in the Explanatory Report on Legislative Decree No. 231/2001, "the guiding principle was to address monetary fines in accordance with the rules of the Italian Civil Code applicable to other debts of the original Entity, while maintaining, conversely, the link between disqualifying sanctions and the business segment in which the offense was committed."

In case of **transformation**, Art. 28 of Legislative Decree No. 231/2001 provides (in line with the nature of transformations, which merely change the company type without extinguishing the original legal entity) that the Entity remains liable for offenses committed before the effective date of the transformation.

In case of **merger**, the surviving or newly formed Entity (including the absorbing Entity) is liable for the offenses for which each of the merging entities was responsible (Art. 29 of Legislative Decree No. 231/2001).

Art. 30 of Legislative Decree No. 231/2001 provides that, in the case of a **partial demerger**, the demerged company remains liable for offenses committed before the effective date of the demerger.

The beneficiary Entities (whether total or partial demergers) are jointly responsible for monetary fines owed by the demerged Entity for offenses committed before the effective date of the demerger, limited to the actual net asset value transferred to each Entity.

This limitation does not apply to beneficiary companies that receive (even partly) the business segment in which the offense was committed.

Disqualifications for offenses committed before the effective date of the demerger apply to Entities retaining or receiving (even partly) the business segment in which the offense was committed.

Art. 31 of the Decree contains provisions common to mergers and demergers concerning sanctions if such transactions are carried out before the conclusion of the trial.

It clarifies that the judge must determine monetary fines by referencing the economic and asset conditions of the originally liable Entity, not the Entity absorbing or benefiting from the demerger, pursuant to Art. 11(2) and Art. 17 of the Decree.

In the event of a disqualifying sanction, the Entity deemed liable following the merger or demerger may petition the judge to convert the disqualifying sanction into a monetary fine, provided that:

- The organizational fault enabling the offense has been remedied;
- The Entity has compensated for the damage and made available (for confiscation) any profit gained.

Under Art. 32 of Legislative Decree No. 231/2001, the judge may consider convictions already imposed on the Entities participating in the merger or on the demerged Entity when assessing recidivism (as per Art. 20 of Legislative Decree No. 231/2001) for subsequent offenses committed by the merged or beneficiary Entity.

For **the transfer or contribution of a business**, a unified regime is established by Art. 33 of Legislative Decree No. 231/2001. In the event of a transfer of a business in which the offense was committed, the transferee is jointly liable for payment of the monetary fine imposed on the transferor, subject to the following limitations:

- The transferee is entitled to require the transferor to be pursued first;
- The transferee's liability is limited to the value of the transferred business and to fines recorded in the mandatory accounting books or for administrative offenses of which the transferee was otherwise aware.

Conversely, disqualifications imposed on the transferor do not extend to the transferee.

10. SUITABILITY OF THE MODEL AND GUIDELINES

The criminal court is responsible for determining the company’s liability by:

1. Ascertaining the predicate offense upon which the company’s liability is based;
2. Evaluating the appropriateness of the organizational Model adopted.

The court’s evaluation of the theoretical suitability of the organizational Model in preventing offenses under Legislative Decree No. 231/2001 is conducted under the “ex post prognosis” criterion.

The judge must assess *ex ante* whether, at the time the offense was committed, the Model was reasonably deemed capable of preventing—or at least minimizing to a certain degree—the risk of that offense subsequently occurring.

However, given the vast array of Entities and the diversity of organizational structures adopted in relation to their size and the geographical/economic markets in which they operate, precise reference points for organizational and functional Models can only be provided at a methodological level.

The **Guidelines** developed by Confindustria—recalled here—thus aim to guide companies in creating such Models, as it is impractical to propose case studies that can be directly applied to each operational reality.

Under Confindustria’s Guidelines, the various components of the Model must be integrated into a unified system that satisfies a series of control principles, namely:

1. Every operation, transaction, or action must be verifiable, documented, consistent, and appropriate. There must be adequate supporting documentation for each operation so that, at any time, checks can be carried out to verify the features and reasons for the transaction and to identify who authorized, performed, recorded, and verified it.
2. No person should autonomously manage an entire process; the system must guarantee the application of the segregation of duties principle, where the authorization of a transaction is the responsibility of someone other than the person who executes or records it or conducts audits.
3. The control system must document the performance of checks, including supervisory checks.

Nonetheless, non-compliance with specific points in Confindustria’s Guidelines does not necessarily undermine the validity of the Model.

Because the Model must be tailored to the company’s specific situation, it may deviate in certain respects from the Guidelines (which are necessarily broad) when this is necessary to better safeguard the needs addressed by the Decree.

These considerations apply equally to the illustrative examples in the Guidelines’ appendix (the so-called “case studies”), as well as to its concise listing of control tools.

11. THE CORPORATE REALITY OF ATLANTIC FLUID TECH S.R.L.

History and Activities

Atlantic Fluid Tech has been manufacturing high-performance, high-quality hydraulic valves and components in Modena since 1979.

Indeed, 1979 saw the founding of CHS, a company that produced machined aluminum, steel, and cast-iron blocks for the then-emerging hydraulics sector.

In the 1990s, the firm specialized in the manufacture, assembly, and testing of finished hydraulic valves and integrated circuits, based on third-party designs and specifications. It soon became a leading supplier of hydraulic components for industry.

In 2008, Atlantic Fluid Tech was established, dedicated to the design, development, and marketing of hydraulic valves and integrated hydraulic manifolds.

In 2011, the two companies merged under the name Atlantic Fluid Tech, creating a new organization combining modern design capabilities with decades of manufacturing experience to develop custom-tailored solutions for each need in the sector.

Today, the company also offers a standard line of hydraulic products, including balancing valves and cartridges, pilot-operated check valves, flange-mounted hydraulic motor valves, relief and pressure-reducing valves, flow control valves, lock and descent control valves, hydraulic components for winches, manifolds, coils, connectors, solenoid valves, and multi-function integrated units.

The company operates six production sites covering 15,400 m², with two state-of-the-art, newly built, self-owned plants equipped with the latest manufacturing technologies and four plants operated by associated companies specializing in heat treatments of metal parts, turning processes, and cartridge and manifold production.

Emilia, the region where the company is based, is recognized for excellence in mechanical engineering and has a long tradition in hydraulics. As a result, the company can rely on a highly qualified local supply chain.

Investment capacity and innovation have always been essential components of the company's mission since its founding, making it one of the most dynamic players in the industry.

To be closer to its customers, the company has opened six branches in Japan, China, South Korea, France, the UK, and the Netherlands, and has built a widespread distribution network in the United States, Australia, and other countries, guaranteeing maximum technical and logistical support.

Corporate Structure

(omitted)

Organizational Chart

(omitted)

12. STRUCTURE OF THE 231 MODEL OF ATLANTIC FLUID TECH S.R.L. AND ITS ADOPTION

12.1. Introduction

It should be noted that adopting an organization, management, and control model under Legislative Decree No. 231/2001, apart from serving as grounds for exemption from the Company's liability regarding the commission of offenses listed in the Decree, also introduces a system to oversee corporate behavior, along with the establishment and dissemination of ethical principles, capable of raising the Company's standards of conduct.

Therefore, the Company initiated preparatory work to implement its organizational Model consistent with the requirements of Legislative Decree No. 231/2001 and aligned with Confindustria's Guidelines (updated to 2021) and the simplified procedures established by Ministerial Decree of February 13, 2014.

12.2. Recipients of the Model

The 231 Model and the rules contained therein apply to anyone who performs—whether formally or in fact—management, administrative, directorial, or supervisory duties within the Company, as well as to anyone who—though external—acts on the Company's behalf or is contractually bound to it.

Hence, the Model's recipients, as top-level persons, include:

- Directors
- Shareholders
- Senior managers
- Members of the Supervisory Body

As subordinate persons:

- Employees
- Interns and trainees
- Collaborators contractually tied to the Company

Additionally, the Model applies to external parties such as:

- External collaborators
- Consultants and, in general, self-employed individuals operating in the Company's "sensitive" areas on its behalf or in its interest
- Suppliers who operate significantly and/or on an ongoing basis in sensitive areas on behalf or in the interest of the Company
- Agents and brokers
- The Company's partners

The Model's addressees are required to strictly abide by all the provisions therein, including the duties of loyalty, honesty, and diligence stemming from their legal relationship with Atlantic Fluid Tech S.r.l.

In performing their duties, recipients of the 231 Model must adhere to:

- Applicable legal requirements
- The provisions of the Company's Code of Ethics
- The specific provisions set out in the 231 Model

12.3. Purpose of the Model

This Model's primary goal is to configure a structured and systematic set of organizational, management, and control procedures aimed at preventing the commission of offenses covered by the Decree, as well as enhancing the effectiveness of the Company's existing control systems.

In general, the Model is intended as a fundamental tool to raise awareness among all its recipients (employees, directors, auditors, collaborators, suppliers, customers, etc.) to adopt correct and transparent conduct consistent with the ethical values that guide the Company in pursuing its corporate purpose.

Achieving the above objectives entails adopting measures to improve the efficiency of business operations and ensure continuous legal and regulatory compliance, swiftly identifying and eliminating risky situations.

Specifically, the goal of fostering efficient and well-balanced corporate organization to prevent offenses is pursued mainly by regulating the processes of decision-making and execution within the Company, both with preventive and subsequent checks, and by managing information flows both internally and externally.

The ultimate aims are to:

- Inform all employees and collaborators that any unlawful conduct may result in criminal sanctions for the individual and administrative sanctions for the Company;
- Ensure that employees and collaborators (internal and external) of Atlantic Fluid Tech S.r.l., and everyone acting in the Company's name or on its behalf, behave in a lawful manner;
- Strengthen internal controls to prevent and combat the commission of offenses;
- Demonstrate to external parties the ethical, transparent, and legal foundations that have always guided Atlantic Fluid Tech S.r.l.

12.4. Structure of the Model

Atlantic Fluid Tech S.r.l.'s Model comprises:

- General Section
- General Section – Internet Version
- Code of Ethics
- Supervisory Body Regulations
- Disciplinary System
- Organizational Structure and System of Delegations
- Whistleblowing System

- Catalog of offenses under Legislative Decree No. 231/2001
- Risk Assessment
- Special Section 1 – Crimes against the Public Administration and harming the State
- Special Section 2 – Offenses involving counterfeiting currency, public credit notes, revenue stamps, and instruments or signs of identification
- Special Section 3 – Corporate offenses
- Special Section 4 – Health and safety at work offenses
- Special Section 5 – Receiving stolen goods, money laundering, use of illegally obtained money, goods, or benefits, and self-laundering
- Special Section 6 – Transnational offenses under Law No. 146/2006
- Special Section 7 – Crimes against individual personality
- Special Section 8 – IT-related crime and unlawful processing of data
- Special Section 9 – Copyright infringement offenses
- Special Section 10 – Offenses against industry and commerce
- Special Section 11 – Incitement not to make statements or to make false statements to judicial authorities
- Special Section 12 – Organized crime offenses
- Special Section 13 – Employment of third-country nationals whose stay is irregular
- Special Section 14 – Environmental offenses
- Special Section 15 – Racism and xenophobia offenses
- Special Section 16 – Tax offenses
- Special Section 17 – Smuggling offenses
- Special Section 18 – Offenses relating to payment instruments other than cash
- Control System (Procedures)
- Model Appendices

12.5. Contents of the Model

Atlantic Fluid Tech S.r.l.'s Model, whose structure was briefly outlined in the previous paragraph, is also based on:

- The Company's Code of Ethics, which forms an integral part of the 231 Model and sets out the general corporate conduct guidelines;
- The Organizational Structure, defining task allocation among the various corporate functions, in accordance with the segregation of duties principle;
- The mapping of "sensitive areas" and "instrumental processes" within the Company, for which procedures and corporate protocols have been developed to govern how decisions are made and carried out in each area of risk;
- Procedures and protocols ensuring traceability of monitoring and control activities;
- A Disciplinary System defining sanctions for those who violate the conduct rules established under the 231 Model and the Code of Ethics;
- A Whistleblowing System, consisting of a specific reporting procedure outlining the available Company channels and an overview of information flows;
- The establishment of a Supervisory Body tasked with overseeing the effectiveness and proper functioning of the 231 Model and its periodic updating.

12.6. Code of Ethics

The Code of Ethics, an integral part of the 231 Model, states the general ethical principles recognized by the Company as foundational for any relationship with its stakeholders, as well as for internal business operations.

Moreover, the Code sets out the general rules of conduct in implementing the Model, developed by identifying the responsibilities, commitments, and mutual expectations between Atlantic Fluid Tech S.r.l. and its stakeholders, along with how they are to be implemented.

12.7. Relationship between the Model and the Code of Ethics

Atlantic Fluid Tech S.r.l.'s Code of Ethics, adopted by the Sole Director, is different in nature, function, and content from this Model.

While the Code of Ethics is an autonomous document generally applicable throughout the Company, setting out professional ethics principles recognized by the Company and demanding adherence by employees and all those contributing to the corporate aims (including suppliers and customers), the Model is designed in accordance with the Decree's specific requirements to prevent certain categories of offenses—offenses that, if seemingly committed in the Company's interest or to its advantage, can give rise to administrative liability under the Decree.

Nonetheless, the Code of Ethics contains basic behavioral principles and ethical values guiding the Company's pursuit of its objectives, and these must be observed by all persons interacting with the Company.

Therefore, the Code of Ethics serves as a core element of the Model, as the provisions of the Model presuppose adherence to the Code. Together, these documents form a system of internal rules designed to foster a corporate culture of ethics and transparency.

Hence, the Code of Ethics is an integral part of the Model. The Company's Code of Ethics appears in the "Code of Ethics" section.

12.8. Organizational Structure and System of Delegations

The Organizational Structure of Atlantic Fluid Tech S.r.l., which is an integral part of the Model, is outlined in the "Organizational Structure and System of Delegations" section, to which reference should be made for a detailed analysis of the corporate structure.

Any internal delegations of functions that the Company may issue conform to the following principles:

- Delegations must match each managerial power to its corresponding responsibility and to a suitable position in the organizational chart. They must also be updated upon organizational changes;
- Each delegation must precisely and unequivocally define the delegated managerial powers and indicate the individual's hierarchical reporting line;
- The managerial powers conferred by delegations must be consistent with corporate objectives;
- The delegate must have spending authority adequate to the assigned duties;
- Powers of attorney may be granted only to individuals who hold an internal functional delegation or a specific assignment. Powers of attorney must specify the scope of representation and any financial limits;
- Only individuals with specific formal powers may bind the Company in transactions with third parties;
- Anyone interacting with the Public Administration must hold an appropriate delegation or power of attorney to that end.

12.9. Disciplinary System

Art. 6(2)(e) and Art. 7(4)(b) of Legislative Decree No. 231/2001 require that, for the Model to be effectively implemented, the Company introduce a system to sanction non-compliance with the Model's measures.

Accordingly, establishing an adequate disciplinary and sanction system is essential for an effective organization, management, and control model under Legislative Decree No. 231/2001. The sanctions specified in this system are applied to any violation of the provisions of the Model, regardless of the initiation or outcome of any criminal proceedings that may be commenced by judicial authorities, should the conduct at issue also constitute a criminal offense under Legislative Decree No. 231/2001.

Thus, the imposition of disciplinary sanctions is independent of the commencement or outcome of potential criminal proceedings and concerns every violation of the Model's rules.

Such sanctions are applied in accordance with the following principles:

- **Complementarity:** The disciplinary system under the Model is complementary to (not a substitute for) the disciplinary framework under the applicable national collective bargaining agreements.
- **Publicity:** The Company ensures that the Model and the sanction system are widely known and easily accessible by delivering them to all recipients and posting them on the Company notice board.
- **Contradictory:** The Company respects the right to defend oneself by making the Model and sanction system known in advance, and by providing prior, specific, prompt, and unalterable written notice of the alleged violations.
- **Graduality:** Decisions on the type of sanction consider the specific offense, all relevant objective circumstances, and the severity of the harm to the Company's interests. Namely: a) The overall conduct of the person concerned, with particular reference to previous disciplinary actions;
b) The level of responsibility and autonomy of the offending individual;
c) The involvement of other people;
d) The effects of the violation, i.e., the degree of risk reasonably posed to the Company by the contested breach;
e) Other relevant circumstances surrounding the offense.
- **Timeliness:** The disciplinary process and any imposition of sanctions must take place within a reasonable time from the start of the process.

Regardless of whether a crime is charged, the sanction arises from the Company's response to a failure to comply with the procedures or behavioral rules established by the Model.

Atlantic Fluid Tech S.r.l. has instituted and applies a sanction system consistent with these principles, forming an integral part of the Model.

12.10. Mapping of Risk Areas

The mapping of areas at risk of offense at Atlantic Fluid Tech S.r.l. was carried out by an external consultant tasked with preparing the Model.

For a detailed analysis of the assessment methodology adopted and the resulting risk levels, see the “Risk Assessment” document that forms part of the Model. This activity comprised:

1. **As is Analysis**
Gathering the preliminary documents and information needed to define the scope of the Company’s activities and identify the relevant functions. After mapping the main areas under review and the managers/subordinates of primary relevance, a plan was drawn up to conduct interviews and organize the preliminary drafting of the Model.
2. **Risk Assessment**
Based on the information collected, potential hazards in the Company’s various operations were identified.
The risk of potential offenses was evaluated, taking into account:
 - Offenses potentially applicable to each corporate process;
 - Possible ways each process might give rise to the offense;
 - Roles within the Company involved in the process.

Where “red flags” were found in connection with specific corporate transactions, due diligence was performed. For occupational health and safety offenses, the risk assessment corresponds to the hazard evaluation under Art. 28 of Legislative Decree No. 81/2008.

The resulting mapping of “sensitive areas” and “instrumental processes” for each offense is summarized below in Section 12.11 and described in detail in the “Risk Assessment” forming part of the Model.

3. **Gap Analysis**
Once the sensitive areas and instrumental processes for the potential hazards had been identified, the likelihood of the event occurring was evaluated, taking account of existing prevention measures and control systems, as well as the seriousness of possible effects. Organizational shortcomings in various corporate processes were identified relative to the identified prevention protocols. Based on these findings, an action plan was defined for implementing the Model within the Company.
4. **Residual Risk and Model Implementation**
Based on the above evaluation, for each area—either by updating existing measures or creating new ones where lacking—a system of (general and system) preventive protocols was drawn up, described in detail in the Model’s “Procedures.” By combining the risks of hypothetical offenses with the implemented corporate protocols, the Company aims to minimize those risks, leaving only the so-called “residual risk,” i.e., the risk considered “acceptable.” Reducing risk involves tackling both the probability of the offense and its impact. Essentially, this is what Legislative Decree No. 231/2001 refers to as “specific protocols aimed at planning the formation and execution of the Entity’s decisions in relation to the offenses to be prevented.”
The assumption for a suitable preventive control system is defining the “acceptable risk.” This notion is also related to the general principle—applicable even in criminal law—of the actual feasibility of the required behavior (*ad impossibilia nemo tenetur*).

However, this idea of “acceptability” concerns deviations from the Model’s rules, not the underlying workplace safety risks for workers, which, under current prevention legislation,

must be completely eliminated wherever technically feasible, or otherwise minimized and managed.

Under Art. 6(1)(c) of Legislative Decree No. 231/2001, if persons commit offenses by “fraudulently circumventing” the Model, the conceptual threshold of acceptability for intentional offenses is a prevention system that can only be bypassed by fraudulent means.

For workplace manslaughter or negligent bodily harm offenses, the threshold of acceptability hinges on whether the Model has been diligently supervised by the Supervisory Body, even if the offense was committed in breach of the Model.

According to Confindustria’s Guidelines, a risk is considered “acceptable” when adding further protocols beyond existing measures would “cost” more than the protected asset’s value. In any case, the possibility remains that individuals may commit crimes even under a fully implemented Model; for intentional offenses, the Model and related measures must make it so that the perpetrator not only “wants” the offense, but must also “override” corporate guidelines through fraudulent means.

For negligent offenses, the offense is limited to the perpetrator’s actions, not the outcome. Therefore, the Company’s preventive control system must reduce the risk of committing these offenses to an “acceptable” level.

Pursuant to Confindustria’s Guidelines, the adopted control system must encompass:

- Adopting a Code of Ethics;
- A formal, clear organizational system regarding the assignment of responsibilities;
- Procedures (manual or IT) regulating corporate operations;
- Segregation of duties among those responsible for crucial steps in a risky process;
- Assignment of authorization and signature powers consistent with organizational and managerial responsibilities;
- A management control system capable of timely reporting the existence and emergence of critical situations (general or specific);
- Communication and training for staff.

Control system for negligent offenses involving health and safety

The preventive control system—and thus the content of the 231 Model—concerning workplace health and safety must account for the requirements of Art. 30 of Legislative Decree No. 81/2008, which affords exculpatory effect to organization and management models that ensure compliance with specific legal obligations in occupational health and safety, providing explicit criteria for assessing Model suitability.

Art. 30(5) of Legislative Decree No. 81/2008 stipulates that organizational and management models built around health and safety management systems certified under national/international guidelines or standards (UNI-INAIL 2001, British Standard OHSAS 18001:2007, or UNI ISO 45001:2018) are presumed to meet the suitability requirements for exculpatory purposes under Legislative Decree No. 231/2001.

This statutory presumption, also noted by the courts, concerns only the Model’s abstract preventive suitability, not its effective implementation.

Control system for negligent environmental offenses

In environmental matters, the control system must address two types of sensitive activities:

- **Operationally sensitive** activities, i.e., those directly at risk for committing environmental offenses (e.g., waste management, maintenance, environmental issues management);
- **Systemic (“instrumental”)** activities that, while not directly giving rise to environmental offenses, may contribute to creating conditions enabling or facilitating them in subsequent operational phases (e.g., procurement, supplier selection).

The Company’s monitoring of environmental aspects should provide a stage for verifying the continuity of existing prevention and protection measures deemed suitable and effective.

Control systems for tax offenses

To prevent tax offenses under Art. 25-quinquiesdecies of Legislative Decree No. 231/2001, the Company could implement measures aimed at ensuring reasonable certainty as to the reliability of the economic and financial information it produces.

In that sense, the so-called **Tax Control Framework (TCF)** can be considered, representing a further system by which a company can assess and mitigate tax risk overall, by carrying out preventive self-assessments and engaging cooperatively with the Tax Authorities. This approach can ensure oversight of corporate processes and transactions involving tax matters.

Thus, the TCF can serve as a foundation for steering organizational models toward effectively managing the risk of committing tax offenses. An effective tax control system requires accurate, complete, timely, and consistent information flows, ensuring data circulation across all corporate levels.

However, the adoption of TCF procedures does not guarantee per se an exemption from liability under Legislative Decree No. 231/2001. Though TCF is designed for large companies, its underlying principles and elements could be helpful in integrating/updating the 231 Model to address tax offenses.

Other certified corporate management systems

Adopting other certified management systems (environment, information security, food hygiene, quality, anti-corruption), besides that for workplace safety, does not, of course, shield a company from liability under Legislative Decree No. 231/2001, as there is no presumption of conformity for companies with these other systems.

While these systems serve different purposes, they can, however, act as beneficial internal controls since they establish minimum levels of organizational competence useful for preventing offenses in their areas of relevance. The decision to adopt certified systems also indicates the Entity’s commitment to a culture of compliance, providing a solid basis for constructing a 231 Model.

To improve the 231 Model’s effectiveness, it is beneficial to harness synergies between the documents used for criminal liability prevention and those required by certified management systems.

Integrated compliance

Coordinating potentially different management systems can lead to integrated compliance, enabling the Entity to:

- Streamline activities (resources, personnel, systems, etc.);

- Improve the effectiveness and efficiency of compliance measures;
- Share information more easily by gaining an integrated view of different compliance requirements, for example through combined risk assessments.

In this perspective, an integrated approach should include shared procedures that ensure efficiency, avoid role overlaps (or unmonitored responsibilities), and prevent duplication of checks or corrective actions. Achieving this requires establishing explicit, ongoing coordination among the main corporate stakeholders.

Given the identified risks and the existing control system, the following elements have been formalized:

- Model documents relating to the Code of Ethics, Organizational Structure and Delegation System, Disciplinary System, Supervisory Body Regulations, Whistleblowing System, and a catalog of offenses under Legislative Decree No. 231/2001;
- Special Sections on the individual predicate offenses, grouped by offense category, setting forth relevant sensitive areas and instrumental processes;
- Company “Procedures” for each sensitive area and instrumental process, detailing the general and system-specific preventive protocols;
- The Risk Assessment.

The Organization, Management, and Control Model under Legislative Decree No. 231/2001 was approved by the Sole Director.

12.11. Identification of Sensitive Business Areas and Instrumental Processes

“Sensitive activities” refers to those processes in which it is more likely that the offenses provided by Legislative Decree No. 231/2001 could be committed.

By contrast, the so-called “instrumental processes” include financial or analogous means that could facilitate commission of offenses in the Company’s risky areas.

The main sensitive areas and the relevant instrumental processes are summarized below and analyzed in detail in each Special Section. The protocols prepared for each sensitive area/instrumental process are described in detail in the Model’s “Procedures” (the control system).

- **Crimes against the Public Administration and harming the State** (Special Section 1)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
- **Offenses involving counterfeiting currency, public credit notes, revenue stamps, and instruments or signs of identification** (Special Section 2)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
- **Corporate offenses** (Special Section 3)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
- **Health and safety at work offenses** (Special Section 4)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
- **Receiving stolen goods, money laundering, use of illegally obtained money, goods, or benefits, and self-laundering** (Special Section 5)

- Sensitive areas:* (omitted)
Instrumental processes: (omitted)
- **Transnational crimes under Law No. 146/2006** (Special Section 6)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **Crimes against individual personality** (Special Section 7)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **IT-related offenses and unlawful processing of data** (Special Section 8)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **Copyright infringement offenses** (Special Section 9)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **Offenses against industry and commerce** (Special Section 10)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **Offense of inducing someone not to make statements or to make false statements to judicial authorities** (Special Section 11)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **Organized crime offenses** (Special Section 12)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **Employment of third-country nationals whose stay is irregular** (Special Section 13)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **Environmental offenses** (Special Section 14)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **Racism and xenophobia offenses** (Special Section 15)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **Tax offenses** (Special Section 16)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **Smuggling offenses** (Special Section 17)
Sensitive areas: (omitted)
Instrumental processes: (omitted)
 - **Offenses relating to payment instruments other than cash** (Special Section 18)
Sensitive areas: (omitted)
Instrumental processes: (omitted)

As regards:

- Offenses with terrorist aims or subversion of the democratic order (Art. 25-quater of the Decree);
- Offenses involving female genital mutilation (Art. 25-quater.1 of the Decree);
- Market abuse offenses (Art. 25-sexies of the Decree);
- Offenses of sports fraud, unauthorized gambling or betting, and illegal gambling carried out by prohibited devices (Art. 25-quaterdecies of the Decree);

- Offenses against cultural heritage (Art. 25-septiesdecies of the Decree);
- Laundering of cultural property and devastation and looting of cultural and landscape property (Art. 25-duodevicies of the Decree);
- Liability of Entities for administrative offenses arising from crime under Art. 12, Law No. 9/2013 (applicable to Entities operating in the virgin olive oil chain),

the Company’s business activities do not present risk profiles such that these offenses might be reasonably committed in its interest or to its advantage.

Therefore, for these offenses, references to the principles in the Code of Ethics and the General Section of the Model shall suffice.

A detailed description of the protocols adopted by ATLANTIC FLUID TECH S.r.l. for identified sensitive areas and instrumental processes relating to each offense category is provided in the various “Procedures” of the Model.

12.12. General Prevention Principles and Management of Financial Resources

General Prevention Principles

In addition to what is provided in the individual preventive protocols, the Company—consistent with Confindustria’s Guidelines and international best practices—abides by the following general prevention principles:

- **Policies:** The existence of corporate rules providing behavioral guidelines, operating procedures for sensitive activities, and methods for storing relevant documentation.
- **Segregation of duties:** Separation of tasks among those who authorize, execute, and control activities. This principle is fulfilled by having multiple individuals intervene in the same corporate macro-process, ensuring independence and objectivity. Separation of duties is also maintained through IT systems that allow certain operations only for identified and authorized personnel.
- **Authorization and signing powers:** Powers of authorization and signature assigned must:
 - Align with the assigned organizational and managerial responsibilities, specifying spending limits as needed;
 - Be clearly defined and known within the Company. The relevant corporate roles authorized to commit the Company to certain types of expenditures must be formally indicated, including their limits. The appointment instrument must comply with statutory requirements.
- **Traceability:**
 - Every operation connected to a sensitive activity must, wherever possible, be duly documented;
 - The process of deciding, authorizing, and performing sensitive activities must be verifiable ex post, including by means of specific documentation. Any deletion or destruction of records must be strictly regulated.
- **Monitoring:** Activities must be monitored periodically and updated promptly with respect to powers of attorney, delegated functions, and control systems to ensure consistency with decision-making processes and the overall organizational structure.

In the sensitive activities identified for each offense category, the general prevention principles require:

- All operations, as well as decision-making and execution, must comply with legal requirements, the Code of Ethics, and internal procedures;
- Corporate rules must be defined and adequately communicated, setting forth behavioral standards, operating procedures for sensitive activities, and guidelines for document storage;
- All operations must:
 - Have formalized responsibilities for management, coordination, and control within the Company, as well as hierarchical reporting lines and descriptions of relevant roles;
 - Allow documentation and reconstruction of the decision-making phases;
 - Have documented and formalized authorization levels ensuring the transparency of adopted choices.
- The assignment and exercise of powers within a decision-making process must align with responsibilities and the significance and/or criticality of the underlying economic transactions;
- There must be no overlap between those who make or implement decisions, those who record them in the accounts, and those who perform legal and procedural checks;
- Access to Company data must adhere to Legislative Decree No. 196/2003, as subsequently amended and supplemented, and to EU Regulation 2016/679;
- Access to and handling of Company data is allowed only for authorized personnel;
- Confidentiality is ensured in transferring information;
- Documents regarding decisions and their execution are filed by the relevant function in such a way that prevents any subsequent modification unless duly recorded.

Management of Financial Resources

Art. 6(2)(c) of Legislative Decree No. 231/2001 requires the Company to put in place specific measures for managing financial resources that prevent offenses.

ATLANTIC FLUID TECH S.r.l. has established these core principles of financial resource management:

- All financial transactions must be performed through the Company's bank accounts;
- Periodic checks of cash balances and transactions must be conducted;
- Management defines medium- and long-term financial requirements and funding sources and includes them in specific reports;
- Every operation/transaction, broadly understood, must be legal, authorized, consistent, appropriate, documented, recorded, and verifiable at any time, in accordance with Company procedures;
- It must always be possible to verify characteristics of the transactions, the reasons behind them, the authorization for them, and their execution;
- Anyone performing transactions involving Company funds, assets, or other economically valuable benefits must act with specific authorization and provide, on request, documentation for checks at any time;
- Cash payments are not permitted, except for minor daily expenses such as the purchase of revenue stamps, etc.;
- Each invoice is reviewed individually before payment is made;
- Payment by check is a last resort. In that case, Administration and Finance prepares the check and submits it to the Sole Director for signature;
- All payment receipts are archived by the Administration function;
- All payments must be pre-approved by the Administration and Finance Department;
- All transactions involving accounts opened in countries with less stringent transparency rules, exceeding an overall sum of EUR 1,000, must be formally recorded in IT archives;

- Any payment must be made solely through the Company’s bank accounts, including settlements, beyond minimal amounts;
- The Company may only use settlement/offsetting—subject to applicable laws—for transactions with the direct debtor or creditor itself, without third-party intermediaries, and such transactions must be suitably documented;
- Financial flows involving the Public Administration must be traceable under Law No. 136 of August 13, 2010;
- Accuracy of financial statement reporting for medium- and long-term financial transactions must be regularly checked, as well as periodic reconciliations between accounting records and amortization schedules.

12.13. Documentation

The 231 Model, the Code of Ethics, the General and Special Sections, and their related procedures are maintained in both paper and electronic formats.

Appropriate security measures safeguard the Company’s documentary and informational assets to mitigate the risk of loss or alteration of documentation linked to sensitive activities and instrumental processes, as well as unauthorized data/document access.

12.14. Communication and Training

To ensure effective implementation of the Model, the Company guarantees proper dissemination of its content and principles within and outside its organization.

Specifically, the Company aims to inform not only employees but also anyone who, though not an employee, acts—albeit occasionally—pursuant to the Company’s objectives.

Indeed, the Model’s recipients include both those who hold representation, administration, or managerial roles in the Company and those under their direction or supervision, as well as anyone working toward the Company’s goals.

Hence, recipients include board members, those involved in the Supervisory Body’s functions, employees, external collaborators, and consultants. To that end, the Company:

- Ensures that everyone acting in its name and on its behalf in “sensitive areas” is aware that if they violate its provisions, they risk sanctions;
- Informs all persons acting in its name and on its behalf that any violation of the Model’s rules will lead to specific sanctions or termination of contractual relationships;
- Reaffirms that the Company does not tolerate unlawful conduct of any sort, regardless of its purpose, as such acts contradict the ethical principles the Company follows.

Communication and training activities vary according to the recipients and must always respect completeness, clarity, accessibility, and continuity, allowing the various parties to fully understand the internal rules and ethical standards that must guide their actions.

Such recipients must scrupulously comply with all provisions of the Model, including the duties of loyalty, honesty, and diligence stemming from their legal relationship with the Company.

The Supervisory Body oversees communication and training, with tasks including “promoting and defining initiatives to disseminate knowledge and comprehension of the Model, as well as training

personnel and raising awareness of the principles contained in the Model” and “organizing and coordinating educational and informational activities regarding the content of Legislative Decree No. 231/2001, its implications for the Company’s operations, and relevant behavioral rules.”

Managers, employees, and any long-term external collaborator of ATLANTIC FLUID TECH S.r.l. must:

- Become familiar with the Model’s principles and content;
- Know the operating procedures required for performing their tasks;
- Actively contribute—according to their roles and responsibilities—to the effective implementation of the Model by reporting any detected shortcomings.

Communication

The Company promotes awareness of the Model’s content and principles, and the related procedures, among relevant corporate personnel, with varying degrees of detail based on each role.

Specifically, the Company provides employees, new hires, and regular external collaborators with a copy of the Code of Ethics. They are asked to sign a statement acknowledging their understanding of and agreement to abide by the Model’s and Code of Ethics’ principles.

The full version of the Model is available to employees, senior managers, and corporate bodies through the Company’s IT systems or in hard copy.

Upon Model adoption, a notice is sent to employees, senior managers, and collaborators indicating that ATLANTIC FLUID TECH S.r.l. has adopted an Organization, Management, and Control Model under Legislative Decree No. 231/2001.

This communication includes an acknowledgment form to be signed and returned to the Supervisory Body.

All such recipients receive specific training on the Model’s content.

A similar notice is provided to the Company’s customers and suppliers, who are also asked to pledge compliance with the provisions in these documents.

Training

Beyond training on occupational health and safety or other regulatory requirements, dedicated training is provided to all employees and senior managers regarding the Model. This training is periodically updated to reflect legislative or Model changes, and to ensure new hires are adequately trained.

At the end of each training event, participants sign an attendance sheet, thereby certifying they participated in the session.

A record of the training is kept.

Training and updates for senior managers are scheduled annually. For newly appointed directors or new hires in senior positions, initial training is included in a letter of appointment/employment offer.

Training for these individuals is divided into:

- **General topics:**
 - Legal and case law references, as well as industry guidelines;
 - Administrative liability of entities;
 - Entities subject to the Decree;
 - Conditions for attributing liability;
 - Description of predicate offenses;
 - Sanctions on the Entity;
 - Conditions excluding or reducing liability.
- **Specific topics:**
 - Description of the individual offenses;
 - Identification of their perpetrators;
 - Examples of how offenses are committed;
 - Possible sanctions;
 - The connection between offenses and the identified corporate risk areas;
 - Specific preventive protocols established by the Company to avoid risks;
 - Guidelines for communicating and training subordinate personnel, especially those operating in high-risk areas;
 - Guidelines for interacting with the Supervisory Body, regarding communications, reporting, cooperation in monitoring, and updating the Model.

Training for the Supervisory Body is intended to provide both a high-level technical grasp of the Model and the tools needed to carry out supervision. This may include participation in conferences or seminars on Legislative Decree No. 231/2001 or meetings with experts on corporate administrative liability and criminal law.

12.15. Supervisory Body (OdV)

In accordance with Art. 6(1)(b) of Legislative Decree No. 231/2001—which mandates that an internal body with autonomous powers of initiative and control, referred to as the Supervisory Body, be responsible for overseeing the Model’s effectiveness and compliance and for updating it—the Company has appointed a Supervisory Body.

For further details regarding the Body’s requirements, operations, and activities, as well as communication flows to and from the Body, see the “Supervisory Body Regulations.”

12.16. Model Oversight and Updating

Oversight

Each year, the Supervisory Body prepares a plan for its supervisory activities, scheduling inspections and checks in specific areas. Obviously, the plan may be revised during the year based on arising needs.

While conducting its oversight, the Supervisory Body may rely on the support of internal Company functions with specific expertise in the relevant corporate areas, as well as external consultants to handle technical duties necessary for the controls. Such consultants always report their findings to the Supervisory Body.

To effectively fulfill its assigned tasks, the Supervisory Body is accorded the broadest powers during inspections.

Updating the Model

The Sole Director decides on updates or amendments to the Model if necessary due to:

- Significant violations of the Model’s provisions;
- Changes in the Entity’s internal structure or its activities;
- Legislative changes;
- Results of monitoring;
- Discovery of serious criminal conduct, even if predating Model approval.

Once approved, any changes and instructions for immediate implementation are communicated to the Supervisory Body, which promptly enforces them and ensures proper communication inside and outside the Company.

The Supervisory Body will also inform the Sole Director and the Shareholders’ Meeting through a special report on the outcome of actions taken in compliance with the resolution that orders the Model’s update or amendment.

In any event, the Supervisory Body retains particular responsibilities and powers for maintaining, developing, and promoting constant updates to the Model. To that end, it formulates observations and proposals regarding corporate organization and internal control.

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