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PROGETTI EUROPA & GLOBAL S.P.A.

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

(Version approved by the Board of Directors on October 1, 2024)



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DEFINITIONS

- **Activities at risk** means any corporate areas and processes which may give rise to the commission of the offences referred to in Legislative Decree 231/2001.
- **Code of Ethics** is the document setting out the principles, values and rules of conduct adopted and implemented by the Company.
- **Recipients** means the members of the Board of Directors, Board of Statutory Auditors and Supervisory Body, the managers, employees, collaborators and consultants of PEG, its suppliers, partners and all other persons involved, for any reason, in the activities at risk, on behalf or in the interest of the Company.
- **Decree 231** means Legislative Decree 231/2001, which lays down “*Provisions on the administrative liability of legal persons, companies and associations, including those without a legal personality, pursuant to Article 11 of Law 300/2000*” as amended.
- **Model** means this “Organisation, Management and Control Model” adopted by the Company pursuant to Articles 6 and 7 of Decree 231, for the purpose of preventing the commission of the Predicate offences.
- **Supervisory Body** or **SB** means the oversight committee within the meaning of Article 6 of Decree 231, which is responsible for overseeing the implementation and observance of and updating the Model.
- **Sensitive Processes** means the processes that, although not necessarily at risk of directly giving rise to the commission of the Offences, may nevertheless lead to the creation of circumstances and/or conditions conducive to the commission of the said Offences.
- **Protocols** means the set of organisational, physical and/or logical measures put into place to prevent the commission of the Offences.
- **PEG** means Progetti Europa & Global S.p.A., based at Piazza Stia 8, Rome.
- **Predicate offences** means the offences, or each single offence, referred to in Decree 231 or other laws and regulations referring to Decree 231.
- **Senior Officers** means the persons referred to in Article 5(1)(a), namely the persons “*acting in a representative, administrative or managerial capacity for the entity or for an organisational unit of the entity having financial and operational autonomy within the entity and persons acting as the de facto managers and supervisors of the entity*”. Senior officials include the members of the Board of Directors, the Chairperson, the top executives, certain employees vested with independent decision-making powers and any attorneys appointed by the Company.
- **Subordinates** means the persons referred to in Article 5(1)(b) of Decree 231, namely the persons “*acting under the direction and control of one of the Senior Officers*”, regardless of the nature of their employment relationship with the Company.
- **Company** means Progetti Europa & Global S.p.A.



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NOTE RELATED TO THE MODEL REVISION

The first revision of the PEG Model 231 was issued on 10 December 2013.
The second revision of the PEG Model 231 was issued on 23 March 2016.
The third revision of the PEG Model 231 was issued on 26 February 2019.
The fourth revision of the PEG Model 231 was issued on 12 December 2019.
The fifth revision of the PEG Model 231 was issued on 31 March 2020.
The sixth revision of the PEG Model 231 was issued on 02 December 2021.
The seventh revision of the PEG Model was issued on 13 November 2023
This eighth revision of the PEG Model was issued on 1 October 2024, and replaces and cancels the previous versions.

GENERAL SECTION

1. REGULATORY FRAMEWORK

1.1 Legislative Decree 231/2001

Legislative Decree 231/2001 (“Decree 231”), which lays down “Provisions on the administrative liability of legal persons, companies and associations, including those without a legal personality, pursuant to Article 11 of Law 300/2000”, published in the Officer Journal no. 140 of 19 June 2001, has introduced into the Italian legal system the so-called “administrative liability” of legal persons, companies and associations, including those without a legal personality (entities), with regard to the commission of criminal offences by persons acting in their interest or to their advantage.

In 2000, the Italian Parliament approved Law 300/2000¹, which - *inter alia* - ratified the Convention on the protection of the European Communities’ financial interests of 26 July 1995, the EU Convention of 26 May 1997 on the fight against corruption and the OECD Convention of 17 September 1997 on Combating Bribery of Foreign Public Officers in International Business Transaction, thus implementing the obligations, provided under the above mentioned EU and international instruments, to introduce models of corporate responsibility of legal persons and a corresponding disciplinary system for sanctioning corporate crime.

Decree 231 should, therefore, be viewed within the broader framework of a set of international obligations, bringing Italy in line with the normative systems of many European countries by establishing new specific forms of liability of corporate entities, which do not replace but are in addition to the liability of the individual perpetrators of offences.

As a result of the new liability system, the entity itself becomes the recipient of sanctions, as specified in Decree 231, if a qualified person (whether a senior official or a subordinate person) commits an offence in the interest or to the advantage of the legal person for which he or she operates.

Decree 231 provides for a cohesive sanctionative system ranging from light financial penalties to severe disqualification and debarment measures (such as disqualification from managing corporations, the suspension or withdrawal of authorisations, licences or concessions functional to the commission of an offence, debarment from public procurement, except for the purpose of receiving a public service, the exclusion from financial facilitations, grants and aid, and the withdrawal of any such measures, the prohibition to advertise goods or services), besides confiscation (and precautionary seizure) and the publication of the decision (in the case of disqualification and debarment measures).

The liability of entities also covers offences committed abroad, however provided that no prosecutions are brought by the country in which they are committed and that the conditions laid down in Decree 231 are relevant.

The recipients of Decree 231 are all legal persons, companies and associations, including those without a legal personality, with the sole exclusion of the State, of regional and local authorities, of non-economic public entities and of entities that perform functions of a constitutional nature.

¹ Article 11 of Law 300/2000 introduced, in Italy, the administrative liability of legal persons, in respect of certain offences. In particular, the Article authorised the Government to regulate this administrative liability, as a result of which Legislative Decree 231/2001 was adopted.

Administrative liability is incurred primarily in connection with offences committed in the interest of the entity, or where the illegal conduct is carried out with the intention to benefit the entity. Liability is also incurred when the entity indirectly receives an advantage (regardless of its nature) from the offending conduct, even though the perpetrator of the offence did not act solely to benefit the entity. If, instead, the perpetrator acted solely to promote his or her own interests, or to benefit a third party, then the entity incurs no liability.

With regard to the persons who, as material perpetrators of the offence, incur liability on the part of the entity or legal person concerned, Article 5 of Decree 231 provides as follows:

- persons acting in a representative, administrative or managerial capacity for the entity or for an organisational unit of the entity having financial and operational autonomy within the entity and persons acting as the de facto managers and supervisors of the entity (“*Senior Officers*”);
- persons acting under the direction and control of one of the Senior Officers (“*Subordinates*”).

Furthermore, Decree 231 provides that the entity shall incur no liability if it can prove that it had adopted, and effectively applied, before the offence was committed, “*organisational and managerial systems capable of preventing offences of the kind established occurring*”.

Therefore, to establish the entity’s liability, it is necessary to determine its “organisational responsibility”, as well as the presence of the aforementioned requirements to objectively link the entity itself and the offence. This responsibility consists in the failure to adopt an organisation, management and control model capable of ensuring the effective and efficient monitoring of the entity’s critical processes and, therefore, preventing - or providing for the prevention of - the offences.

Finally, Decree 231 provides for the setting up of an “internal control body” with the task of overseeing the model’s operation, effectiveness and observance, as well as providing for its constant updating.

1.2 Offences envisaged by the Decree

An entity may be considered liable solely in respect of the offences referred to in Decree 231, or in other laws and regulations referring to Decree 231 (the so-called “*predicate offences*”).

Over the years, the matter of offences giving rise to the administrative liability of entities has been concerned by numerous legislative measures, as a result of which the range of predicate offences has considerably broadened.

The Predicate offences, referred to in Decree 231 (or other relevant legislation), are as follows:

- a) Offences committed within the context of relations with the Public Administration (Articles 24 and 25)
- b) Cybercrimes and unlawful processing of data (Article 24-second subsection)
- c) Crimes committed by criminal organisations (Article 24-third subsection)
- d) Offences concerning counterfeiting of coins, legal tender, revenue stamps and distinguishing marks (Article 25-second subsection)
- e) Offences against industry and trade (25-second subsection 1)
- f) Corporate offences (Article 25-third subsection)
- g) Crimes involving terrorist activities and subversion of the democratic order, as provided in the Criminal Code and special laws (Article 25-fourth subsection)
- h) Offences related to the mutilation of female genital organs (Article 25-fourth subsection 1)
- i) Crimes against the individual (Article 25-fifth subsection)
- j) Offences of market abuse (Article 25-sixth subsection)

- k) Manslaughter or serious or very serious personal injuries committed in violation of workplace accident prevention and health and safety at work legislation (Article 25-seventh subsection)
- l) Crimes of handling, laundering and investing illicitly derived funds, assets or utilities and self-laundering (Article 25-eighth subsection)
- m) Crimes involving non-cash payment instruments (Art. 25-eighth.1)
- n) Offences related to the violation of copyright (Article 171, paragraph 1, letter a bis and 3, Article 171-second subsection, Article 171-third subsection, Article 171-eighth subsection, Law 633/1941) - (Article 25-ninth subsection)
- o) Crime of inducing others not to issue statements or to issue untrue statements to the judicial authorities (Article 377-second subsection of the Criminal Code) - (Article 25-tenth subsection)
- p) Environmental offences (Article 25-eleventh subsection)
- q) Offence of employment of illegal immigrants (Article 25-twelfth subsection)
- r) Offences related to racism and xenophobia as set forth in Law no. 654/1975 (Art. 25-thirteenth subsection) amended by Law no. 167/2017 and modified by Legislative Decree no. 21/2018
- s) Transnational crimes (Law 146/2006, Articles 3 and 10)
- t) Fraud in sports competitions, unlawful gaming or betting and gambling by means of prohibited devices (art. 25-fourteenth subsection)
- u) Tax crimes (Article 25-fifteenth subsection)
- v) Smuggling (Article 25-sixteenth subsection).
- w) Crimes against cultural heritage (Art. 25-seventeenth)
- x) Laundering of cultural assets and devastation and looting of cultural and scenic assets (Art. 25-eighteenth).

1.3 Exemption from liability

Articles 6 and 7 of Decree 231 specifically provide for exemption from administrative liability if the entity has put into place effective organisation and management models, suited to preventing the commission of offences of the type that occurred.

In particular, Article 6, paragraph 1, of Decree 231 provides that, in the case of offences committed by Senior Officers, the entity shall not be held liable if it can prove that:

- a) before the commission of the offence, the Management had adopted and effectively implemented organisation and management models suited to preventing the commission of the offence;
- b) the task of overseeing the operation and observance of the models, and of updating them, had been assigned to a specific corporate body endowed with independent powers of initiative and control;
- c) the persons committing the offence had wilfully, intentionally and fraudulently disregarded the operation and management models;
- d) the body referred to in paragraph b) above failed to or inadequately performed its supervisory duties.

Lawmakers, therefore, have laid down that by adopting and implementing organisation and management models, entities may be exempted from administrative liability, effectively reversing the burden of proof; when, in fact, Senior Officers of an entity commit any of the offences listed in Decree 231, in the ensuing legal proceedings the onus is on the entity to prove that the said Officers eluded and violated the model put into place for its protection.

The entity, in other words, must prove that it effectively implemented a system capable of preventing the commission of the offences referred to in Model 231. The mere adoption of the model, in fact, is not sufficient to exempt the entity, which also has the burden of proving its effectiveness and efficacy.

Exemption from liability is grounded on the model's overall suitability and preventive capacity, as assessed by the criminal court, in connection with the prosecution of the legal person charged with having committed an offence.

Paragraph two of Article 6 completes the general framework by defining the prevention requirements of organisation and management models, which must:

- identify the corporate processes and activities capable of leading to the commission of offences (the so-called "mapping of activities at risk");
- provide for dedicated guidelines focusing on the entity's decision-making and implementation processes, in relation to the prevention of the offences;
- identify specific financial management procedures suited to preventing the commission of offences;
- provide for the mandatory disclosure of information to the Supervisory Body;
- introduce a suitable disciplinary system for sanctioning the failure to comply with the measures set out in the model.

Article 7 of Decree 231 then provides that, where the offence is committed by Subordinates, the entity can be held liable if the commission of the offence was made possible by the failure to perform the required management and supervisory functions. Here too the entity can be exempted from liability if it implemented organisation and management models suited to ensuring the fulfilment of all activities in accordance with the law, and to preventing at-risk situations. In this case, the onus of proving the entity's liability lies on the prosecution, which must prove that the entity failed to adopt or implement the model.

Furthermore, for the purpose of effectively implementing the model, the provision requires the performance of periodical inspections and its amendment if there are changes to the entity's organisation or activities, or any serious violations are found, as well as the implementation of a disciplinary system suited to adequately sanctioning the failure to comply with the model's provisions.

1.4 Guidelines by Confindustria

Article 6, paragraph 3, of Decree 231 reads "*Organisation and management models may be adopted to ensure the requirements set out in paragraph 2, based on codes of conduct drafted by the relevant trade associations and submitted to the Ministry of Justice, which, acting in agreement with the competent Government departments, may formulate, within 30 days, observations as to their suitability to prevent the commission of offences*".

Confindustria - the Italian Employers' organisation - has adopted and subsequently updated the "*Guidelines for drafting organisation, management and control models pursuant to Legislative Decree 231/2001*".

This Model is based on the rules and criteria set out in the Guidelines by Confindustria, as well as the most recent case law developments on the matter.

The key stages for drafting a model, according to the above Guidelines, are as follows:

- a) **identifying the risks**, based on an analysis of the company's organisation, in order to pinpoint and highlight the areas/processes that can become breeding grounds for criminal behaviour and the commission of the offences referred to in Decree 231;
- b) **designing a control system** (the so-called Procedures), based on an overhaul of the current control system and its adjustment, for the purpose of effectively opposing the risks identified in the previous



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stage. Confindustria has identified the following key components of an effective crime prevention system, on the basis of the adoption by the company of:

- an ethical code referring to the listed offences;
- a clearly defined corporate organisation, especially with regard to roles and responsibilities;
- manual and electronic procedures;
- a system for the delegation of powers and signing authority;
- a management control system;
- a system for employee information and training.

The above components should be inspired by the following principles:

- each operation, transaction and action must be verifiable, documented, consistent and appropriate;
- no process must be independently and entirely managed by a single person;
- the control system must provide for the recording of the controls carried out.

- c) **appointing the Supervisory Body**, which is the body responsible for overseeing the operation and observance of the model and providing for its update;
- d) **providing for an adequate disciplinary system** or sanctioning mechanisms, in respect of any violations of the code of ethics and the procedures set out in the model.

2. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF PEG

2.1 PEG's operations

PEG is an Italian-based company established in 1998, by the current Management, to provide management and integrated services in the field of engineering design and information systems.

PEG is a flexible and multidisciplinary company operating in various civil and industrial engineering sectors, as well as managing Global Service operations. In particular, our operating sectors are:

- Engineering, Procurement and Construction (EPC) and Project Management Consultancy (PMC) of plants for the Energy Sector (oil and gas, power plants, photovoltaic plants).

PEG's offices are located in Rome, Piazza Stia 8. If a contract requires, we can open temporary sites, such as construction sites and/or representative offices, generally abroad, in the countries in which we operate.

The corporate policy is founded on quality and flexibility, achieved through our highly qualified and skilled human resources. Furthermore, we select our suppliers of materials, products, components or services on the basis of international selection and recruitment processes, from among businesses that can guarantee the highest quality and compliance with the applicable health, safety and environmental standards and regulations. Supplier monitoring is carried out based on our Integrated HSEQ Management System.

2.2 PEG's organisation

The company's organisational structure is set out in an organisation chart defining the roles, functions reporting structures and lines of authority and responsibility.

In our organisation, the same person can occupy different functional positions, although this is allowed only moving downwards on the hierarchy.



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The quality plan for each contract defines both the specific organisation in charge of performing the contract and the persons responsible for reporting to/interfacing with the company organisation, for the purpose of clearly identifying the specific roles and responsibilities of each staff member involved.

The PEG organisation is structured according to the principles as follows:

1. the definition of each role and related responsibilities and reporting lines;
2. the powers of representation to the Chairperson of the Board of Directors, consistently with the articles of association;
3. the delegation of operating authority, based on the position held in the organisation and the tasks, duties and responsibilities assigned;
4. the spending powers vested in accordance with the position held and the tasks, duties and responsibilities assigned.

2.3 The integrated internal control system

The internal control system that already exists and is implemented at PEG consists of the set of rules, procedures and internal organisation structures aimed at ensuring the achievement of and compliance with the corporate policies and strategies and the good performance of the company, as well as the reasonable accomplishment of the following objectives:

- the effectiveness and efficiency of the corporate processes;
- the reliability of the information system, which primarily aims to ensure the reliability and integrity of the accounting and financial reporting documents disclosed externally;
- the protection of the company's assets;
- compliance with the applicable rules and regulations and the company's procedures.

The internal control system involves all the sectors in which PEG operates and is based on the following key principles and components:

- Code of Ethics;
- the duties, powers and responsibilities vested in the positions making up the organisation;
- the separation of tasks and functions;
- the definition of operating policies and procedures suited to ensuring the effective performance of the company's core business, especially with regard to the more sensitive activities at risk of Predicate offences;
- information systems aimed at ensuring the separation of the functions and suited to ensuring the protection of both the data and the instruments used;
- the management control and reporting system;
- the organisation powers and signing authority vested in accordance with the position held and the duties, role and responsibilities assigned;
- the internal communications and employee training system.

The controls shall concern all corporate sectors and activities and, with different roles, the Board of Directors, the Board of Statutory Auditors and all the Company's internal divisions/departments and all the employees at the different levels.

Each company structure, with regard to the processes for which it is responsible and within its remit, is responsible for implementing the internal control systems, with a view to ensuring their effective operation.

The above-mentioned internal control system is based on the following types of controls:



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- controls by the single operational units on the processes for which they are responsible, to ensure that they are properly carried out;
- controls carried out hierarchically by the persons in charge of the single processes, to ensure the proper performance of the underlying activities;
- internal audits aimed at verifying compliance with the internal procedures and any anomalies in their performance.

All operations carried out by the Company are documented and recorded, so that controls may be made, at any time, by the competent persons. All PEG human resources are made aware of the importance of the controls and the applicable rules and procedures, as well as the importance of a proactive commitment by everyone to ensure the successful outcome of the control procedures.

PEG, despite the internal control system outlined above is suited to ensuring the prevention of the Predicate offences, has nevertheless decided to examine its organisation, management and control instruments, with a view to making sure that the existing principles and procedures are consistent with the applicable provisions and, if necessary, improve and supplement them accordingly.

2.4 Scope of the Model and its underlying principles

The present Model is aimed at implementing a consistent and coherent system of control procedures and activities for the prevention of the Predicate offences, with respect to the activities at risk.

The decision by PEG to adopt this Model is part of a broader corporate policy, pursued by the Company, for raising the awareness of all the persons operating on account and/in the interest of PEG, or who maintain business relations with the Company, with regard to the observance of the applicable legal provisions and the principles of sound and transparent management and ethical conduct in the pursuit of the Company's objects.

The principles and rules set out in the Model are aimed at fully enhancing the awareness of the persons operating on account and/in the interest of PEG, or who maintain business relations with the Company, that a certain conduct or actions can be a criminal offence and, therefore, are totally unacceptable, firmly condemned and contrary to the interests of PEG. In particular, PEG forcefully and absolutely denounces any conduct that is contrary to the laws, regulations and supervisory rules, or in violation of the principles of sound and transparent management, by which the Company abides.

PEG, by adopting this Model, intends to pursue the following aims:

- to ensure respect of the principle of the separation of the functions, according to which no single function may independently manage an entire process;
- to identify the activities at risk of the commission of Predicate offences and to formalise the corporate procedures aimed at regulating the performance of the said activities;
- to set up an independent Supervisory Body, for carrying out the duties provided for in Decree 231;
- to prevent, as far as possible, the commission of the Predicate offences within the Company, through ongoing controls of all the activities at risk;
- to circulate the adopted rules of conduct and procedures throughout the Company;
- to adopt a disciplinary system capable of sanctioning the failure to observe the requirements and procedures of the Model.

2.5 The structure of the Model

The Model features a "General Section" and a "Special Section".

The former illustrates the contents of Decree 231, and outlines the general principles applicable to the Company, not only with regard to the activities at risk.

The latter identifies the Predicate offences that might be concretely or potentially committed within the Company, the general rules of conduct and the specific procedures that need to be complied with, in connection with the performance of the activities at risk and, lastly, the duties of the Supervisory Body.

The Model is completed by the Code of Ethics, as better specified hereinbelow.

2.6 The Code of Ethics

The Code of Ethics adopted by PEG contains the commitments and general rules of conduct that must be abided by in the running of the Company and the business activities carried out by the people working in or for the Company, or who maintain relations with the Company. The Code of Ethics also lays down the values that should inspire the directors, employees and collaborators of the Company in the performance of their tasks and duties.

The Code of Ethics is an integral part of the Model and the violation of its provisions entails the application of sanctions, as specified hereinbelow.

3. ADOPTION OF THE MODEL

3.1 The method for defining the Model

The activities carried out have made it possible to identify the corporate areas and processes at risk of the commission of Predicate offences (“*Activities at risk*” and “*Sensitive processes*”).

Article 6, paragraph 2, letter a) of Decree 231 expressly provides that the Model of the entity must “*identify those activities at risk of the commission of offences*”. The identification of sensitive corporate activities/processes, with respect to the potential commission of offences, is therefore the starting point in the definition of the Model.

The Company’s operations were analysed, with a special focus on the areas most appreciably at risk of the commission of Predicate offences. In parallel, an investigation was conducted into the constituent elements of the Predicate offences, for the purpose of identifying the conduct that could lead to the commission, within the Company, of the offences. This analysis was made and is periodically completed in conformity with the Guidelines by Confindustria and consistently with the Company’s distinctive features.

In particular, the Model was defined with the following stages.

Stage 1 - Collection and analysis of the relevant documentation

The first step was the analysis of the Company’s organisation, based on the following documents:

- Organisation chart;
- System of delegated authority and powers of attorney;
- Policy, operating procedures, guidelines, internal regulations;
- Manual, records and procedures of the Integrated HSEQ Management System.

This stage led to an in-depth investigation into the organisation of the company and how the functions and powers are apportioned within the Company.

Stage 2 – Activities and processes at risk of crime and control mechanisms



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In order to determine which areas and processes are at risk of the commission of the Predicate offences, it was necessary to map the corporate organisation, with a detailed analysis of each unit of the organisational structure, aimed specifically at examining the way in which the relevant activities are carried out and the internal competences performed.

In a preliminary capacity, the scope of application of the subjective assumptions of Decree 231 was determined. In particular, with regard to the provisions of Article 5, paragraph 1, letters a) and b), this stage also consisted in identifying the persons whose potentially criminal activities could lead to the involvement of the Company. The provision concerns both the top management ("*Senior Officers*") of the Company and the persons subject to their authority and control ("*Subordinates*").

This analysis concerned all those persons who, for any reason, maintain relations with the Company and who, according to their functions and responsibilities, might be involved in the activities at risk of criminal behaviour.

Regarding the external persons (i.e. outsourced service providers, consultants, suppliers) with whom PEG maintains steady and regular business relations, the analysis has found that the Company has put into place a system of direction and control over their activities. Therefore, PEG is committed to ensuring that these third parties, with whom it maintains business relations, continue to observe its corporate procedures and Code of Ethics, on the basis of specific clauses in the contracts (or supply orders) and the constant dissemination of the contents of the Model (including the Code of Ethics).

The areas at risk of the commission of the Predicate offences have been identified as a result of a preliminary interview with the Quality Manager, during which it was possible to assess the assumptions made primarily in connection with the outcome of the perusal of the documents supplied. After the initial identification of the areas potentially at risk of criminal behaviour, various interviews were conducted with the top management, and with the persons in charge of the relevant corporate areas, for the purpose of collecting more specific information and accurately identifying the ambits at risk and the related corporate activities and processes. These persons were then asked, during the interviews, to illustrate the existing operating procedures and controls suited to preventing the commission of offences.

The manner in which the offences might be committed, in the various corporate areas, were also identified, with respect to the internal operating environment and the external environment in which the Company operates.

Based on the Company's current business operations and the information collected, it was decided to focus on an assessment of the risk profiles of certain types of offences, namely: offences against the public administration, corporate offences, the violation of environmental and health and safety at work regulations, money laundering, cybercrime and illegal data processing, copyright infringements, organised and transnational crime, environmental crimes, offences related to the employment of illegal aliens, tax crimes, smuggling, and crimes related to racism and xenophobia.

As regards offences related to organised crime (Article 24-third subsection), and the transnational crimes referred to in Law 146/2006, PEG has decided, after further investigating the matter, that all the areas and processes at risk, as identified in this Model, need to be looked into, in connection with their potential for criminal conspiracy crimes.

Instead, as regards the other offences referred to in Decree 231, it was concluded that, in consideration of PEG's core business, the potential commission of offences in the interest or to the advantage of the Company was not reasonably grounded. Therefore, a reference to the principles set out in the Code of



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Ethics was deemed exhaustive, whereby all the Recipients are obliged to comply with and abide by the principles for the protection of the individual, correctness, morality and respect of the law.

Stage 3 – The risk interviews and analysis

The interviews with the top management and with the persons in charge of the activities and processes carried out and performed within the Company, and identified as at risk of criminal behaviour, have made it possible to:

- further investigate and look into the ambits and areas in which the Predicate offences could - potentially at least - be committed;
- verify the control and monitoring activities currently in place;
- further investigate the delegation of authority system;
- verify the existence of operational practices and procedures applied but never been formalised within the procedures;
- carry out and conduct a preliminary assessment of the suitability of the operational procedures to protect from the commission of Predicate offences;
- make an initial assessment of the suitability and, indeed, the adequacy of the inflow of information and of the document filing, archiving and tracking system.

The activities carried out have allowed the identification of the necessary requirements for the realisation of a Model suited to preventing criminal behaviour and, indeed, the commission of the Predicate offences, in relation to the specific nature of the Company. In particular, the processes/activities at risk of criminal behaviour, identified together with the existing control measures and procedures currently in place, i.e. already adopted by the Company, have been compared with the requirements set out in Decree 231, with a view to identifying any shortcomings in the system (this is known as a “gap analysis”). Where at-risk processes/activities have been identified with inadequate controls, steps have been taken for the purpose of identifying the best measures for concretely - i.e. effectively - preventing the potential risks from becoming real risks, taking into account the existence of the current applicable operational rules or which are even only observed in the current operational practice.

In the ambit of each specific Procedure, as contained in the previously mentioned risk analysis, the possible improvements are lists, as they emerged from the interviews themselves, capable of strengthening the structure of the control systems within the Company, or of constituting an obstacle to the commission of the Predicate offences (i.e. hindering and therefore preventing any criminal behaviour).

These possible improvements are detailed and have been assessed within a document and ordered based on priority, with reference to both the adjustment to Decree 231 and the improvement of the Company’s organisational structure.

The entire documentation produced in connection with the above stages is available for perusal at the Company headquarters.

Stage 4 – Definition of the Model

Based on the work outlined hereinabove, PEG drafted this document, which constitutes the Organisation, Management and Control Model of the Company, pursuant to Article 6 of Decree 231.

The Model identifies a set of preventive procedures or rules (guidelines), general principal and specific audit and control procedures deemed suitable to govern and prevent the identified risks.



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A disciplinary and sanctioning system was also adopted, for the purpose of ensuring observance of the rules and procedures set out in the Model.

Lastly, another integral part of the Model is the Code of Ethics, as better described in paragraph 2.6.

3.2 Adoption of the Model

The Board of Directors of PEG resolved to adopt the first version of the Model on 10 December 2013, for the purpose of preventing the commission of the Predicate offences, improving the governance and oversight of the management and promoting a culture of ethics and corporate transparency, and therefore also adopted a Code of Ethics.

Furthermore, PEG set up a Supervisory Body, with the task of supervising the operation, effectiveness and observance of the Model and providing for its update, consistently with any regulatory and corporate changes, as better specified in paragraph 4 below.

PEG guarantees that the Model will be continuously updated to ensure its continued suitability and adequacy in preventing the committing of the offences set forth in the Decree (see sec. 7 below).

PEG considers compliance with the laws, regulations, and principles expressed in the Code of Ethics and in this Model to be an essential condition for increasing the company's value over time, wherever it operates.

Therefore, in compliance with the organisational, managerial, and operational autonomy of the companies that are part of the Group, the Company promotes the adoption and implementation of Models or similar Compliance Programs, consistent with the principles of prevention for the administrative responsibility of entities, subsidiaries, and branches, including those with offices abroad, taking into account the particular regulatory situations and specific risk profiles connected with their individual operations.

With regard to the establishment of new associative arrangements on a national and international basis, PEG ascertains if the partners are compliant with Legislative Decree 231/2001 or if they have adopted similar compliance models.

4. SUPERVISORY BODY

4.1 Structure of the Supervisory Body

In order to qualify for exemption from administrative liability, in accordance with Article 6, paragraph 1, of Decree 231, a Company must mandatorily set up an internal body - the "Supervisory Body" abbreviated as "SB" - endowed with independent powers of initiative and control, enabling it to supervise the operation and observance of the Model and provide for its updating.

The collegial structure of the Supervisory Body is seen as the best guarantee for enabling it to best perform its duties.

The members of the SB must have an in-depth knowledge of the Company and, at the same time, they must be authoritative and independent, to ensure the credibility and cogency of the SB and its functions.

Following is an overview of the key requirements the SB must possess in order to be considered suitable to performing its role:

- Autonomy and independence

The requirements of autonomy and independence are of fundamental value, to ensure that the SB is not directly involved in the management activities of the Company, which it is called to oversee. Therefore, the SB must be granted the greatest possible independence from the management, to ensure maximum effectiveness and impartiality of judgement. These requirements may be achieved by ensuring that the SB enjoys the highest possible hierarchical influence, also by introducing it as a staff unit in a superior position in the Company's organisation, and providing for top management level reporting activities.

The members of the SB should not be in conflict of interest with the Company and should possess the requirements of independence and honour, as set out in the applicable regulations for the members of the Board of Statutory Auditors. In particular, the SB is independent insofar as its members do not have financial relations with the Company; in derogation of the above, to enable the SB to obtain the in-depth corporate knowledge needed to carry out the control functions, it may include members with professional relations with the Company, provided that they liaise directly with the Board of Directors and/or its chairperson. The following cannot be or become members of the SB and, if appointed, shall forfeit their office:

- persons to whom Article 2382 of the Civil Code apply, or who have been debarred from public office, either permanently or temporarily, or persons held, by a court of law, to be unfit for a management position;
- the spouse, relatives and in-laws within the fourth degree of the directors of the Company, the directors, their spouse, relatives and in-laws within the fourth degree of the directors of the companies controlled by the Company, the Company's controlling companies and any jointly controlled companies.
- Professionalism
The SB members must be professionally qualified for the functions they are called to perform. These characteristics, combined with their independence, shall guarantee their objective judgement.
- Continuity of action
The SB shall:
 - oversee the Model on a continuous basis with the necessary powers of investigation;
 - be an internal structure suited to ensuring the continuity of the oversight activities;
 - provide for the implementation of the Model and ensure that it is constantly updated.

4.2 Appointment, membership, forfeiture and dismissal of the Supervisory Body

The SB is appointed by resolution of the Board of Directors, which shall define its structure, appoint its members and determine their term of office and remuneration.

Regarding the membership of the SB, PEG, having completed the assessment of its structural, operational and business characteristics of the Company, has opted - from among the solutions proposed in both theory and practice, and consistently with the Confindustria Guidelines - for the appointment of a multi-member body.

In particular, the SB of PEG consists of three external professionals.

The selection of the three external professionals, who are experts in the fields referred to in Decree 231 (such as, by way of example, legal matters, business management, accounting, taxation, internal auditing) and do not have any financial or professional ties with the Company and may, therefore, ensure the necessary competences and full independence.

Therefore, all the members of the SB have absolutely no relations with the Company's organisation.

The members of the SB shall possess the requirements referred to in paragraph 4.1 above, and shall not be incompatible with the position of member of the SB, as also specified therein. They are also duty-bound to inform the Board of Directors, as soon as possible, if they no longer possess the requirements or become incompatible with the position.

Loss of the requirements for appointment to the position of member of the SB shall result in forfeiture of and withdrawal from the office of the individual members concerned, but shall not result in the forfeiture and withdrawal of the other members of the SB. The Board of Directors may also decide to dismiss the members of the SB, for justified reasons, having consulted with the Board of Statutory Auditors.

In conformity with the principles of Decree 231, the SB may appoint consultants, from inside or outside the Company, although it, and it alone, shall be and remain responsible for overseeing the Model.

The Board of Directors provides the SB with an annual budget to allow it to meet specific demands and also to guarantee its autonomy and continuity.

4.3 Tasks, duties and powers of the Supervisory Body

The SB has the following tasks:

- to examine the adequacy of the Model, in relation to the Company's organisation, i.e. to determine whether or not it is effectively capable of preventing the commission of the Predicate offences;
- to supervise the effectiveness of the Model, i.e. to verify the consistency between the actual behaviour of the persons concerned and the rules set out in the Model;
- to ensure that the Model maintains its soundness and functionality over time;
- to update the Model, as needed, i.e. to adapt it to changes in the regulatory framework and/or the Company, or in connection with any significant violations of the requirements set out therein.

In particular, from a purely operational point of view, the SB is responsible for carrying out the following activities:

- to implement the control procedures for verifying the full and effective operation of the Model, specifying that, in any case, the top management of the Company has primary responsibility for the control activities, which are considered an integral part of the corporate processes ("line controls");
- to survey and inspect the Company's activities, for the purpose of updating the map of at-risk corporate activities and processes;
- to coordinate with the corporate functions, for monitoring activities in the areas at risk;
- to consider any Model updates;
- to periodically inspect specific operations or activities carried out in the areas at risk, even without prior notice;
- to collect, process and keep all significant information regarding the observance of the Model, and to update the list of information that needs to be disclosed or made available to the SB;

- to control the existence and regularity of the documentation required in connection with the Model;
- to establish a dedicated electronic mailbox for receiving from the corporate structures requests for clarification, in respect of doubtful cases, problematic issues and requests for action, in connection with the implementation of the Model;
- to promote actions to circulate the Model, train employees and raise awareness among them on the observance of the contents of the Model;
- to periodically report to the corporate bodies of the PEG on the implementation of the policies in support of the activities carried out in conformity with Decree 231;
- to assess any reports of possible violations of and/or failures to observe the Model;
- to conduct investigations into the possible violations of the Model;
- to report to the Board of Directors any failures found and to propose the application of the sanctions provided for by the sanctioning system;
- to monitor developments in the relevant regulatory framework.

In performing their duties, the members of the SB shall have unrestricted access, at any PEG function, to all the information, data and documents deemed necessary for the performance of their tasks, without the need of prior authorisation.

The activities carried out by the SB may not be questioned by any other corporate body or structure, albeit without prejudice to the Top Management's duty to supervise the overall adequacy and timeliness of the SB's actions, since the former is ultimately responsible for the operation and effectiveness of the Model.

It should be noted that, the establishment of the SB shall not affect the powers and responsibilities of the Company's top management, under the Civil Code, or its powers and responsibilities relating to the adoption and effectiveness of the Model and to the establishment of the SB [Article 6, paragraph 1, letter a) and b) of Legislative Decree 231/2001].

The Board of Statutory Auditors, in consideration of its duties, shall be one of the "institutional" partners of the SB. The Auditors, in fact, shall be responsible for assessing the adequacy of the internal control system and shall be constantly informed about any criminal behaviour within the Company, in respect of the Predicate offences, and any shortcomings of the Model.

4.4 Information flows to the Supervisory Body

Decree 231 provides for the mandatory reporting of information to the SB.

In particular, the information flows to the SB shall concern all the information and documents to be made available to the SB, in accordance to the Procedures set out in the special section, as well as reports relating to the implementation of the Model, the commission of the Predicate offences, or of any other behaviour not in line with the corporate procedures and the rules of conduct adopted by the Company, and any information regarding any - potential - responsibility of the Company, in relation to Decree 231.

The corporate reporting activities may be summarised as follows:

- periodical reporting: regarding all the information requested by the SB from the individual organisational and management structures. The timelines and procedures relating to periodical reporting shall be defined in more detail by the SB;
- occasional reporting: regarding all the information, also from third parties, with regard to the implementation of the Model and the observance of the requirements set out in Decree 231, which may be significant for the performance of the SB activities.

In order to facilitate the supervisory activities, with regard to the effectiveness of the Model, the following information must be mandatorily transmitted to the SB:

- information of any kind, sort of nature from police sources, or other authorities, relating to investigations concerning persons, companies, and any third parties in general, apart from the said persons and companies, who maintain relations with PEG, in respect of the offences referred to in Decree 231;
- requests for legal assistance made by managers, employees or other persons legally entitled to do so, in the case of the initiation of legal proceedings for the offences referred to in Decree 231;
- any information relating to compliance, at all corporate levels, of the Model, highlighting any disciplinary proceedings incepted and any sanctions applied, or dismissals of actions, with the relevant reasons;
- reports prepared by the chiefs of other corporate functions, in connection with their control activities, containing any significant information, with respect to facts, actions, events or omissions related to the provisions of Decree 231;
- information relating to any violations of the management and control procedures directly or indirectly referred to in the Model.

Furthermore, it shall be the duty of the corporate functions or structures to provide periodical information to the SB on the following matters, given by way of example only:

- decisions relating to the applications for and the payment and use of public financing;
- summary tables of the contracts awarded to PEG, in connection with national and international procurement and tendering procedures or negotiations with private clients;
- information relating to contracts awarded by public entities or entities operating in the public interest;
- the delegated authority system of PEG;
- indicators of any anomalies relating to the management control, administration and treasury (financial) activities;
- operations concerning the Company's share capital;
- extraordinary operations;
- criticalities or conflicts of interest, in connection with the management of privileged information;
- documents relating to the identification/assessment of health and safety at work risks;
- results of the verification activities, non-conformities and problems found in connection with health and safety at work;



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- accidents at work.

Each corporate function or structure shall make available all the documents relating to the information transmitted to the SB, which may, however, independently request the function or structure to provide further information of a periodical nature, or information relating to specific situations.

All the information, documents and reports collected in connection with its institutional tasks and duties shall be filed and kept by the SB, which must keep them strictly confidential and in accordance with the applicable personal data protection regulations.

To facilitate the aforementioned flow of information, PEG has established a dedicated communication line, which can be reached at odv@pegitaly.it.

4.5 Reporting by the Supervisory Body

The SB ensures communication through the following reporting lines:

- continuous reporting, to the Chairperson of the Board of Directors, with regard to any circumstances the reporting of which is deemed necessary and expedient, for the fulfilment of its activities;
- periodical reporting, to the Board of Directors and the Board of Statutory Auditors, by means of an annual report of the activities carried out, the audits and inspections performed, the reports received, the violations committed and related disciplinary measures, the planning of audits and inspections and the implementation status of the Model by the Company;
- occasional reporting, to the Board of Directors and the Board of Statutory Auditors, if and when the SB becomes aware or is informed of any serious circumstances, in connection with its activities, or behaviour or activities that conflict with the corporate procedures and such as to expose the Company to the risk of commission of the Predicate offences. This information shall also concern any facts relating to or behaviour by members of the corporate bodies and the senior officers of the Company.

The SB may also receive requests for information and/or clarification from the Board of Directors, the Board of Statutory Auditors and the Auditing Firm, and it may also be summoned or ask to be heard, at any time, by the Board of Directors and the Board of Statutory Auditors.

Finally, the SB, during the performance of its institutional activities, shall also communicate with the managers in charge of the areas or processes at risk of criminal behaviour, as identified herein, to request information and clarification and to receive support documents, with respect to its requests.



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4.6 Whistleblowing

In compliance with Legislative Decree No. 24 of March 10, 2023 (Whistleblowing Decree), PEG has adopted a whistleblowing management procedure aimed at protecting individuals who report violations of national or European Union regulations that harm the public interest or the integrity of public administration or private entities, of which they have become aware in a public or private work context.

The reporting system is also relevant for the purposes of Legislative Decree No. 231 of June 8, 2001, in that it includes mechanisms for internal reporting of violations of the 231 Model, illegal acts related to predicate offenses for administrative liability, applicable sanctions, and protection against retaliation in relation to such reports.

The procedure also complies with personal data protection legislation, particularly the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council, dated April 27, 2016 (GDPR), concerning the protection of natural persons regarding the processing of personal data. In accordance with the Whistleblowing Decree, the Company has activated an internal reporting channel that, via a dedicated platform, enables the electronic submission of written and oral reports (through a voice messaging system) and guarantees - using encryption and/or voice alteration tools - the confidentiality of the identity of the Whistleblower, the Involved Person, and any person mentioned in the Report, as well as the content of the Report and related documentation.

The platform is accessible through PEG's website in a dedicated section.

The Supervisory Body (OdV), as the recipient and manager of Whistleblowing Reports, is responsible for receiving, analyzing, and verifying reports while maintaining the confidentiality of acquired information, providing feedback to the whistleblower as required by law, and concluding investigations within the established timeframe.

Confidentiality of the whistleblower is ensured from the receipt of the report and throughout subsequent stages to the extent permitted by applicable regulations.

Moreover, PEG promotes initiatives and adopts appropriate measures to prevent retaliatory, discriminatory, or any other form of penalization, whether direct or indirect, against the whistleblower for reasons related to the report. Any discriminatory or retaliatory conduct may be reported to ANAC.

It should be noted that submitting an anonymous Whistleblowing Report may make it more difficult to verify the reported conduct and engage in dialogue between the Manager and the Whistleblower, thereby potentially compromising the utility of the Report itself. In accordance with the Decree and to prevent potential abuses, PEG has established specific penalties for those who violate the whistleblower protection measures, as well as for the Whistleblower when (excluding cases specifically provided for by the Whistleblowing Decree) they are found to be responsible for: (i) criminal liability for defamation or slander, even at the first instance, or for the same offenses committed by reporting to the judicial authority; or (ii) civil liability, on the same grounds, in cases of willful misconduct or gross negligence (see section 6.6 below).

Additionally, under the Decree, those responsible for the following conduct are subject to monetary fines (ranging from €10,000 to €50,000):

- Retaliatory actions against the Whistleblower or Connected Persons in relation to Reports;
- Obstructing or attempting to obstruct the submission of a Report;



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- Violating confidentiality obligations under the Procedure and the Whistleblowing Decree;
- Failure to establish reporting channels according to the requirements of the Whistleblowing Decree;
- Failure to adopt a procedure for making and managing reports or failure to ensure its compliance with the Whistleblowing Decree;
- Failure to verify and analyze received Reports.

For the use of the external reporting channel or for public disclosure, please refer to the ANAC guidelines and official website.

Whistleblowing training is included in the compliance training plans provided by the Company.

5. EMPLOYEE INFORMATION AND TRAINING

In order to ensure the effective implementation and disclosure of this Model, PEG aims to ensure that its present and future human resources become perfectly aware of and acquainted with the Company's principles and rules of conduct, with a different degree of detailed knowledge in relation to the different level of involvement of the human resources concerned in the sensitive activities and processes.

The training and information system is put into place by the Human Resources structure, in partnership with the managers of the structures involved, each time, in the application of the Model, also in coordination with the SB.

The Employees and collaborators are under the obligation to take part in the information and training programs and activities, which are an integral part of their employment obligations.

Information

The adoption of this Model is notified to all the human resources working at the Company and posted in the corporate intranet. Any intervening changes to and information about the Model are also disclosed through the same communication channels.

Newly hired employees, instead, are given a paper and/or digital copy of the Model (including the Code of Ethics), together with specific information on the subject. They are then required to sign a specific form, as acknowledgement, acceptance and receipt of the Model.

Training

The training activities, aimed at disseminating knowledge of Decree 231, differ, with regard to content and methods (including e-learning), depending on the qualifications of the trainees, the level of risk in which they operate, and whether or not the trainees have representative functions of the Company and have been vested with specific authority and powers.

Therefore, PEG has established different levels of training, based on different methods and tools (such as, by way of example, seminars, information notes).

Employee training is carried out as follows.

a) Directors, executives managers and/or Company representatives.

These roles are trained based on an initial seminar and periodical training/refresher courses, which are also attended by any newly-hired managers and/or staff members with representation powers.



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The function managers are responsible for circulating knowledge about the Model through adequate training activities.

b) Employees in general

PEG employees are trained on the basis of a so-called internal “information note” which, in the case of newly-hireds, is attached to the letter of employment, and on the basis of an initial training seminar and periodical training/refresher courses.

c) Third parties (consultants, collaborators and suppliers)

All external parties (consultants, freelance collaborators, suppliers, agents, partners, etc.), who work with the Company in any capacity, are also suitably informed as to the adoption by PEG of the Model and Code of Ethics. These parties are requested to become acquainted with the requirements of Decree 231, and to formally commit themselves to comply with and abide by the provisions set out in the relevant documents.

Furthermore, when the contracts entered into with these parties are renewed, specific clauses are introduced allowing the Company to terminate the contract for any violations of the Model and Code of Ethics, or of the provisions set out in Decree 231. All the contracts entered into after the date of adoption of this Model shall contain, where possible, the so-called “Clause 231”, attesting to knowledge of Decree 231 and providing for the commitment to abide by the provisions of the Model and Code of Ethics adopted by PEG.

6. DISCIPLINARY SYSTEM

The Model’s effectiveness is linked to and depends on the adequacy of the disciplinary and sanctioning system put into place in connection with the violation of the rules of conduct and, generally speaking, of the internal procedures and regulations.

Pursuant to Article 6, paragraph 1, letter e) of Decree 231, the establishment of an effective system of sanctions is a prerequisite for the Company’s exemption of liability, with respect to the Model.

The application of disciplinary measures shall be distinct from any penalties applied by the competent criminal and administrative courts, as well as from any legal proceedings; the aim of the sanctions provided for under the system, in fact, is to suppress any violations of the Model, for the purpose of preventing the commission of criminal and administrative offences, by rooting in the PEG employees and collaborators the awareness that the Company is firmly committed to pursuing and prosecuting any breaches of the rules introduced to ensure the proper and lawful performance of the tasks and/or duties assigned to them.

All disciplinary sanctions shall be commensurate with the gravity of the violations and the re-iteration thereof.

Disciplinary proceedings shall be initiated each time any violations of the Model are found by the SB during the performance of its functions.

Based on the report by the SB of any violations of the Model, as provided in paragraph 4 above, the relevant disciplinary proceedings shall be initiated by the Administration and Finance Department - Human Resources Structure. The Department is also responsible for applying the disciplinary sanctions.

The liability associated with any violation of the Model shall be established and the relevant sanctions applied in accordance with the applicable laws and respecting the dignity of the persons involved.



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For the purpose of abiding by Decree 231, the following behaviour/actions shall be considered relevant, in view of the adoption of disciplinary and contract measures, by way of example only:

- behaviour or actions that do not conform to the Model, or the failure to comply with the Model, in connection with the performance of the activities at risk of the commission of the Predicate offences;
- behaviour or actions that do not conform to the principles set out in the Code of Ethics, or the failure to comply with the Code of Ethics, in connection with the performance of the activities at risk of the commission of the Predicate offences.

6.1 Measures applicable to employees

The violation, by the Company employees (meaning all persons bound to the Company under an employment contract), of the rules of conduct set out in this Model, shall be considered to be in default of the obligations under the employment contract and, therefore, shall be viewed as a disciplinary offence.

The sanctions provided for in the applicable regulations and collective labour agreements shall be applied to the employees. The violations shall be established and the relevant disciplinary proceedings initiated by the Administration and Finance Department - Human Resources Structure, in accordance with the applicable collective labour agreement, the corporate procedures and the applicable regulations.

The disciplinary sanctions set out in the applicable collective labour agreement (CCNL Industria Metalmeccanica Privata – Art. 8), in ascending order, are:

- a verbal warning;
 - a written warning;
 - a fine not exceeding three hours' pay, up to no more than three days;
 - suspension from work and pay, for no more than three days;
 - dismissal, with or without notice.
1. Incurs the measure of "verbal warning" the employee who violates any of the internal procedures referred to in the Model (e.g., who fails to observe the prescribed procedures, fails to notify the Supervisory Board of the prescribed information, fails to carry out due checks, etc.), or adopts in the performance of activities in sensitive areas a behavior that does not comply with the requirements of the Model itself. Such conduct constitutes non-compliance with the provisions issued by the Company.
 2. Incurs the measure of "written warning" the employee who is a repeat offender in violating the procedures referred to in the Model or in adopting, in the performance of activities in sensitive areas, behavior that does not comply with the requirements of the Model. Such behavior constitutes repeated non-compliance with the provisions issued by the Company.
 3. Incurs the measure of "fine", not exceeding the amount of 3 hours of normal pay, the employee who in violating the procedures referred to in the Model, or adopting in the performance of activities in sensitive areas a behavior that does not comply with the requirements of the Model, exposes the integrity of corporate assets to a situation of objective danger. Such behaviors, carried out with failure to comply with the provisions issued by the Company, result in a situation of danger to the integrity of the Company's assets and/or constitute acts contrary to the interests of the Company.
 4. Incurs the measure of "suspension" from work with related curtailment of pay for a period not exceeding 3 days the employee who in violating the procedures referred to in the Model, or adopting in the performance of activities in sensitive areas a behavior that does not comply with the requirements of the Model, is recidivist more than the third time in the calendar year in the failures referred to in points 1, 2 and 3. These behaviors, put in place due to failure to comply with the



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provisions issued by the Company, result in damage to the Company and, in any case, constitute acts objectively contrary to the interests of the Company.

5. Incurs the measure of "dismissal with notice" the employee who adopts, in the performance of sensitive activities, a behavior that does not comply with the requirements of the Model and unequivocally directed to the commission of an offense sanctioned by the Decree. A similar sanction shall be applied against anyone who makes, with malice or gross negligence, reports of violations of the Model and of the commission of the crimes provided for by Legislative Decree 231/2001 that prove to be unfounded, and against anyone who engages in direct or indirect acts of retaliation or discrimination against anyone who has made reports of violations of the Model and of the commission of the crimes provided for by Legislative Decree 231/2001. All of the above behaviors constitute a serious failure to comply with the provisions issued by the Company and/or a serious violation of the employee's obligation to cooperate in the development of the Company.
6. Incurs the measure of "dismissal without notice" the employee who adopts, in the performance of activities in sensitive areas, a behavior in violation of the requirements of the Model, such as to determine the concrete application against the Company of the measures provided for in the Decree, as well as the employee who is recidivist more than the third time in the calendar year in the failures referred to in paragraph 4. Such behavior radically undermines the Company's trust in the employee, constituting serious moral and/or material harm to the Company.

In any case, the sanctions are commensurate with the level of responsibility and autonomy of the employee, the intentionality of the behavior, and the seriousness of the behavior, by which is meant both the relevance of the obligations violated and the effects to which the Company can reasonably be considered exposed, also pursuant to and for the purposes of the Decree. If more than one infraction, punished with different penalties, is committed by a single act, the most serious penalty shall be applied. Repeat offenses over the course of three years automatically result in the application of the immediately more serious sanction.

The Head of the Administration and Finance Department shall notify the disciplinary decisions made to the SB, which shall then - in partnership with the Administration and Finance Department - Human Resources Structure - monitor the application of the relevant sanctions.

6.2 Measures applicable to managers

Compliance by the managers of PEG with the provisions set out in the Model, and their obligation to ensure compliance with the Model, is a prerequisite of their employment relationship and an example for all their subordinates.

The managerial relationship is characterized by the eminently fiduciary nature between the employee and the employer. The executive's behavior is reflected not only within the Company but also externally, for example in terms of image with respect to the market. Compliance by the Company's managers with the provisions of this Model and the Code of Ethics and the obligation to make other employees comply with the provisions of these documents are essential elements of the managerial working relationship, constituting an incentive and example for all those who report hierarchically to them.

Any breaches of the Model and/or the Code of Ethics shall be established and the relevant disciplinary proceedings initiated by the Administration and Finance Department - Human Resources Structure, in accordance with the applicable collective labour agreement and the corporate procedures.

In the case of a violation, by a manager, of the Model or a behaviour, in the performance of actions included among the so-called activities and processes at risk, that does not conform to the requirements



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of the Model, or if the manager allows his or her subordinates to behave in a manner that does not conform to the Model and/or violates the Model, sanctions shall be applied that are commensurate with the manager's position, in accordance with the applicable regulations and collective labour agreement and any internal agreements relating to the managers.

6.3 Measures applicable to the Directors

The Company evaluates with extreme rigor breaches of this Model put in place by those who represent the top management of the Company and thus manifest its image to institutions, employees, shareholders and the public. The formation and consolidation of corporate ethics sensitive to the values of fairness and transparency presuppose, first and foremost, that these values are acquired and respected by those who guide corporate decisions, so as to set an example and stimulate all those who, at any level, work for the Company.

In the case of violation, by the Directors of the Company, of the internal procedures set out in the Model and/or in the Code of Ethics, or the adoption, in the performance of their duties, of measures that contrast with the provisions or principles set out in the Model, the SB shall promptly notify the Board of Directors and Board of Statutory Auditors to this effect, who shall take the necessary measures, in accordance with the applicable law.

6.4 Measures applicable to the Auditors

In the case of violation, by the Auditors, of the internal procedures set out in the Model, or the adoption, in the performance of their duties, of measures that contrast with the provisions or principles set out in the Model, the SB shall promptly notify the Board of Statutory Auditors and Board of Directors to this effect, who shall take the necessary measures, in accordance with the applicable law.

6.5 Measures applicable to the consultants, freelance collaborators, suppliers and partners

Any violation, by the consultants, freelance collaborators, suppliers, partners, etc., i.e. by parties operating on their behalf, of the rules and lines of conduct set out in the Model adopted by PEG they are obliged to comply with, or commission, by them, of the Predicate offences shall be sanctioned in accordance with the specific clauses introduced in the relevant contracts, which must be expressly approved and accepted and must empower the Company to terminate the contract, or, alternatively, to request the performance of the contract, without prejudice to compensation of any further damages.

6.6 Measures related to Whistleblowing

The Decree provides for a specific form of liability for those who, through malice or gross negligence, report illegal or irregular conduct that turns out to be unfounded (see sec. 4.6 above).

In compliance with what is set forth in Procedure PE10000-00-PR-0007 Rev. 2 *Requirements for the management of reports of unlawful or irregular conduct (whistleblowing)*, any form of abuse such as unfounded reports made with malice or gross negligence, manifestly opportunistic ones, and/or those made with the sole purpose of causing harm to the reported subject or others, as well as any case of improper use of the violation reporting system are censurable in disciplinary proceedings.

Any form of disciplinary liability shall be proportionate to the unfoundedness of the report, the behaviour reported, and the activity and expenses incurred by the Company in dealing with it. In this case, the measures set forth in the previous points will apply according to the reporting party's role.

There are also penalties in place for those who violate the measures protecting the reporting party.



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7. UPDATING THE MODEL

Since the Model, according to Article 6, paragraph 1, letter a), of Decree 231, is “*subject to issue by the corporate governance body*” it shall, therefore, be approved by the Board of Directors.

If it becomes necessary to materially amend and supplement the Model, the relevant changes must first be approved by the Board of Directors.

Updating activities shall aim to ensure the adequacy and suitability of the Model, in respect of its function to prevent the commission of Predicate offences. Responsibility for updating the Model lies with the SB, in accordance with the provisions herein.