

**ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT
TO LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001**

GENERAL SECTION

*Approved by the Board of Directors
of MBDA ITALIA S.p.A.
on the 30 june 2025*

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1. LEGISLATIVE DECREE 231/2001 AND CONFINDUSTRIA GUIDELINES

1.1 The Decree – general principles

Italian Legislative Decree no. 231 of 8 June 2001 hereinafter also referred to as Leg. Decree 231/01, containing the “*Regulations on the administrative responsibility of legal persons, companies and associations, including those without legal status*”, was issued to implement the act pursuant to art. 11 of law no. 300 of 29 September 2000, when the internal law was adapted to a number of international conventions¹.

In particular, the Decree introduced a new liability system in the Italian legal system – which is referred to as “administrative” but is characterised by aspects of purely criminal relevance² – against entities (e.g. companies), resulting from the commission or attempted commission of specific categories of crime³, in the interest or for the benefit of the entities in question (the articles in question are summarised below, as indicated in the Decree):

- a) Misappropriation of funds, fraud against the State, a public body or the European Union or for the purpose of obtaining public grants, computer fraud against the State or a public body and fraud in public procurement (Article 24, Leg. Decree 231/01);
- b) Cyber crimes and unlawful processing of data (Article 24-bis Italian Legislative Decree 231/01);
- c) Organised crime (Art. 24-ter, Leg. Decree 231/01);
- d) Embezzlement, misappropriation of money or movable property, extortion, undue inducement to give or promise benefits, bribery (article 25, Leg. Decree 231/01)⁴;
- e) Forgery of money, public credit cards, revenue stamps and identification instruments or signs of recognition (article 25-bis of Leg. Decree no. 231/01);
- f) Offences against industry and commerce (article 25-bis.1, Leg. Decree 231/01);
- g) Corporate offences (article 25-ter Leg. Decree No. 231/01⁵);

¹ Delegation law no. 300 of 29 September 2000, ratifies and implements a number of international acts, drawn up on the basis of the Treaty on the European Union, including:

- the Convention on the protection of the financial interests the European Communities, (Brussels, 26 July 1995);
- the Convention on the fight against corruption involving officials of the European Communities or officials of the EU Member States, (Brussels, 26 May 1997);
- the OECD Convention on combating bribery of foreign public officials in international business transactions (Paris, 17 December 1997).

² The nature of the type of liability introduced into our legal system by Legislative Decree 231/01 has been the subject of extensive debate: the afflictive nature of the penalties that may be imposed on the entity, the fact that such liability arises as a result of having committed a crime and is ascertained in the context of a criminal trial against the actual perpetrator of said crime, strengthen the opinion of those who consider this to be a “semi-criminal” liability or a “tertium genus” that combines the essential characteristics of the criminal and administrative systems in an attempt to reconcile the alleged preventive effectiveness with the, even more inescapable reasons, of maximum guarantee” (Explanatory Note).

³ The complete list of crimes for which administrative liability is applicable is reported in Annex 1 of the Model.

⁴ It also includes the crimes of abetting corruption and influence peddling.

⁵ Includes private-to-private corruption crimes and abetting private-to-private corruption.

- h) Crimes committed for the purpose of terrorism or subversion of the democratic order (Article 25 *quater* of Leg. Decree No. 231/01);
- i) The practice of mutilation of female genitals (Article 25-*quater*.1, Leg. Decree 231/01);
- j) Crimes against the individual (Article 25-*quinquies*, Italian Legislative Decree 231/01).
- k) Market abuse crimes (Article 25-*sexies*, Italian Legislative Decree 231/01);
- l) Manslaughter and serious or very serious injuries, committed in violation of the rules on workplace health and safety (Article 25-*septies*, Leg. Decree 231/01);
- m) Receiving stolen goods, money laundering and use of money, goods or benefits of illegal origin, including self-laundering (Article 25-*octies* of Leg. Decree 231/01).;
- n) Crimes relating to non-cash payment instruments and the fraudulent transfer of assets (Article 25-*octies*.1, Leg. Decree 231/01);
- o) Crimes relating to infringement of copyrights (Article 25-*novies*, Leg. Decree 231/01);
- p) Incitement not make statements or to make false statements to the judicial authorities (Article 25-*decies* of Italian Leg. Decree 231/01);
- q) Environmental crimes (Article 25-*undecies* Italian Leg. Decree 231/01);
- r) Employment of third-country nationals residing without authorisation (Article 25-*duodecies* of Leg. Decree No. 231/01).
- s) Racism and xenophobia (art. 25-*terdecies* of Legislative Decree 231/01);
- t) Fraud in sporting competitions, illegal gambling or betting and gambling exercised by means of prohibited devices (Article 25-*quaterdecies* of Legislative Decree No. 231/01);
- u) Tax offences (Article 25-*quinquiesdecies* of Legislative Decree No. 231/01);
- v) Transnational crimes (Law no. 146 of 16 March 2006, , articles 3 and 10);
- w) Smuggling (art. 25-*sexiesdecies* of Legislative Decree 231/01).
- x) Crimes against cultural heritage (art. 25-*septiesdecies* of Legislative Decree 231/01);
- y) Recycling of cultural assets and devastation and looting of cultural and landscape assets (art. 25-*duodevicies* of Legislative Decree 231/01).
- z) Offences against animals (art. 25-*undevicies* of Legislative Decree 231/01)

According to the provisions of the Decree, the entity is liable for crimes committed in its interest or to its advantage by:

- persons who hold a senior position, intended as "*persons who cover positions of representation, administration or management of the company or of an organizational unit thereof endowed with financial and functional autonomy, as well as by persons exercising, both as to fact and law, the management and control of the company*" (article 5, paragraph 1, a) of the Decree;
- persons who are under the management or supervision of a person who holds a senior position (so-called "*persons under the management of others*"; article 5, paragraph 1, subparagraph b) of the Decree).

The **penalties** set forth by law against Entities who commit or attempt to commit the specific offences mentioned above are:⁶:

- financial penalties;
- interdiction/prohibition measures: such as, stopping the company from carrying out its business; suspending or cancelling permits, licences or concessions that make it possible to commit the crime, forbidding the company to deal with the Public Administration, other than to obtain access to a public service; exclusion of facilitations, funds, contributions, or other benefits and cancelling the ones currently in place; stopping the company from advertising of goods and services;
- confiscation of the profit that the entity derived from the crime;
- publication of the judgment.

As for the type and duration - minimum of three months and maximum of two years - of the interdiction measures, these are established by the judge taking into account the seriousness of the fact, the degree of responsibility of the entity, the activity carried out by the latter to eliminate or mitigate the consequences of the illegal act and to prevent further crimes from being committed.

Different penalties are provided for companies that commit crimes of embezzlement, extortion, undue incitement to give or promise benefits and corruption, where the interdiction measure is applied for a period of no less than four years and no more than seven years, if the crime is committed by one of the so-called "senior" officials, and for a period of no less than two years and no more than four, if the crime is on the other hand committed by one of the so-called "subordinate" persons (art. 25, paragraph 5 of the Decree).

The Decree also provides the application of precautionary measures such as the interdiction measures, attachment aimed at confiscation and seizure for protective and evidentiary purposes.

It should be noted, however, that the Entity is not liable, by express legal provision (article 5, paragraph 2, of the Decree) if the person who committed the crime acted solely in its own interest or that of third parties.

In the event of a crime committed by a person in a senior position, the entity is not liable if it is able to prove (article 6, paragraph 1 of the Decree) that:

- a. the management body adopted and effectively implemented suitable organisation and management models to prevent the type of crime that occurred before the crime was committed;
- b. the task of supervising the functioning, effectiveness and compliance with the models and updating said models has been entrusted to an internal body with independent powers of initiative and control (hereinafter also referred to as the Supervisory Body - SB);

⁶ The list of penalties applicable to each type of crime is reported in Annex 1 of the Model.

- c. the individuals who commit the crime by fraudulently evading the organizational and management models;
- d. there was no omission or insufficient supervision by the body referred to in subparagraph b).⁷.

A company with registered office in Italy may be held liable for crimes committed abroad (article 4 of the Decree).

The assumptions on which the liability of the company for crimes committed abroad is based, are:

- a. the crime must be committed abroad by an individual operatively connected to the Company, as provided by Article 5 paragraph 1, of the Decree;
- b. the company must have its registered office in the territory of the Italian State;
- c. the company may only be held liable in the cases and at the conditions provided by Articles 7, 8, 9 and 10 of the Italian Criminal Code.

Where the cases and conditions set forth in the above articles of the Italian Criminal Code exist, the Company is liable provided the State of the place where the offence was committed does not take action against it.

In cases where the law provides that the guilty party is punished at the request of the Minister of Justice, proceedings are taken against the company only if the request is also made against the latter.

1.2 The Confindustria Guidelines

The preparation of this Model is inspired by the Guidelines issued by Confindustria (hereinafter the Guidelines), which was last updated in June 2021 and the “*Consolidated principles for drawing up organizational models and the activity of the supervisory body and revision called for by Legislative Decree no. 231 of 8 June 2001*” (hereinafter the “Principles”) of February 2019, issued by the multidisciplinary Working Group composed by the National Council of Chartered Accountants, ABI, Confindustria and the National Council of Lawyers.

The Guidelines and the “Principles” establish the fundamental references for the development of the Model and in particular:

- identification of areas at risk, in order to establish the company areas/sectors where crimes might be committed;
- introduction of an internal control system able to reduce risks by adopting specific procedures.

⁷ The explanatory report of the Decree specifies in this regard: “we start from the presumption (empirically founded) that, in the case of a crime committed by a senior manager, the “subjective” requirement of the company’s liability [i.e. the so-called “organisational negligence” of the entity] is satisfied, given that the senior management expresses and represents the policy of the company; where this does not happen, it will be up to the company to demonstrate its extraneousness, and it may do this only by proving the existence of a series of concurrent requirements”.

Moreover, the Guidelines and “Principles” provide that the control system must be aligned with the following principles:

- verifiability, documentability, consistency and congruence of each operation;
- separation of functions (no one can independently manage all the stages of a process);
- the checks must be documented;
- introduction of an appropriate disciplinary system to apply penalties for violation of the rules and procedures provided by the Model;
- identification of a Supervisory Body whose main requirements are:
 - autonomy and independence;
 - professionalism and integrity;
 - continuity of action.

Another fundamental aspect in the construction of a Model indicated by the Guidelines is that of ensuring adequate information flows to comply with the obligation of providing information to the Supervisory Body (Section IV, para. 3 of the General Section of the Guidelines).

More specifically, this obligation appears to be addressed to company departments and officials, and in particular those identified as being most “*at risk*”, who are required to provide information to the Supervisory Body:

- periodically;
- to report anomalies or atypical situations ascertained in the information available or violations, even if only presumed, of the Model and the reference standards. In the latter case, the obligation is extended to all employees without following management hierarchy, without fear of reprisal.

2. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL AND THE CODE OF ETHICS

2.1 The introduction and aims of the Model

MBDA Italia S.p.A. (hereinafter MBDA Italia or the Company) - being aware of the need to spread and consolidate a culture of transparency and moral integrity and being aware of the importance of introducing an effective control system in activities at risk - following the introduction of the Decree, introduced on 26 July 2004, and systematically updated, this Organisation, Management and Control Model (the Model), compliant with the provisions of the Decree.

The aims of the Model are to:

- define a structured and organic system of tools to prevent and control the risk of committing the crimes provided by Legislative Decree 231/2001, hereinafter also referred to as “predicate offences” (listed in Annex no. 1);

- reiterate that MBDA Italia does not tolerate illegal conduct of any kind, irrespective of the scope of said conduct or the erroneous belief of acting in the interest or to the advantage of the Company;
- raise the awareness of all those who operate in the name, on behalf or in any case in the interest of MBDA Italia, that committing a predicate crime implies not only the application of measures sanctions against the agent, but also the applications of “criminal” measures against the Company, exposing it to financial, operational and image risks (for example, prohibition from carrying out its business activities, suspension or revocation of authorisations or licenses, prohibition from entering into contracts with the public administration, etc.);
- inform all those who work with the Company that any breach of the provisions of the Model will result in the application of penalties or termination of their contractual relationships;
- inform the recipients of the Model about the existence of such a system and the need for them to ensure that their conduct consistently complies with the principles contained therein.

2.2 The Company and its Governance Model

MBDA Italia is a company belonging to the MBDA Group, which operates in the sector of design, development and production of missiles and missile systems for national and foreign armed forces (army, navy, air force).

The MBDA Group is controlled by a French private law holding company (MBDA SaS), that is the sole shareholder of MBDA Italia, which in turn is owned by a complex corporate structure, referable to three shareholders operating in the aeronautical and defence sector: BAE Systems (37.5%), Airbus (37.5%) and Leonardo (25%).

MBDA Group is also characterised by an integrated structure (“Integrated Organisation”), consisting of different companies operating in individual countries (so-called “National Companies” or NatCo).

The corporate organisational chart at MBDA Italia level is developed on the basis of a broader integrated organisational chart at a Group level in which the various departments that operate in MBDA Italia (as also occurs in other NatCos) also answer to the Group Managements, while maintaining a national senior management structure.

MBDA Italia's *Corporate Governance*, based on the “traditional” model, is structured as follows:

- A) SHAREHOLDERS' MEETING, that deliberates, at ordinary and extraordinary meetings, on the matters reserved to the same by the Law or the Articles of Association.;
- B) THE BOARD OF DIRECTORS, which is vested with all powers for the management of the Company, with the authority to take any appropriate actions to attain the corporate purposes, excluding acts that are reserved – by law or the Articles of Association – to the Shareholders Meeting;
- C) THE BOARD OF AUDITORS, whose task is to monitor: a) compliance with the Law and the Articles of Association according to principles of correct administration; b) the adequacy of the organisational, administrative, and accounting structure adopted by the Company and how it actually functions, above all the reliability of the latter to correctly representing management facts;
- D) THE AUDITING COMPANY, appointed of for auditing purposes. This is carried out, as required by the current law, by an Auditing Firm registered with the special register appointed by the Shareholders' Meeting.

With respect to crime risk prevention system referred to in this Model, it is understood that any person, even those who operate in integrated level Managements, must ensure that his or her actions comply with the provisions contained herein and the BMS operating procedures applicable to MBDA Italia alone. On its part, MBDA Italia must report to the Group any critical issues arising from the application of guidelines that are in conflict with this Model.

2.3 The process for drafting and updating MBDA Italia's Model

The drafting and subsequent updates of the Model were carried out on the basis of a *Risk Assessment* process, consisting of different stages, in order to create a risk prevention and management system in line with the provisions of the Decree, the Confindustria Guidelines and the sole shareholder.

These stages can be summarised and subdivided as follows:

- 1) **Mapping of the activities at risk.** The objective of this phase is to analyse the business context, in order to map the areas of activity of the Company, and among these, to identify those in which the predicate crimes by the Decree might possibly be committed. The areas of activities at risk taken into account are both those that have a direct relevance in that they are activities that could constitute criminal conduct, and those that may have an indirect relevance for committing other crimes, in that they are instrumental to commit the same.
- 2) **Gap Analysis.** This stage therefore focused on the detection of existing internal control systems (formal protocols and/or practices adopted, possibility of verification, documentation or "traceability" of operations and controls, separation, and segregation of functions, etc.) in the areas at risk identified, through information obtained during interviews with the company officials and the examination of company documentation.
- 3) **Identification of proposals to improve the internal control system.** On the basis of the results obtained in the previous stage and a comparison with a theoretical reference model (consistent, amongst other things, with the Decree, the Guidelines, case law and the best national and international practices), the Company identified a number of areas of integration and/or improvement in the control system, against which actions were established and implemented.
- 4) **Drafting and updating the Model!** In consideration of the results of the above stages, the Company prepared and subsequently periodically updates this Document.

The Model is continuously monitored by the Supervisory Body in order to evaluate its application and effectiveness. The Model is updated if any irregularities are ascertained.

Adjustment and/or updating of the Model are expressly prescribed by article 6, paragraph 1, b) of the Decree, and are mainly carried out when

- new rules and laws are introduced;
- breach of the Model and/or checks to ascertain its effectiveness show negative results;
- changes to the organisation structure of MBDA Italia.

These interventions aim at maintaining the effectiveness of the Model in time, and are therefore of primary importance.

It should in any case be noted that the references to organisational structures and professional figures made in this General Section, in the event of internal changes to the company structure and until the Model is updated, are intended as made to the new structures or to the new professionals who have taken over the duties and responsibilities of those indicated here.

Given that this Model is an act issued by the governing body (in compliance with the provisions of article 6, paragraph 1, letter a of the Decree), its adoption, as well as subsequent amendments and additions, are the responsibility of the Board of Directors.

2.4 Recipients of the Model

The rules contained in the Model are addressed to those who cover, even on a de facto basis, roles of representation, administration, management or control of the Company, employees (Managers and non-Managers) - including those hired after the introduction/updating of the Model - as well as to those who, though not functionally linked to the Company, operate against mandate or on behalf of the same.

The following are considered to be the Recipients of this Model and, as such, are required to know and comply with the provisions of the same in the sphere of their specific competence:

- the members of the Board of Directors, in establishing goals, deciding activities, carrying out projects, proposing investments and in any decision or action relating to the performance of the Company;
- the members of the Board of Statutory Auditors in checking and verifying the formal and material correctness of the Company's operations and of the internal control system's functioning;
- the members of the Supervisory Body, in ensuring the correct performance of the tasks assigned by this Model;
- the CEO and Senior Managers, in implementing the Company's management activities, both in the management of internal and external activities;
- the employees, even if seconded to third parties to carry out their work, and all collaborators who have a contract with the company, in any capacity, even if occasional and/or only temporary considered to be similar to work as an employee (e.g. temporary workers, seconded from other companies, etc.).

In addition, all those who have commercial and/or financial relationships of any kind with the Company are required to comply not only with the provisions contained in the Decree, but even with the principles established by MBDA Italia's Code of Ethics.

2.5 The structure of the Model

The Model consists of a "*General Section*" and a "*Special Section*."

In the "*General Section*", after referring to the principles of the Decree and the Confindustria Guidelines, the following are explained:

- the role, composition and powers of the Supervisory Body as well as the flows towards the same;
- staff training and dissemination of the Model;
- the disciplinary system and measures to take in the event of a failure to comply with the provisions of the Model.

The "*Special Section*", which is subdivided into two Sections, contains the following:

- the general principles of the Internal Control System, introduced by the Company considered as a whole and therefore applicable to all company processes (Section A);
- a description of the potential risk profile for each "activity at risk" identified during the Risk Assessment (Section B);
- the specific control protocols for each "activity at risk", which integrate the general control principles (Section B).

Moreover, Annex 1 attached to the Model contains the complete list of crimes covered by the Decree and the related penalties and measures provided for each case.

The "*Risk Area Matrix*" is the document that provides the results of the analysis and risk assessment; the following are associated to each of the "Areas at Risk" provided by the Model (Special Section):

- *the sensitive processes*
- *the categories of Crimes*
- *the estimate of the risk of committing the Crime*
- *the risk mitigation measures provided by the Model (procedures, directives, etc.)*
- *the control standards*
- *the residual risk.*

The *Risk Area Matrix* also contains the reference and digital link to the main company procedures relating to the relevant areas at risk.

The *Model* therefore consists of the following documents:

- The General Section
- The Special Section
- Annex - List of Crimes and Penalties to Leg. Decree 231/2001;
- Mapping of the Areas at Risk
- Legend of the Risk Area Matrix (document describing the methodology followed in drafting the Risk Area Matrix).

2.6 MBDA's Model and Code of Ethics

The purposes of the Code of Ethics introduced by MBDA is to establish the principles of “*corporate ethics*” that the Company recognises as its own, establishing the values with which employees, Corporate Bodies, Consultants and Partners must comply, accepting the principles and rules of conduct provided therein.

Although the Code of Ethics constitutes a separate and independent document with respect to this Model, it may be considered complementary to the same, as its purpose is to create, together with the latter, a binding “*corpus*” of rules of conduct, aimed at preventing illegal conduct in the context of the behaviours adopted by the Recipients.

3. THE SUPERVISORY BODY

3.1 Composition and Requirements of the Supervisory Body.

The **Supervisory Body of MBDA Italia** is a board with three members: two independent members, external to the company, from whom the Chairman of the Board is chosen, and one internal member, the pro tempore Manager of the Legal Department.

In compliance with the Decree and the Confindustria Guidelines, the Organization holds the following requirements *autonomy/independence, professionalism and continuity of action*:

- **Autonomy and independence** Autonomy implies both freedom of initiative, and therefore that the inspection and supervisory powers of the Supervisory Body may be activated without prior authorisation, and the possibility of having an adequate financial budget. The concept of independence is ensured by not being subject to the management line and the absence of any hierarchical interference or conditioning, as well as in the possibility of reporting directly to the Administrative Body. The Supervisory Body holds a senior position, in order to ensure the necessary impartiality of its judgment. The requirements of autonomy and independence are fundamental so the SB is not directly involved in the operational/management activities that it is required to control. These requirements can be achieved by excluding any hierarchical dependence of the SB within the Company with direct reporting to the Board of Directors, and providing a specific budget⁸.

Substantially, the Supervisory Body is independent and in a third-party position with respect to those it supervises; it is placed in the highest possible position within the corporate structure; equipped with autonomous powers of initiative and control; it has financial autonomy; without executive duties. The provision of causes of ineligibility and dismissal of members helps to select truly independent persons. The members of the Supervisory Body must hold the following formal

⁸ *If the Supervisory Board consists of different persons, the Confindustria Guidelines correctly identify as to whether its members should all be external or even internal to the company: in the first case, the autonomy/independence requirements must apply to the individual members, while in the case of a mixed composition, given that absolute independence cannot be expected from persons in the structure of the company, "the level of independence of the Body will be assessed as a whole".*

objective requirements: honourability, absence of conflicts of interest and family relations with the company's top management.

- **Professionalism.** The SB must possess appropriate technical and professional expertise for the functions its members are required to perform. Obviously, legal knowledge in the field is necessary; in an integrating function, some skills may also be provided through the help of external consultants. These characteristics, combined with independence, guarantee unbiased judgement.
- **Continuity of action.** This is a requirement that guarantees an effective and constant implementation of the Organisation Model; The Supervisory Body meets regularly to *carry out* the tasks assigned to it. The Confindustria Guidelines, in the case of Supervisory Bodies with several members, point out that *"the requirement of continuity of action, that should be assessed with respect to the board as a whole, may be satisfied through different solutions: for example, through the presence of internal members who, at the conditions indicated above in terms of autonomy and independence, can offer a regular contribution, which is essential to ensure the necessary continuity of action"*.

The Body and its Chairman **are appointed** by the Board of Directors (hereinafter also referred to as the Board of Directors) which therefore establishes the term of office of the members who are internal and external to the Company and their fees.

The term of office shall be three calendar years, unless otherwise resolved by the Board of Directors, in accordance with the provisions of the Statute. Upon expiration of the term, the SIB shall continue to operate under a prorogation regime until the appointment of a new Supervisory Internal Body.

The members of the Board are appointed from persons who are particularly qualified and experienced in legal, administrative or control matters, managerial duties in companies, public bodies or public administrations, professional activities or university teaching in legal as well as economic and financial matters.

External members of the Supervisory Internal Body may be re-elected for one additional term only. For this purpose, periods of service shorter than three years shall not be counted as full terms.

The members of the Board must have the following requisites of independence and honourability:

- a) they should not have marital relationship, kinship or any affinity within the fourth degree with directors or the members of the Board of Statutory Auditors of MBDA;
- b) they should not maintain, directly or indirectly, contractual relationships and/or economic relations, whether paid or free of charge, with MBDA Italia, such as to compromise their independence, with the exception of the employment relationship of the internal members of MBDA and that of the Board as a whole in relation to the duties entrusted to the same;
- c) they should not be in the legal status of having being barred, restricted, bankrupt or convicted for an offence that imposes the interdiction, even if only temporary, from public offices or the inability to cover a management position;
- d) they should not have been subjected to preventive measures ordered by the judicial authorities, without prejudice to the effects of rehabilitation;
- e) they should not have been be subjected to criminal proceedings, convicted or subject to punishment pursuant to articles 444 et sequitur of the Italian Civil Code, without prejudice to the effects of rehabilitation, in relation to one of the crimes provided for by Italian Legislative Decree 231/01 or to crimes of the same kind (in particular, crimes against property, against the Public Administration, public faith, public order, tax offences, bankruptcy crimes, financial crimes, etc.);
- f) absence, for the Chairman, of the causes for ineligibility pursuant to Section 2399 sub-section c and section 2409 *septiesdecies* of the Italian Civil Code.

- g) not being under investigation for offences relating to participation in associations with purposes of terrorism, including international terrorism or subversion of the democratic order, mafia-type associations, or other criminal organisations, however locally denominated, pursuing purposes or employing methods corresponding to those of mafia-type associations;
- h) not having been convicted, even by a non-final judgment, to a term of imprisonment of not less than two years for any non-negligent criminal offence, without prejudice to the effects of rehabilitation.

The Supervisory Body equips itself with a **Statute**, approved by the Board of Director, and has its own **Regulations**, as confirmation of its operational and organisational autonomy, whose purposes is to regulate, in particular, the functioning of its activities.

The Board is assisted by a **Technical Secretarial Office**, within the Legal Department, who supports the same with respect to the correct functioning of the Board and updating the Model.

The Supervisory Body is assigned **its own budget**, based on an annual estimate of expenditure.

3.2 Reasons for revoking the mandate of members of the Board

The revocation of the mandate conferred to any member of the Body may be decided by the Board of Directors, only for just cause, and after consulting the Board of Auditors and the other members of the Board. In this regard, just causes for revocation are intended as:

- a) if even just one of the requirements of honourability or independence specified above no longer exist (the occurrence of which must be promptly communicated by the members of the Supervisory Body and to the Board of Directors);
- b) a serious breach of duties as defined by this Model;
- c) a judgement condemning the Company pursuant to the Decree or plea bargaining, attesting the “omitted or insufficient supervision” by the Supervisory Body, in accordance with the provisions of article 6, paragraph 1, letter d) of the Decree;
- d) a conviction or plea bargain against one of the members of the Board for having personally committed one of the crimes provided by the Leg. Decree 231/01 or offences of the same kind;
- e) failure to attend more than 50% (fifty percent) of the annual meetings of the Company's Supervisory Body;
- f) termination of the employment relationship (in the case of internal members).
- g) violation of the MBDA Model (including the Code of Ethics).

In the event of waiver, termination or withdrawal of a member of the Body, the Board of Directors of the Company shall promptly replace the member in question.

Each member of the Supervisory Body shall be subject to the non-compete obligation set forth in Article 2390 of the Italian Civil Code.

In the event that any of the disqualifying (interdiction/prohibition) measures provided for under Legislative Decree no. 231/2001 are precautionarily imposed on MBDA Italia Spa, the Board of Directors, having obtained the necessary information, shall assess whether the conditions for the removal of the members of the Supervisory Body are met, should it determine that there has been a failure or inadequacy in the supervisory activity carried out by the Body.

3.3 Functions and powers of the Supervisory Body

Pursuant to article 6, paragraph 1, letter b) of the Decree, the Supervisory Body is responsible for the following main duties:

- verify the adequacy and effective implementation of the Model with respect to the company structure and the procedures adopted;
- monitor, through controls, the correct performance of company activities, in compliance with the Model adopted and company procedures, even through Whistleblowing reports;
- promote and report to the Board of Directors the need to update the Model as a result of any evolution of the law, changes in the organisational structure of the Company, and the results obtained from its checks and supervisory activities;
- promote and monitor adequate information and training of the Recipients on the Model.

In relation to the above:

- access any relevant company document and/or information, arranging, if necessary, to hear employees and members of the corporate bodies directly;
- in order to carry out the duties assigned to the same, the SB may use the services of company departments or external consultants with proven professional experience who, from time to time, may be useful to carry out the Board's activities.

Moreover, the Board of Directors (as indicated above) grants to the Body adequate spending powers.

These powers may be used for professional consultancy requirements, tools and/or anything else that may be necessary or appropriate to carry out the duties of the Supervisory Body, according to the methods and in compliance with the purchase procedures of the Company.

The controls carried out may not be questioned by any other company Board or department, without prejudice to the fact, however, that the Board of Directors is in any case required to supervise the adequacy of its intervention, because the Board of Directors has the final responsibility for ensuring the efficacy and implementation of the Organisation Model,

In order to improve coordination between the two Boards, they should meet at least once a year.

3.4 Instructions of the SB to the Board of Directors and the Board of Auditors

The Supervisory Body forwards to the Board of Directors and the Board of Statutory Auditors a half-yearly report and an annual summary report, presenting the main results of the activities carried out during the period, including its current and planned activities⁹.

In addition to the above periodic report, the Board will immediately and without delay report to the Board of Directors any significant breaches of the Model that are considered to be well-founded, of which it has become aware or which it has ascertained. If the breach concerns the Board of Directors as a whole, the Board must promptly report to the Board of Statutory Auditors.

Moreover, the Body will also promptly report to the Board of Directors, where applicable, proposals to update the Model, in relation to organisational or procedural irregularities or those determined by particularly significant regulatory changes.

The Board of Directors has the power to request meetings and consultations with the Supervisory Body, which has similar powers with respect to the above Board and the Board of Auditors.

⁹ The Supervisory Board therefore forwards to the Board of Directors every six months a report presenting the key results of its activities in the reference period, including its current and planned activities and, in the document referring to the second half of the year, also summarises the most key aspects relating to the first half of the year.

3.5 Reports to the Supervisory Body pursuant to article 6 of Italian Legislative Decree No. 231/2001

Article 6 of Legislative Decree 231/2001, paragraph 2, letter d), identifies, one of the essential requirements of the Model, that specific *“information obligations towards the board responsible for supervising the functioning of and compliance with the models”* be provided.

The same art. 6 of the above Decree, in the paragraph 2 bis, requires that the Model should provide internal reporting channels, the prohibition of retaliation and the disciplinary system, pursuant to EU Directive 2019/1937 and Legislative Decree 24/23.

In order to protect integrity and promote a culture of legality, the Company has established various internal channels that may be used by Recipients for detailed reporting of: (i) violations of national law (civil, criminal, administrative, accounting offences, unlawful conduct pursuant to Legislative Decree 231/2001); (ii) violations of European Union law; (iii) violations of the company compliance system pursuant to Legislative Decree 231/2001¹⁰.

For reports made in good faith, in compliance with the Law and internal procedures, measures are provided to protect the confidentiality of the identity of the whistleblower and of the other persons involved, as well as measures to counter any possible retaliation against the same¹¹.

The reporting system is internally regulated by the Group 'Integrity Line' procedure and by the Company's Whistleblowing reporting procedure.

Reports may be sent to the MBDA Italia Supervisory Body in any of the following ways:

- ODR Platform accessible on the following link: www.line.mbda.com



- written communication addressed to **“MBDA Italia S.p.A. Supervisory Body”**, at MBDA Italia S.p.A., Via Monte Flavio, 45 – 00131 Rome.
- Voice message using the number: 0687714954.
- Request for a personal meeting with the Supervisory Body.

The Supervisory Body is required to guarantee the absolute confidentiality of the persons involved (person making the report, person reported, facilitator, persons mentioned) and the facts reported, using, for this purpose, criteria and methods of communication that protect the honourability of the persons mentioned in the reports.

All those who receive, in error, a Whistleblowing report are required to guarantee the confidentiality of

¹⁰ Pursuant to art. 1 of Legislative Decree 24/23, reporting and the protections provided for the Whistleblowers do not apply to: “a) disputes, claims or requests related to a personal interest of the reporting person or the person who has filed a complaint with a judicial or accounting authority that relate exclusively to their individual employment or public employment relationships, or are related to their employment or public employment relationships with hierarchically superior figures; b) reports of violations where they are already regulated on a mandatory basis by the European Union or national acts indicated in Section II of the Annex attached to this decree or by national acts that implement the European Union acts indicated in Section II of the Annex attached to Directive (EU) 2019/1937, even if not indicated in Section II of the Annex attached to this decree; c) reports of violations in the field of national security, as well as tenders relating to aspects of defence or national security, unless such aspects fall within the relevant secondary legislation of the European Union”.

¹¹ Protection from retaliation is also extended by law to other persons who could become the object of retaliation as a result of any assistance provided to the whistleblower or by particular emotional or work-related ties (see art. 3 paragraph 5 of Leg. Decree 24/23).

the data and forward the communication to the Supervisory Body in the shortest possible time (within no more than 7 days).

In this regard, the Company ensures that reports and any disciplinary measures applied as a result of such reports are carried out in accordance with the provisions of Legislative Decree 24/23.

Reports of alleged violations will be handled according to the procedures described in paragraph 5.8 “Reports, punishable conduct and the verification of violations” of this General Section.

3.6 Information flows to the Supervisory Body

As previously mentioned, article 6, paragraph 2, sub-section d) of the Decree requires that the Model must provide the obligation to inform the Board appointed to supervise the functioning and observance of the Model.

Moreover, as also specified by the Confindustria Guidelines, the obligation of a structured information flow is conceived as a tool to allow the supervisory activities on the Model.

Therefore, in addition to the Reports indicated in the previous paragraph, the Supervisory Body receives on the address organismodivigilanza@mbda.it the following information, listed below by way of example and not in a limiting sense, and described in detail in the “Information flow diagram for the Supervisory Body”:

- provisions notified by the Judicial Authority to the Company or its Directors, Managers or employees from which it is evident that investigations are being conducted by the same Authority for illegal acts pursuant to Legislative Decree 231/01;
- requests for legal assistance by managers and/or employees if legal proceedings are brought against the same and in relation to the offences referred to the Decree;
- evidence of disciplinary proceedings carried out for violations of the Model, the related outcomes and reasons and any penalties applied;
- any anomaly or irregularity ascertained during verifications carried out by the Internal Audit Department;
- any accidents that may occur at the workplace, or measures taken by the Judicial Authority or other Authorities regarding the workplace health and safety;
- any measures taken by the Judicial Authority or other Authorities in environmental matters, which result in an actual or potential violation of environmental regulations and/or of the authorisations governing the company's activities;
- any changes that occur in relation to the organisational structure of MBDA Italia and the delegation system introduced by the Company;
- information regarding the request, provision, management and reporting of public funds;
- information relating to gifts made by MBDA Italia to third parties;
- intra-group transactions which involve the purchase or sale of goods or services by the Company at values different to market values, with express indication of the reasons;
- grants made, for any reason, to public bodies or entities that carry out public functions;
- any documentation relating to the information and training activities that are and will be carried out in order to implement the Model and participation of personnel in such activities;
- specific reports for the different areas of activities at risk, as indicated in the Model and the specific company procedures;

- any irregularities and violations ascertained by the Board of Statutory Auditors that are important in terms of the 231 Organisational Model, including any fact or irregularity ascertained that falls within the scope of the processes assessed as being critical in terms of committing the predicate offences;
- any extraordinary cross-border transaction projects, so that the Supervisory Body, in agreement with the management body and the relevant corporate departments, may prepare an adequate plan of specific measures to prevent the offence referred to by article 54 of Legislative Decree 19/2023.

In order to carry out its tasks, the Board has the right - without the need for any prior consent - to:

- request any further documentation or information it deems useful;
- access all the Company Departments.

4. TRAINING OF PERSONNEL AND DISTRIBUTION OF THE MODEL

4.1 Training for employees

The Model and the Code of Ethics may be distributed to all employees either with IT tools (e.g. Intranet, e-learning courses) or by delivering or providing the appropriate documentation, in order to ensure maximum distribution.

Upon acceptance of the employment offer, new employees will be asked to sign a specific declaration accepting the Model and the Code of Ethics and to comply with the above procedures and rules.

MBDA Italia will also organise seminars and other specific training initiatives, including remote training and through the use of IT resources, in order to distribute and help understand the Model and the principles of the Code of Ethics.

Training must be differentiated according to whether it is aimed at employees in general, at employees who operate in specific areas at risk, or those responsible for internal control.

A plan is prepared once a year regarding the content of the courses, attendance, and the mandatory nature of participating in the training courses.

MBDA Italia provides frequency and quality controls on the content of training programmes.

4.2 Information for Consultants, Partners and third parties

MBDA Italia provides information about the contents of the Code of Ethics, not only to employees, but even to all third parties, natural persons and legal persons who, directly or indirectly, permanently or temporarily, establish relationships or business relations with MBDA Italia and work to attain its goals, such as, by way of example and not in a limiting sense, to external collaborators, suppliers of goods and services, consultants, commercial and industrial partners, agents and representatives.

Compliance with the Code of Ethics and the Model must be provided by contractual agreements with third parties, who must also be informed and be aware of the fact that behaviours that are in conflict with the law, current regulations and the Code of Ethics adopted by MBDA will not be tolerated, even if such behaviours may contribute to favouring the Company or the MBDA Group.

The activation of appropriate contract models and clauses ensures the application of penalties in the event of breach of the above commitments of third parties.

5. THE DISCIPLINARY SYSTEM

5.1 General principles

Article 6, paragraph 2, letter e) and Article 7, paragraph 4, letter b) of the Decree establish that the exemption from liability of the company is subject, amongst other things, to proof of that a “disciplinary system” has been introduced “that punishes failure to comply with the measures indicated in the model”.

The definition of a system of penalties proportional with the seriousness of the breach and as a deterrent, helps to make the supervisory action of the Supervisory Body effective and to guarantee effective compliance with the Model.

In compliance with the provisions of this Disciplinary System, and the current law, collective bargaining (where applicable) and contractual agreements with third parties, penalties will comply with the principles of proportionality (measuring the penalty applied to the extent of the conduct) and adversarial proceedings (providing adequate involvement of the party concerned, by promptly and specifically contesting the charge and allowing appropriate opportunities for defence). To this end, the following factors will be taken into account:

- the type of breach;
- the seriousness of the breach;
- the intentionality of the conduct or the degree of negligence, imprudence or inexperience above all with regard to the predictability of the event;
- the responsibility associated with the position;
- the possibility of a reiteration of the breach;
- the extent of any damage, or any danger to the Company as a direct consequence of the breach;
- the conduct as a whole of the perpetrator of the breach, with particular regard to the intentionality of the conduct and how it was implemented;
- if the person who committed the breach, committed any other breach of the Model, even of a different nature, in previous years;
- commission multiple breaches with the same conduct;
- the participation of several persons in committing the breach.

The application of the disciplinary system and related penalties:

- is independent of the conduct and outcome of any criminal proceedings initiated by the Judicial Authority against the material perpetrator of the criminal conduct;
- does not in any case prejudice the right of the Company to take action against the liable party in order to obtain compensation for all damages incurred as a result of or as a consequence of the conduct ascertained.

5.2 Penalties for the Directors of the Board

The disciplinary measures against the Directors, proportional to the seriousness of the infringement, which may be decided by the competent boards, are the following:

- a warning to comply with the provisions of the Model;
- a formal accusation;
- modification or revocation (in whole or in part) of the delegations granted;
- revocation as provided by article 2383, paragraph 3, of the Italian Civil Code).

5.3 Penalties for employees with managerial roles

Failure to comply with the provisions set forth by the Model, including any breach of the provisions and principles established by the Code of Ethics on the part of Managers whose employment relationship is regulated by the current National Labour Agreement for Managers of Companies Producing Goods and Services (hereinafter the “NLA Managers”), determines the application of the most appropriate measures in accordance with the provisions of the National Labour Agreement Managers, in compliance with the procedures set forth by article 7 of Law 300/1970 (“Workers' Statute”).

More specifically, the manager may be:

- dismissed without notice, in the most serious cases and where the breach damaged the relationship of trust with the Company;
- justified dismissal with notice, in the case of minor breaches, but which in any case damaged the relationship of trust with the Company.

Without prejudice to the right to claim compensation for any damages incurred as a result of such behaviour, including damages caused by the application by the Judge of the measures provided by the Decree.

5.4 The Penalties for employees who do not have a managerial role

The penalties provided by this MBDA Italia Disciplinary System will be applied to employees who are not managers, in compliance with the collective bargaining agreement applicable to the different employment relationships, for the respective categories to which they belong.

The penalties that may be imposed against these employees fall under the provisions of the Company's Disciplinary Regulations, in compliance with the procedures set forth by Article 7 of the Workers' Statute (Law 300/70) and any applicable special regulations. In particular, a worker whose behaviour is non-compliant or is in breach of the rules of conduct set forth by the Model, the Code of Ethics and any internal provisions adopted in implementation thereof, will incur the following measures:

- verbal warning;
- written warning;
- fine not exceeding three hours' hourly pay calculated on according to base pay;
- suspension from work and pay for a maximum of three days;
- dismissal for irregularities pursuant to article 10 of the National Collective Bargaining Agreement (with/without notice).

In the case of temporary workers, MBDA Italia will report the circumstance to the Temporary Employment Company, so that the latter may apply the penalties provided by its internal disciplinary system and/or by the collective bargaining agreement relating to the different employment relationships, in relation to the respective categories to which they belong.

In the case of serious breach, MBDA Italia may request the Temporary Employment Company to remove the worker from the workplace at MBDA Italia and possibly terminate the relationship with the Temporary Employment Company.

With regard to employees seconded from other Companies, MBDA Italia will report the circumstance to the Company to which the employee belongs, so that the penalties provided by the internal disciplinary system of those Companies and/or by the collective bargaining agreement may be applied.

In the case of serious violations, MBDA Italia may request the removal of the worker from the Company and the interruption of the secondment.

5.5 Penalties for “Third Party Recipients” (including the Auditing Company)

With respect to Third Party Recipients, thanks to the activation of appropriate contractual clauses, the following penalties may be applied:

- a warning to comply with the provisions of the Code of Ethics and the Model;
- a temporary suspension of the contract;
- the immediate termination of the contractual relationship with the Company.

To this end, within the scope of relations with Third Party Recipients, MBDA Italia will introduce specific measures to protect the Company in the case of hypothetical breach of the rules contained in the Code of Ethics and the Model. To this end, in the letters of assignment and/or in the contractual agreements with said third parties, MBDA Italia will in general establish specific clauses in order to provide, in the case of ascertained breach, the application of the above measures.

The Legal Department is responsible for drafting, updating and inserting said specific contractual clauses into assignment letters or negotiation or partnership agreements.

5.6 The penalties for Auditors

In the case of breach of the Model and/or the Code of Ethics by one or more Auditors (or by the Board of Auditors as a whole), the disciplinary measures, proportional to the seriousness of the breach committed, which may be decided by the competent bodies, are the following:

- a warning to comply with the provisions of the Model and/or the Code of Ethics;
- a formal accusation;
- reporting the breach to the professional Register with which the Auditor is registered and/or to the Register of Auditors, of the competent Ministry;
- revocation of the Board of Auditors as provided by article 2400 of the Italian Civil Code)

5.7 Penalties for members of the Supervisory Body (excluding Internal Member)

In the case of breach of the Model and/or the Code of Ethics by one or more members of the Supervisory Body or by the Body as a whole considered, the penalties, proportional to the seriousness of the breach, which may be decided by the Board of Directors, are the following:

- a warning to comply with the provisions of the Model and/or the Code of Ethics;
- a formal accusation;
- revocation of the appointment.

The disciplinary penalties provided for company managers apply to the internal member of the Supervisory Body.

5.8 Reports, punishable conduct and the verification of violations

Reports of unlawful conduct must be detailed and based on precise and consistent facts, and may be made using the appropriate channels indicated in paragraph 3.5 “*Reports to the Supervisory Body pursuant to article 6 of Legislative Decree 231/2001*” of this General Section of the Model, to which reference is made for further information.

Punishable conducts that constitute breach of the Model, without prejudice to the obligations arising from law no. 300/1970 (the so-called “Workers’ Statute”) and other applicable laws, by way of example but not in a limiting sense, may be identified as follows:

- any conduct which aims at committing one or more crimes, or in any case that may expose MBDA Italia to the consequences of committing crimes;
- breach of the provisions of the Model, as well as of all the provisions and internal control protocols adopted to implement the same, including the System of Powers, the company operating procedures and the Safety and Environmental Management System;
- breach of the obligations to communicate information or report alleged breach to the Supervisory Body.

Moreover, this disciplinary system, pursuant to Legislative Decree 24/23, provides that those against penalties may be applied are the following

- anyone who in breach of the obligation of confidentiality in the management of reports;
- anyone who adopts or only threatens to adopt retaliations against the whistleblowers, facilitators and those who are linked to the whistleblower by particular emotional or work-related ties;
- anyone who has been declared, even with a first-instance non-definitive ruling, criminally liable for the crimes of defamation or slander or in any case for the same crimes committed with the report to the judicial or accounting authority or who are declared civilly liable, for the same reason, in cases of fraud or gross negligence.

In this regard, in compliance with article 6 of the Decree and having regard to EU Directive 2019/1937 and Legislative Decree 24/23, the Company:

- requires the Supervisory Body to handle the report confidentially, so as to ensure the confidentiality of the identity of the whistleblower and any other persons involved or referred to in the report, without prejudice to the legal obligations and protection of the rights of the Company or of persons accused wrongly and/or in bad faith;
- prohibits reprisals and protects those who make a report in good faith, from retaliation, discrimination or penalisation, directly or indirectly, for reasons related to the report;
- ensures that personnel are aware of the reporting procedures and are able to use them, being aware of their rights and protections within the framework of the procedures adopted, through appropriate communication and training;
- will - in the event of breach of the measures to protect the whistleblower and other persons involved, even by the Supervisory Body, as well as in the case of unfounded reports made with intent or gross negligence - identify and apply the penalty, from those reported in this chapter, deemed most appropriate to the circumstances.

For all reports received, including anonymous reports (sufficiently detailed), the Supervisory Body will take immediate action to carry out, within the limits of its prerogatives and powers, a preliminary analysis to evaluate the following alternatives:

- a) *declare inadmissible* any reports that concern facts or conduct that are not relevant under the *Whistleblowing* law;
- b) *dismiss* generic or insufficiently detailed reports, those that are clearly unfounded, as well as any reports containing facts that have already been the subject, in the past, to specific investigations and have already been dismissed, unless new information emerges that makes further verifications necessary;

- c) *start an investigation* for reports that contain reasonably sufficient evidence to undertake an investigation into the alleged offence reported.

The scope of the investigation on reports is to proceed with investigations on the validity of the facts reported and can be carried out with the assistance of the company department or with the support of external specialists, also taking into account the type of crime to which the alleged violation refers (e.g. ethical aspects related to employee behaviour, corruption by commercial agents, issues relating to the Safety and Environment Management System, use of company information systems, etc.).

According to the results of the investigation, the Supervisory Body may alternatively:

- a) *place on record that the case has been dismissed* if the report is not supported, or there is no reasonable belief that a breach has been committed;
- b) *prepare a Report* in cases where it believes that there are sufficient facts to positively evaluate the validity of the facts reported, or where a breach has been ascertained.

The report drawn up by the Supervisory Body must contain at least the following information:

- a description of the conduct or event ascertained;
- an indication of the provisions of the Model that have been breached;
- the identification details of the person who committed the breach, when he or she has been identified;
- the details, including documentary details, that prove the breaching the violation;
- a final assessment of the seriousness of the offences committed in order to apply the penalties, providing adequate information in order to comply with the principles of proportionality and adequacy of penalties with respect to the breach.

The Board sends the Report to the following recipients, according to the different circumstances indicated below:

- a) to the Board of Directors, if the breach is committed by a Director, by a Statutory Auditor, by an Auditor of the Board of Statutory Auditors considered as a whole or by a member of the Supervisory Body;
- b) to the Board of Auditors, if the breach is committed by the Board of Directors considered as a whole;
- c) to the Chief Executive Officer, if the breach is committed by an employee in a managerial position or by a Third-Party Recipient;
- d) to the Human Resources Manager (HR&O Department) if the breach is committed by an employee who is not a manager.

The recipients of the Supervisory Body's Report, as soon as possible, and in any case within thirty days from when the Report is received, will initiate the process of contesting the breach as described by paragraph 5.9 hereunder "*The procedure for applying penalties*".

The Supervisory Body will inform the whistleblower of the results of the investigation and the actions taken.

In any case, the application of one of the penalties provided by this Disciplinary System will not preclude the Company from taking action, including through the courts, against the parties responsible, to claim compensation for any damages incurred due to or as a consequence of the breach committed.

5.9 The procedure for the application of penalties

The procedure for the application of penalties due to breach of the Model is different with regard to each category of recipients, with respect to the following stages:

- forwarding the alleged accusation of breach to the person concerned
- the adversarial process, which guarantees to the person to whom the accusation is addressed the right to file arguments in its defence;
- the determination and subsequent application of the penalty.

The application procedure begins after receipt, by the competent corporate bodies, of the Report with which the Supervisory Body reports the possible importance of the episode, and is structured on the basis of the case study indicated below.

a) Accusation of breach and application of penalties against a Board Member, a Statutory Auditor or the Board of Directors or Board of Statutory Auditors as a whole

The Board of Directors will inform the party concerned (Director, Auditor or Board of Auditors considered as a whole) well in advance of the date of the board meeting in which it is to be decided whether a punishable breach has occurred, so that the person concerned is aware of the breach of which it is charged, granting to the same a term within which to make any observations and/or deductions. The party in question has the right to a written summons containing: a precise indication of the conduct with which it is charged and the provisions of the Model that have been breached; any documents proving the breach and/or other elements that support the charges; the date of the meeting, informing the same that it may make written and verbal observations and/or deductions. The convocation must be signed by the Chairman or by at least two members of the Board of Directors. During the above meeting, in which the members of the Supervisory Body are also invited to participate, and in which the party in question will be invited to participate in order to be personally heard, the Board of Directors, on the basis of the elements obtained, will adopt the resolutions regarding what was reported by the Supervisory Body, also determining the most appropriate actions to take, and in particular may apply the penalties specified in the previous paragraphs.

If the breach refers to the Board of Directors considered as a whole, the Board of Statutory Auditors will inform the Board of Directors of the contested breach so that any deductions may be made. After having acquired all the information and having heard the Board of Directors on the matter, the Board of Statutory Auditors will determine the most appropriate initiatives to take and, if necessary, will call a Shareholders' Meeting.

The Shareholders' Meeting, called for this purpose, in any case decides on the revocation of one or more members of the Board of Directors or the Board of Statutory Auditors.

The Supervisory Body is informed of the resolutions adopted by the Board of Directors or the Board of Statutory Auditors or the Shareholders' Meeting and can express its opinion if the penalty has not been applied, or is not considered to be adequate with respect to the breach in question.

b) Charges of breach and the application of penalties against an employee, including managers

The procedure for the charges of breach indicated below will be carried out in compliance with the provisions of article 7 of the Workers' Statute, as well as the applicable collective bargaining agreements and the internal disciplinary code.

The HR&O Manager will make the charge against the employee in writing, also signed by the CEO in the case of personnel with managerial qualifications, simultaneously informing the party in question of its the right to file any written deductions and/or justifications within five days from when the communication is received, as well as the right to be heard personally, possibly with the assistance of a representative of the trade union to which the employee belongs or to which he/she gives a mandate.

Further to and on the basis of the Employee's deductions and/or justifications, the HR&O Manager, subject to the approval of the CEO in the case of Managers, will confirm whether a punishable breach has actually occurred and, if applicable, will, within the limits of the powers conferred, apply penalties in compliance with the applicable law and in compliance with the rights and protections provided in this regard for employees, communicating this as soon as possible to the party in question.

The HR&O Manager's order is also forwarded to the Supervisory Body, which may verify its application and express its opinion if the penalty has not been applied or is not considered to be adequate with respect to the breach ascertained.

c) Charges of breach and application of a penalty against a "Third Party Recipient"

The Chief Executive Officer, with the support of the Legal Department, the Purchasing Department and, if applicable, even of other corporate bodies involved, after having summoned the Third Party Recipient and acquired his/her declarations justifying the breach of which he or she is accused, will determine whether said person is subject to penalties and, if applicable, will establish and communicate the penalty applicable pursuant to the law in force and the contracts signed, to the party in question.

The decision to apply the penalty or otherwise will be communicated to the Supervisory Body, which may express its opinion if the penalty has not been applied, or is not considered to be adequate with respect to the breach ascertained.

d) Charges of breach and application of the penalty against a member of the Supervisory Body or the Board as a whole

The Board of Directors will inform, with due notice before the date of the board meeting that is to decide whether a punishable breach has actually been committed or not, the party in question or the Board as a whole, so that the same is aware of the breach of which it is charged, granting a term within which to make any observations and/or deductions. During the above meeting, that the party in question will be invited to attend in order to be personally heard, the Board of Directors, on the basis of the elements obtained, will adopt the necessary resolutions, determining the most appropriate actions to take, and in particular may apply the penalties specified in the previous paragraphs.

If the breach is committed by an internal member of the Supervisory Body, the penalty procedure for company managers will be applied.