

Abstract of the General Section of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001

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CHAPTER 1 – DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1 Introduction

Legislative Decree no. 231 of 8 June 2001 (below also referred to as “Legislative Decree no. 231/2001” or the “Decree”), implementing the authority granted to the Government under Article 11 of Law no. 300 of 29 September 2001, lays down provisions on “entities’ liability for administrative breach resulting from an offence”.

More specifically, the provisions apply to entities with legal personality, and companies and associations with or without legal personality.

Legislative Decree no. 231/2001 mainly resulted from some international and Community conventions ratified by Italy, which prescribe that forms of liability must be established for collective entities for some types of offence.

The provisions introduced by the Decree establish that companies may be held “liable” for some offences committed or attempted, committed or attempted in their interest or to their advantage, by members of Senior Management (“Top Management”) and anyone under their management or supervision (Article 5, paragraph 1, of Legislative Decree no. 231/2001).

The administrative liability of companies is independent of the criminal liability of the person who committed the offence, and it is in addition to such criminal liability.

This broadening of liability is mainly aimed at involving, in the prosecution of certain offences, corporate assets and, ultimately, the economic interests of shareholders, who, until the Decree came into force, did not suffer any direct consequence of any offence committed by directors and/or employees in the interest or to the advantage of their company.

However, the company's administrative liability is excluded if, before the offences were committed, the company adopted and implemented effectively, among other things, organization, management and control models suitable to prevent such offences. These models can be adopted in accordance with codes of conduct (guidelines) issued by associations that represent companies, such as Confindustria, and disclosed to the Ministry of Justice.

In any case, the company's administrative liability is excluded if the Top Management and/or their subordinates acted solely in their own interest or in the interest of third parties.

1.2 Types of offence

Pursuant to Legislative Decree no. 231/2001, the entity can only be held liable for the offences explicitly stated in Articles 24 and subsequent of Legislative Decree no. 231/2001 (so called Predicate Offences), if committed in its interest or to its advantage by the persons under Article 5, paragraph 1, of the Decree, or where prescribed by specific legal provisions referring to the Decree, such as Article 10 of Law no. 146/2006.

As of today, the Predicate offences of the corporate liability are referrable to the main categories listed in the table below

Leg.Dec. 231/2001	Category
Art. 24	Improper receipt of payments, fraud against the government or public office or EU, informatic fraud to detriment of State or public entity and fraud in public procurement
Art. 24 1	Offences against the public administration
Art. 24-bis	Cybercrime and unlawful processing of data
Art. 24-ter	Organized crimes
Art. 25	Misappropriation, concussion, corruption and inducement to corrupt, abuse of office
Art. 25 bis	Offences against public faith
Art. 25-bis 1	Offences against public confidence
Art. 25-bis 2	Offences against industry and trade
Art. 25-ter	Corporate offences
Art. 25-ter 1	Bribery offences between individuals
Art. 25-quater	Offences with purposes of terrorism or subversion of the democratic order
Art. 25-quater 1	Offences against individual life and safety

Art. 25-quer 2	Practices of mutilation of the female genital organs
Art. 25-quinquies	Crimes against personal dignity
Art. 25-sexies	Market abuse
Art. 25-septies	Offences in health and safety
Art. 25-octies	Receipt of stolen goods, laundering and use of money, assets or benefits of illegal origin, as well as self-laundering
Art. 25-nonies	Offences related to infringement of copyright
Art. 25-decies	Inducing someone not to give statements or give false statements to judicial authorities
Art. 25-undecies	Environmental crimes
Art. 25-duodecies	Employment of illegally staying third-country nationals
Art. 25-terdecies	Crimes of racism and xenophobia
Art. 25-quaterdecies	Sports fraud
Art. 25-quinquiesdecies	Tax crimes
Art. 25-sexiesdecies	Smuggling
L. 9/2013	Liability of entities for administrative offenses dependent on crime in the supply chain of virgin olive oils
L. 146/2006	Transnational Offences

1.3 Absolving effect of organisation, management and control models

An essential aspect of Legislative Decree no. 231/2001 is that the company's organisation, management and control models are given an absolving effect.

If the offence was committed by a member of the Top Management, the company will not be held liable if it proves that (Article 6, paragraph 1, of Legislative Decree no. 231/2001):

- a) before the offence was committed, its Management adopted and implemented effectively organisation and management models suitable to prevent offences like the offence committed;
- b) the responsibility for monitoring the effectiveness of and compliance with the models and updating them was assigned to a body within the company (supervisory board) vested with autonomous powers of initiative and control;
- c) who committed the offence fraudulently circumvented the organisation and management models;
- d) there was no lack of or insufficient monitoring by the supervisory board.

This means that, if the offence was committed by members of the Top Management, there will be a presumption of liability for the company, as these members express and represent the entity's policy and, therefore, it will. However, this presumption can be eliminated if the company proves that it was not involved in the facts claimed against the member of its Top Management, by proving that the concurrent requirements listed above are met and, accordingly, that the offence was not committed due to its "organisational fault".

This document has to be understood as an "abstract" of the General Section of the Model adopted by the Company for the purpose of the section 6.2. of the same document

If the offence was committed by someone under others' management and supervision, the company will be held liable if the offence was committed due to a breach of the management or supervision obligations that must be fulfilled by the company.

In any case, the breach of management or supervision obligations will be excluded if, before the offence was committed, the company adopted and implemented effectively a suitable organisation and management model to prevent offences like the offence committed.

Legislative Decree no. 231/2001 outlines the content of organisation and management models by establishing that, with respect to the scope of granted powers and the offence risk, as specified in Article 6, paragraph 2, they must:

- *identify the activities where offences might be committed;*
- *provide for specific protocols to plan the making and implementation of the company's decisions with respect to the offences to prevent;*
- *identify how to manage suitable financial resources to prevent offences;*
- *provide for reporting obligations to the body responsible for monitoring the effectiveness of and compliance with the models;*
- *introduce a suitable disciplinary system to punish any failure to adopt the measures prescribed in the model.*

CHAPTER 2 - COMPANY DESCRIPTION - ELEMENTS OF THE COMPANY'S GOVERNANCE MODEL AND OVERALL ORGANISATIONAL STRUCTURE

2.1 Termomeccanica Pompe S.p.A. and the model of Governance

The Company, mainly carries out industrial and commercial activities in the mechanical sector.

In particular, the Company, as required by the Articles of Association, has the following activities as its object:

- design, manufacture and marketing of pumps and compressors of any type, of hydraulic and steam turbines, of auxiliary machinery on board, of machines and of refrigeration and thermal conditioning systems for both naval and land uses and of their maintenance, as well as and equipment for lifting, transporting and handling fluids;
- the exercise of any activity connected with those listed above or necessary for their realization;
- marketing of third party products; with the exclusion of reserved activities.

The Company can be managed, alternatively, at the decision of the Shareholders at the time of the appointment, by a sole director, or by a Board of Directors composed of a number of members ranging from 2 (two) to 7 (seven), according to the number determined by the shareholders at the time of appointment.

Company Flow chart. The Company has a traditional vertical organizational system made up of the Board of Directors and the Board of Statutory Auditors. The accounting control is entrusted to an Auditing Company.

The Company has also subjected its Integrated Management System to certification by recognized third parties, which has been found to comply with the requirements of the applicable international standards, namely:

- UNI EN ISO 9001:2015 for Quality



- UNI EN ISO14001:2015 for the Environment
- UNI ISO 45001:2018 for Health and Safety

CHAPTER 3 - ORGANISATION, MANAGEMENT AND CONTROL MODEL AND PREPARATION METHOD

3.1 The Organisation, Management and Control Model of Termomeccanica Pompe S.p.A

The construction by the Company of its own Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001 (hereinafter, the "Model") involved, therefore, an assessment of the existing organizational model in order to make it consistent with the control principles introduced with Legislative Decree no. 231/2001 and, consequently, suitable for preventing the commission of the crimes referred to by the decree itself.

The adoption of the Model, pursuant to the aforementioned Decree, does not constitute an obligation. The Company has, however, considered this adoption to comply with its corporate policies in order to:

- establish and/or strengthen controls to enable the Company to prevent or promptly respond to prevent offences from being committed by members of its Top Management or anyone under their management or supervision, which would lead to the Company's administrative liability;
- for these purposes, raise the awareness of anyone collaborating with the Company for any reason (external collaborators, suppliers, etc.), by asking them to engage in conduct that does not imply any offence risk, within the limits of the activities they perform in the interest of the Company;
- guarantee its integrity, fulfilling the obligations specified in Article 6 of the Decree;
- improve effectiveness and transparency in the management of the Company's activities;
- make a potential perpetrator fully aware that they are committing an offence - an offence that is strongly condemned and contrary to the Company's interest, even if it might gain an advantage;
- inform all those who work in the name and on behalf of the Company that the violation of the rules and principles contained and referred in this Model will result in the application of appropriate sanctions such as, for example, termination of the contractual relationship
- confirm that the Company does not tolerate unlawful conduct of any kind and for any purpose whatsoever and that, in any case, such conduct is always and in any case contrary to the principles that inspire the Company's business activity, even if the Company is apparently in a position to benefit from it.

Therefore, the Model is a consistent set of principles, procedures and provisions that: i) have an impact on the Company's internal operations and external relationships, and ii) govern the proper management of a system to control sensitive activities, which prevents the offences or any attempt to commit the offences under Legislative Decree no. 231/2001.

For the purposes of the Model, express and full reference is made to all instruments already implemented in Termomeccanica Pompe S.p.A, including all policies, procedures and rules of conduct adopted at Group level and also valid for the Company. All the above instruments have to be considered an integral and substantial part of this Model

The Model, as approved by the Company's Board of Directors, includes the following constituent elements:

- process of identifying the company activities within which the crimes referred to in Legislative Decree no. 231/2001;
- provision of control protocols (or standards) in relation to the sensitive activities identified;
- process of identifying the methods for managing financial resources suitable for preventing the commission of offenses;
- supervisory body;
- information flows to and from the supervisory body and specific information obligations towards the supervisory body;
- disciplinary system aimed at sanctioning the violation of the provisions contained in the Model;
- training and communication plan for employees and other subjects who interact with the Company;
- criteria for updating and adapting the Model;
- Ethical code.

The above constituent elements are represented in the following documents:

- Organization, management and control model pursuant to Legislative Decree 231/01 (consisting of this document);
- Ethical code.

The document "Organization, management and control model pursuant to Legislative Decree 231/01" contains:

(i) in the General Part, a description relating to:

- the reference regulatory framework;
- to the corporate reality, governance system and organizational structure of the Company;
- the characteristics of the Company's Supervisory Body, with specification of powers; tasks and information flows concerning him;
- the function of the disciplinary system and the related sanctioning system;
- the training and communication plan to be adopted in order to ensure knowledge of the measures and provisions of the Model;
- the criteria for updating and adapting the Model.

ii) in the Special Section, a description relating to:

- the types of offenses referred to in Legislative Decree no. 231/2001 that the Company has decided to take into consideration based on the characteristics of its business;
- sensitive processes / activities and related control standards.

The Code of Ethics collects the ethical principles and values that form the corporate culture and which must inspire the conduct and behavior of those who work in the interest of the Company both inside

and outside the company organization, in order to prevent the commission of predicate offenses of the administrative liability of entities.

CHAPTER 4 – SUPERVISORY BOARD PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

4.1 The Supervisory Board of Termomeccanica Pompe S.p.A

The Company has appointed a body vested with autonomous powers of initiative and control, for the purpose of properly and effectively monitoring the effectiveness of and compliance with the model and updating the model.

Such as suggested by Confindustria Guidelines the appointed Body meets the following requirements:

- (i) autonomy and independence;
- (ii) professionalism;
- (iii) continuous action.

Specifically, the Company chose a solution that, given the aims pursued by the law, could ensure the effectiveness, according to its size and the complexity of its organisation, of the controls assigned to the Supervisory Board, also in accordance with the autonomy and independence requirements.

In this context, the Supervisory Body (hereinafter the "Supervisory Body" or "SB") of the Company is a single-person body identified by virtue of the professional skills acquired and personal characteristics, such as a strong control capacity, independence of judgment and moral integrity.

4.2 Reporting obligations to the Supervisory Board - Information flows

The Supervisory Board must be promptly informed, with a special reporting system, of any act, conduct or event that might lead to a breach of the Model or, more in general, is significant for the purposes of Legislative Decree no. 231/2001.

Partners, consultants, external collaborators, suppliers, etc. have an immediate reporting obligation under their respective contracts if they are asked, either directly or indirectly, by an employee/representative of the Company to engage in conduct that might lead to a breach of the Model.

In this regard, the following general provisions apply:

- any reports relating to: i) the commission, or the reasonable risk of committing, of crimes referred to in Legislative Decree no. 231/2001; ii) conduct not in line with the rules of conduct issued by the Company; iii) conduct which, in any case, may lead to a violation of the Model;
- the employee who becomes aware of a violation, attempt or suspicion of violation of the Model, can contact his / her direct superior or, if the report is unsuccessful or the employee feels uncomfortable in contacting his / her direct superior to carry out the report, report directly to the Supervisory Body;
- partners, consultants, external collaborators, as regards the relationships and activities carried out in relation to the Company, can report directly to the Supervisory Body any situations in which they receive, directly or indirectly, from an employee / Company representative a request for behavior that could lead to a violation of the Model;

- in order to effectively collect the reports described above, the Supervisory Body will promptly and extensively communicate to all interested parties the ways and forms of carrying out the same;
- the Supervisory Body assesses at its discretion and under its responsibility the reports received and the cases in which it is necessary to take action;
- the determinations regarding the outcome of the assessment must be motivated in writing.

The Company adopts adequate and effective measures to always ensure the confidentiality of the identity of anyone who has provided the Supervisory Board with useful information to identify conduct not in line with the Model, the Model implementing procedures, and the procedures established by the internal control system. This will be without prejudice to legal obligations and the protection of the rights of the Company or of anyone who is wrongly accused and/or is accused in bad faith.

4.3. Whistleblowing

A reporting system is made available to the recipients of this Model in order to highlight unlawful conduct, on the basis of precise and consistent factual elements, in accordance with the provisions of Article 6, paragraph 2-bis of Legislative Decree no. 231/2001.

Such conduct may relate to violations of:

- the Legislative Decree 231/01;
- this Model;
- the Code of Conduct of the Company and the Group.

Reports will be collected through the following channels:

- by email, to the address: it006.odv@trilliumflow.com
- on a paper channel to the address: To the kind attention of the Supervisory Body - Termomeccanica Pompe S.p.A. - Via del Molo, 3, 19126, La Spezia (SP) – Italy.

The Company guarantees the confidentiality of the identity of the whistleblower pursuant to Law no. 179/2017.

It is also forbidden to retaliate or discriminate, directly or indirectly, the whistleblower for reasons directly or indirectly related to the whistleblowing.

It should also be noted that further sanctions are provided "against those who violate the measures for the protection of the reporter, as well as those who intentionally or with gross negligence make notifications that prove to be unfounded", pursuant to Article 6, paragraph 2-bis, letter d), of Legislative Decree 231/01, in addition to the Chapter 5 "Disciplinary system", to which reference should be made.

It is understood that there is strict management of the notifications, also for the protection of whistleblower, since any employee who operates correctly and in good faith must be protected for whatever reason involved.

Furthermore, it should be noted that, with reference to the Company's social responsibility system, certified SA8000, the SB may receive through the Whistleblowing Office any reports that fall within the scope of this Model 231 and / or the Group Code of Conduct if they are relevant 231.

CHAPTER 5 – DISCIPLINARY SYSTEM

5.1 *Function of the disciplinary system*

Establishing a suitable disciplinary system is an essential requirement for the model to acquire a justifying value with respect to entities' administrative liability.

The adoption of disciplinary measures in case of breach of the Model provisions is regardless of any offence being committed and of the performance and outcome of any criminal proceedings started by judicial authorities.

Compliance with the prescriptions of the Model adopted by the Company must be regarded as an essential part of the contractual obligations of its “Recipients”, as defined below:

- Employees;
- Managers;
- Directors;
- Auditors;

The disciplinary system and its application are continuously monitored by the Supervisory Board.

No disciplinary procedure may be closed, and no disciplinary sanction or ban may be imposed due to breach of the Model unless the Supervisory Board has been informed and consulted.

In the event of negligence and / or inexperience of the Supervisory Body in supervising the correct application of the Model and its compliance and in not having been able to identify cases of violation thereof by proceeding with their elimination, the Board of Directors will assume, in agreement with the Board of Statutory Auditors the appropriate measures in accordance with the procedures established by current legislation, including the revocation of the appointment and subject to the request for compensation.

5.2 *Sanctions against external collaborators and parties engaged by the Company*

Any breach, by other Recipients of the Model who have contractual relationships with the Company to perform sensitive activities (including employees of other companies of the Group), who work on behalf of the Company, of the provisions and rules of conduct prescribed by the Model, or the perpetration of any of the offences under Legislative Decree 231/2001 by these third parties, will be punished in compliance with the applicable laws, agreements and commitments.

Explicit reference will be made to compliance with the provisions and rules of conduct established in the Group Code of Conduct, in the Supplier Code and in the Model, and can include, for instance, the obligation for these third parties not to perform acts or engage in conduct that might lead to a breach of the Group Code of Conduct, Supplier Code and the Model by the Company.

In this case, the Supervisory Board must inform the Chief Executive Officer.

CHAPTER 6 - TRAINING AND INFORMATION PLAN

6.1 Introduction

In order to effectively implement the Model, the Company intends to ensure the proper dissemination of the content and principles of the Model inside and outside its organisation.

More specifically, the Company aims to disseminate the content and principles of the Model not only among its employees, but also among anyone who, although not being a formal employee, operates, either regularly or occasionally, to achieve the Company's goals based on contractual relationships. The Recipients of the Model include anyone with Company representation, administration or management functions, anyone under their management or supervision (pursuant to Article 5 of Legislative Decree no. 231/2001), but also, more in general, anyone who operates to achieve the corporate purpose and the Company's goals.

Therefore, the Recipients of the Model include members of corporate bodies, anyone involved in the Supervisory Board's functions, employees, collaborators, agents, traders, external consultants, business and/or industrial and/or financial partners, suppliers, etc.

The Company intends to:

- raise awareness among anyone who operates in its name and on its behalf in “sensitive areas” that, if they breach the Model provisions, they could commit an offence subject to sanction or ban;
- inform anyone who operates in its name, on its behalf, or however in its interest for any reason that any breach of the Model prescriptions will result in appropriate sanctions or bans, or in termination of the contractual relationship;
- reiterate that the Company will not tolerate unlawful conduct of any kind and with any purpose, as such conduct (even if the Company seems to gain advantage from it) is contrary to the ethical principles that the Company intends to apply.

The communication and training activity is diversified according to the recipients to whom it is addressed, but is, in any case, based on principles of completeness, clarity, accessibility and continuity in order to allow the various recipients to be fully aware of those company provisions. that they are required to respect and the ethical rules that must inspire their behavior.

6.2 Other beneficiaries

The communication activity of the contents and principles of the Model must also be addressed to third parties who have contractually regulated collaboration relationships with the Company (for example: commercial / industrial partners, agents, traders, consultants and other independent collaborators) with particular reference to those who operate in activities deemed sensitive pursuant to Legislative Decree no. 231/2001.

To this end, the Company will provide third parties with an extract of the Reference Principles of the Model and the Code of Ethics and evaluate the opportunity to organize ad hoc training sessions if it deems it necessary.

