

# **Organisation, Management and Control Model pursuant to (It.) Legislative Decree 8 June 2001, no. 231**

## **GENERAL PART**

Approved by the Board of Directors of Next Geosolutions  
Europe S.p.A. during the meeting of 29 May 2020

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# **GENERAL PART**

## **1. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF NEXT GEOSOLUTIONS S.P.A.**

Next Geosolutions Europe S.p.A. (hereinafter also "Next Geosolutions Europe", "NGE" or the "Company"), owned by the sub-holding Next Geosolutions LTD, is an independent *contractor* that provides engineering and geoscience services, on land and offshore.

The significance of the current organizational and operational structure of NGE, as well as the regulation of the reference sector, led the company to the need to focus attention on its internal control and risk management system, with the purpose of monitoring the risks of the offences envisaged by (It.) Legislative Decree 231/01.

Within this context, therefore, NGE launched a project aimed at carrying out a *risk assessment* pursuant to (It.) Legislative Decree 231/01 and at defining its own Organisation, Management and Control Model, pursuant to (It.) Legislative Decree 231/01 (hereinafter also "Model 231" or "Model").

### 1.1 PURPOSES OF MODEL 231 OF NEXT GEOSOLUTIONS EUROPE S.P.A.

As far as purposes are concerned, the Model aims at:

- integrating and strengthening the corporate governance system, which monitors the management and control of the Company;
- defining a structured and organic system of tools aimed at preventing and controlling the risk of the offences envisaged by the aforementioned Decree (hereinafter also "predicate offences");
- informing and training the Recipients of the Model with regards to the existence of said system and to the need for their conduct to be constantly compliant with it;
- emphasising that NGE does not tolerate any unlawful conduct, notwithstanding in any way the purpose pursued nor the erroneous belief to act in the interest or to the advantage of the Company, since such conduct is contrary to the ethical principles and values by which NGE is inspired and, therefore, it is contrary to the interest of the company itself;
- raising awareness and making all those who work in the name, on behalf or, in any case, in the interest of NGE, aware of the fact that committing a predicate offence, in the misunderstood interest of the Company, not only leads to the application of criminal sanctions against the offending party, but also to the application of administrative sanctions against the Company, which is thus exposed to financial, operational and image damage;
- informing all those who work in the name, on behalf or, in any case, in the interest of the Company that the violation of the provisions envisaged by the Model will result in the application of disciplinary and/or contractual sanctions, before and notwithstanding the commission of facts constituting offence.

### 1.2 Construction of the Model of Next Geosolution Europe S.P.A.

Considering the requirements set by the Decree, NGE implemented an internal project aimed at the preparation and constant updating of the Model, in compliance with the Confindustria Guidelines.

NGE guarantees functionality, updating and constant implementation of the Model, according to the methods illustrated by the Confindustria Guidelines and by the reference *best practice*.

Particularly, with the support of the SB, NGE:

- identified and periodically checks the areas exposed to the risk of offences envisaged by the Decree (so-called "risk assessment"), understood as organisational areas or processes in which the commission of the predicate offences could theoretically materialise, through the regulatory updating, the analysis of the business context and the enhancement of the experiences gained within the previous corporate operations (so-called "historical analysis" or "case history");
- identified the groups of predicate offences that are considered significant for the purposes of the Decree and, therefore, the critical aspects that emerged in the past within the operations of NGE were taken into account. In this spirit, activities were carried out by paying special attention to the areas that were identified as most exposed to the potential risk of predicate offences and by analysing the controls implemented by the Company for the purposes of preventing said risk. After identifying the areas at risk and the significant group of offences, within each area at risk sensitive activities were identified, that is to say those activities to which the risk of offences, envisaged by the Decree, is connected. After identifying the sensitive activities, those activities that, theoretically, can be considered potential manners of committing the offences in question were identified.

The result of such process is illustrated in a document called **Map of the areas at risk** containing the mapping of all the corporate activities in relation to which there is a risk of offence, the so-called "Areas at risk of offence". For each area at risk, the significant groups of offences and the related exemplary methods for committing the predicate offences are indicated. Among the areas of activities at risk, there are also the ones that, besides having a direct significance as activities that could integrate criminal conduct, could have an indirect significance for the commission of the predicate offences, since they are instrumental to such commission. In particular, those activities in which the de facto conditions that make the commission of predicate offences possible, within the areas directly used to implement those activities specifically mentioned by the offence, are understood as *instrumental* ;

- conducted interviews with the organisational key roles of the Company, with the purpose of detecting and identifying the control system of NGE aimed at preventing the commission of the Predicate Offences.

With reference to all the identified areas at risk of offence, any indirect relations, that is to say the ones that NGE has or could have through third parties, are examined as well. In fact, it should be specified that the risk profiles associated with the activities carried out by NGE are assessed by considering also the hypotheses in which company representatives act jointly with subjects that are external to the Company, occasionally and temporarily (so-called accomplice), or through an organised form, aimed at the commission of an indeterminate number of offences (associative offences). In addition, the analysis focused on the possibility that the offences in question may be committed abroad, or in a transnational manner.

On the basis of these activities, any possible improvement of controls (so-called "**gap analysis**") and the consequent definition of a plan to strengthen the internal control system, which is significant for the purposes of the Decree, were identified.

In preparing the Model, therefore, the specific operational and organisational characteristics of the Company, as well as the several procedural rules and organisational communications, were taken into consideration.

Particularly, the Model was prepared in line with:

- a) the provisions envisaged by (It.) Legislative Decree 231/01;
- b) the Guidelines drawn up by Confindustria and subsequent updates.

### 1.3 THE CONCEPT OF ACCEPTABLE RISK

In preparing a Model like this one, the concept of acceptable risk cannot be neglected. In fact, for the purposes of compliance with the provisions envisaged by (It.) Legislative Decree 231/01, it is essential to establish a threshold that allows to limit quantity and quality of the preventing tools that must be adopted in order to prevent the commission of the offence. With specific reference to the sanction mechanism introduced by the Decree, the acceptability threshold is represented by the effective implementation of a proper preventing system that cannot be circumvented, unless intentionally, or, for the purposes of excluding the Body's administrative liability, unless the subjects who committed the offence acted by fraudulently evading the Model and the controls employed by the Company.

### 1.4 THE STRUCTURE OF THE MODEL AND THE PREDICATE OFFENCES SIGNIFICANT FOR ITS CONSTRUCTION

The intention of NGE was that of preparing a Model that would take into consideration its own particular reality and organisational structure and that would be aligned with its own governance system and able to enhancing existing controls and bodies.

Therefore, the Model represents a consistent set of principles, rules and provisions that:

- affect the internal functioning of the Company and its relations with the outside;
- regulate the diligent management of a control system of the Areas at Risk of Offence which is aimed at preventing the commission, or attempted commission, of the offences mentioned in the Decree.

The NGE Model is composed of this **General Part**, the **Special Part A**, the **Special Part B**, the **Special Part C**, the **Special Part D**, and of one annex: **Annex 1 – "List of predicate offences"**.

The **General Part** herein, besides illustrating the *ratio* and the principles of the Decree, describes the principles of the internal control system, the role of the Supervisory Body and, in compliance with what envisaged by the Decree, provides for a disciplinary system that is able to sanction any non-compliance with the measures indicated by the Model itself.

**Special Part A - "Areas at risk of offence", for the categories of offence deemed significant (except for offences in the HSE context)**, illustrates the identified Areas at Risk of Offence and the description of the preventive controls implemented by the Company for the purposes of preventing the commission of the offences envisaged by (It.) Legislative Decree 231/01 that are deemed significant.

Within the Special Part A, the following is indicated:

- a) Areas at Risk of Offence;
- b) Categories of offence pursuant to (It.) Legislative Decree 231/2001;
- c) sensitive activities for each Area at Risk of Offence;
- d) existing controls.

Furthermore, the Special Section A indicates which Areas at Risk of Offence are managed, totally or partially, in outsourcing (so-called "**Outsourced Processes**"), for which the preventive controls related to the agreement are valid.

**Special Part B - Health and Safety in the workplace** illustrates the general principles of conduct, the rules of conduct for subjects that are external to the company, the identified sensitive activities and the description of the preventive controls implemented by the Company in order to prevent the commission of the offences envisaged by (It.) Legislative Decree 231/01 that are deemed significant - with a focus on OSH aspects.

**Special Part C- Environmental Management** illustrates the general principles of conduct, the rules of conduct for subjects external to the company, the identified sensitive activities and the description of the preventive controls implemented by the Company in order to prevent the commission of the offences envisaged by (It.) Legislative Decree 231/01 that are deemed significant - with a focus on environmental aspects.

**Special Part D - "General principles of conduct"**, on the other hand, illustrates the general rules of conduct in relation to all the offences considered significant, except for the OSH offences illustrated in **Special Parts B and C**.

In the **List of alleged offences (Annex 1)** the types of offences envisaged by (It.) Legislative Decree 231/01, the related explanation and applicable sanctions are listed.

The **Categories of offence deemed significant pursuant to (It.) Legislative Decree 231/2001** are the following:

- offences against the Public Administration (articles 24 and 25 of the Decree);
- offence of induction to not make statements or to make false statements to the judicial authorities (art. 25-*decies* of the Decree);
- offences of corruption among private individuals (art. 25-*ter* paragraph 1 letter *s-bis* of the Decree);
- corporate offences (art. 25-*ter* of the Decree);
- offences of receiving, laundering and using money, goods or benefits obtained illegally, and of self-laundering (art. 25-*octies* of the Decree);
- organised crime offences (art. 24-*ter* of the Decree) and transnational offences (It. Law 146/2006);
- offences for the purposes of terrorism or subversion of the democratic order envisaged by the Italian criminal code and It. special laws (art. 25-*quater* of the Decree);
- computer crimes and unlawful data processing (art. 24-*bis* of the Decree);

- offences relating to violation of copyright (art. 25-*novies* of the Decree);
- offences of negligent homicide or serious or very serious injury, in violation of the regulations for the protection of health and safety at the workplace (art. 25-*septies* of the Decree);
- environmental offences (art. 25-*undecies* of the Decree);
- offences against the individual (art. 25 *quinquies*);
- offence of employment of illegally staying third-country nationals (art. 25-*duodecies* of the Decree).

Lastly, the examination of the context and of the activities of the Company led to deem as reasonably remote or not applicable the possibility of commission of:

- offences of counterfeiting money, public credit cards, revenue stamps and identification instruments or signs (art. 25-*bis* of the Decree);
- offences against industry and trade (art. 25-*bis*.1 of the Decree);
- practices of mutilation of female genitals (art. 25-*quater*.1 of the Decree);
- market abuse offences (art. 25-*sexies* of the Decree);
- offences of racism and xenophobia (art. 25-*terdecies* of the Decree).

In consideration of the number of offences that currently constitute a presumption for the administrative liability of Bodies pursuant to the Decree, the Model was drawn up with regard to the cases deemed of greater significance, whose commission was materially, and not theoretically, conceivable.

Anyhow, the ethical principles on which the NGE Model and its *governance* structure are based are aimed at preventing, in general, those offences that, due to their scarce significance or connection with the business of the Company, are not specifically regulated by the Special Part of the Model.

The Company undertakes to continuously monitor, with the purposes of guaranteeing the adequacy of the Model over time and the relevance of the envisaged Special Parts with respect to any significant changes in the business sectors, in the organizational structure and in the processes of the Company.

#### 1.5 COMPONENTS OF THE MODEL OF NEXT GEOSOLUTIONS EUROPE

The Model is based on a structure that includes the components below:

- an **internal regulatory system** aimed at the prevention of predicate offences which, inter alia, include:
  - the Code of Ethics, which expresses the commitments and ethical responsibilities in carrying out the business and the activities of the company, undertaken by all those who work on behalf of or in the interest of NGE.

The Code of Ethics of NGE, though formally composed of documents that are external to the documentary *corpus* of Model 231, is to be understood as an integral part of the Model itself;

- internal procedural rules (that is to say policies, manuals, procedures, directives and work instructions), aimed at governing the criteria and operating methods to be followed while implementing the activities related to the areas at risk, as well as the related controls to be carried out in order to guarantee the correctness, effectiveness and efficiency of such activities (according to the Rules on procedures of the integrated management system of NGE).

The internal procedural rules, applicable in relation to areas at risk, envisage:

- that, within each process and where compatible, the person who takes the decision, the person who authorises it, the person who implements it and the person entrusted with the control of the process are separated among each other (so-called *segregation of functions*);
- documentary traceability of each significant step of the process;
- a proper level of formalisation, dissemination and communication of the rules themselves.

Furthermore, NGE defined responsibilities, methods and timing of the process of preparation, updating and approval of the internal procedural rules.

Besides the internal procedural rules, reference should be made to IT procedures, that is to say IT applications of a high quality level, established both nationally and internationally, which support corporate activities.

They "guide" the procedures for carrying out certain transactions and ensure a high level of standardisation and *compliance*, since the processes managed by said applications are validated before the release of the software.

A complete, organic and updated representation of the internal procedural rules system is properly published and made available by NGE to all the employees of its Company.

- a **management control system and a financial flow control system** in activities at risk.

The management of financial flows is carried out in compliance with the principles of traceability and accountability of the transactions made, as well as consistency with the powers and responsibilities assigned.

The management control system adopted by NGE consists of the several phases of preparation of the annual *budget/plan*, the analysis of final statements for a given period and the forecasts.

the system guarantees:

- the plurality of subjects involved, in terms of appropriate segregation of functions for the processing and transmission of information, so as to ensure that all the disbursements are requested, authorised, performed and controlled by independent functions or by subjects as separate as possible to whom, furthermore, no more responsibilities that may cause potential conflicts of interest are assigned. Double signature is required for the use of liquidity for amounts that exceed the predetermined thresholds;
  - the conservation of assets and the related prohibition to carry out any financial transactions at risk;
  - the ability to promptly report the existence and appearance of critical situations through a proper and timely information and reporting flow system;
- an **organisational structure** consistent with corporate activities, suitable to ensure the rightfulness of conduct, as well as to guarantee a clear and organic allocation of tasks and an appropriate segregation of functions, by ensuring that the set-ups envisaged by the organisational structure are actually implemented and subject to control through:

- an *organisational chart* formally defined through Organisational Provisions that clearly indicate the assigned responsibilities, the areas of activity, the connection between the different organisational units ("dotted line"), the hierarchical ("solid line") and functional lines of dependency, and that faithfully reflects the effective operation of the indicated functions;
- *service agreements* with third parties, through which entire processes, or single parts of them, are managed;
- a formalised structure of *powers* (proxies and powers of attorney), which is an integral and substantial part of the Model.

In particular, the *power of attorney* (or power of "management") constitutes an internal act of attribution of functions, tasks and responsibilities. The authorisation power, strictly related to the power of attorney, is understood as that power of approval that has an internal value and is related to the exercise of a power of attorney (an example of internal authorisation power is represented by the power to approve the so-called purchase requests).

The *proxy* (or power of "signature/representation"), on the other hand, consists of a unilateral legal act with which the Company attributes specific powers of representation; this act legitimises the recipient to take action against any third parties.

The powers are strictly connected and consistent with the organisational and managerial responsibilities that are assigned and limited, where proper, to very specific value limits.

In particular, in relation to the system of proxies, the Company provides for the assignment of:

- *powers of permanent representation*, attributable through registered notarised proxies, in relation to the carrying out of the activities related to the permanent responsibilities envisaged within the company organization;
- *powers relating to single transactions*, conferred with or without notarised proxies, in compliance with the laws defining the forms of representation and with the types of single deeds to be stipulated, and in consideration of the different requirements of enforcement against third parties.

The inspiring principles of the *system of allocation of powers* are:

- definition of roles, responsibilities and controls in the process of conferral, updating and revoking of proxies and powers of attorney;
- conferral, updating and revocation of powers in compliance with the roles covered in the organisation; in particular, constant updating and consistency between the system of powers and the organisational and managerial responsibilities are ensured; such responsibilities are defined, for example, on the following occasions: review of the company's macro-organisational structure (establishment of new first-level organisational units); significant changes in responsibility and changes in key positions in the structure; exit from the organisation of subjects with corporate powers or entry of subjects needing corporate powers;

- prompt and constant dissemination of information concerning the ownership of the powers allocated and the related changes;
- periodic check that the exercise of powers of representation is compliant with the proxies conferred;
- periodic monitoring of the adequacy of the system of powers and of its updating, by considering the possible evolution of the corporate business.

With reference to the *system of allocation of powers of attorney and authorisation powers*, without prejudice to the inspiring principles mentioned above, the additional essential requirements are the following:

- the powers of attorney combine each power of management and the related responsibility with an adequate position within the organisational chart, by carefully avoiding the excessive concentration of powers in one person;
- powers of attorney and authorisation powers are defined by the CEO of the Company, who adopts all the organisational measures - even through his/her representatives - in compliance with the guidelines of the Board of Directors, which is required to ensure their adequacy over time;
- the delegated powers are consistent with the corporate purposes.

As far as *proxies* are concerned, without prejudice to the inspiring principles mentioned above, the essential requirements for their conferral are the following:

- each subject who, on behalf of NGE, exercises powers of representation has a suitable proxy, which expressly identifies those subjects authorised to exercise representation towards counterparties;
- each proxy specifically defines the powers conferred on the interested party;
- proxies are consistent and compliant with the powers of management and with the authorisation powers conferred on the individual attorney, without prejudice to any proxies relating to single transactions;
- permanent proxies, where appropriate depending on their scope, are conferred on the interested party together with a "Letter of exercise of powers" in which the scope, methods and limits of the exercise of the powers of representation are specified in more detail.

The Company keeps and manages the archives of the conferred proxies and powers of attorney, so as to have their complete traceability;

- a **system of remuneration and incentives** addressed to all the employees of the Company and to those who, though not employed by the Company, work on its behalf or in its interest:
  - designed with the purpose of remunerating the role performed, considering all the responsibilities assigned and the skills and abilities shown, as well as an accurate risk assessment, both from a short and medium-long term point of view;
  - aimed at rewarding the obtained results by taking into consideration the behaviours carried out to achieve them, in full compliance with the legislation in force, the Code of Ethics, the Model and the existing company policies and procedures.

Therefore, the remuneration and incentive system, defined by the Company, envisages objectives of a reasonable nature, is focused on enhancing the qualitative and behavioural

element of the work of its recipients and is aimed at rewarding the ability to express organisational skills through conducts that are based on the values and rules of the legislation in force, of the Code of Ethics, of the Model and of the existing *policies* and corporate procedures;

- a **system of management of outsourced processes**, for which the Company defined the outsourced activities, the criteria to select suppliers - in terms of professionalism, reputation, good repute and financial fitness - and the methods to assess the level of their performance.

NGE entered into service contracts for the regulation of relations with other companies, which provide services in favour of NGE itself. Such agreements envisage:

- the asset to be sold, the methods of execution and the related consideration;
  - that the supplier properly executes the outsourced activities in compliance with the legislation in force and with and the Company's provisions;
  - that the supplier promptly informs the Company of any fact that may significantly affect its ability to perform the outsourced activities in compliance with the legislation in force and in an efficient and effective way;
  - that the supplier ensures confidentiality of the data relating to the Company;
  - that the Company has the right to control and access the supplier's activities and documentation, including the possibility to carry out specific audits;
  - that the Company can withdraw from the contract with no disproportionate charges, or such as to materially affect the exercise of the right of withdrawal;
  - a system of penalties in case of breach of contract;
  - that the contract cannot be subject to sub-transfer, even partial, without the consent of the Company;
  - specific clauses dealing with administrative liability of bodies;
- the conferral to a **Supervisory Body** (hereinafter also "SB" or "Body") - endowed with the requirements of autonomy, independence, continuity of action and professionalism - of the task of supervising the functioning and compliance with the Model 231 and of proposing its updating, after being conferred, for this purpose, with powers, means and access to the information that is necessary to carry out said activity;
  - the provision of an articulated and widespread **training and information system** aimed at disseminating the contents and principles of Model 231 and at consolidating knowledge, in all the Recipients, of the principles and rules with which the material operations of NGE must comply;
  - the preparation of a specific **disciplinary system** suitable to sanction any violation of the Model.

#### 1.6 CONTROL SYSTEMS FOR THE PURPOSES OF (IT.) LEGISLATIVE DECREE 231/01

The Company aims at implementing an effective preventive control system that cannot be circumvented unless intentionally, even for the purposes of excluding the administrative liability of the body.

That being said, the criteria for identifying control measures aimed at preventing the risk of predicate offences are illustrated below.

Such measures are divided into three levels:

- **general principles of control**, with which, notwithstanding the degree of significance of each type of offence or the degree of risk underlying each of the identified risk areas, choices in terms of design of the internal control system and prevention of risks must comply:
  - **segregation of functions** - there must be segregation of duties between the persons who execute, the persons who control and the persons who authorise the operations;
  - **existence of formalized internal procedural rules and regulations** (that is to say policies, manuals, procedures, directives and work instructions) - there must be company provisions suitable to govern activities, responsibilities and controls;
  - **existence of proxies and powers of attorney** - formalised rules are needed for the exercise of proxies and powers of attorney;
  - **traceability** - the subjects, the organisational units concerned and/or the information systems used must ensure the identification and the traceability of sources, information elements and controls carried out, which support the formation and implementation of the Company's decisions and the methods of financial resources management;
- **general principles of conduct**, which provide for general behavioural provisions aimed at standardising the methods of formation and implementation of decisions, within each group of offences that is deemed more significant;
- **principles of preventive control**, which consist of control measures aimed at preventing the materialisation of the methods of implementing the offences in each sensitive activity and for each risk area mapped and shown in the Special Parts of the Model.

#### 1.7 AMENDMENTS AND INTEGRATIONS TO THE MODEL

The adoption and subsequent amendments and additions of Model 231 are the responsibility of the Board of Directors of NGE in compliance with the provisions of art. 6, paragraph 1, letter a) of the Decree.

#### 1.8 ADOPTION AND MANAGEMENT OF THE MODEL IN THE GROUP

NGE, as an independent company, directly implements all the control measures that are necessary to prevent the risk of committing offences pursuant to (It.) Legislative Decree 231/01, within a Group whose activities and control measures are compliant with the requirements of (It.) Legislative Decree 231/01.

## 2. RECIPIENTS OF THE MODEL

The contents of the Company's Organization, Management and Control Model apply to those who perform, even de facto, management, administration, direction or control functions in the Company, to employees and to those who, though not connected to the Company

through an employment relationship, work on behalf of the Company or are otherwise contractually connected to the same (hereinafter, for the sake of brevity, "Recipients" or "Recipients of the Model").

By virtue of appropriate contractual clauses and limited to the performance of sensitive activities in which they may take part, they may be the recipients of specific obligations, that are instrumental to a proper execution of the internal control activities envisaged by this General Part.

The Company undertakes to disclose this Model 231 through methods that can ensure its effective knowledge to all the interested parties.

The subjects to whom the Model is addressed are required to punctually comply with all its provisions, in fulfilment of the duties of loyalty, correctness and diligence arising from the legal relationships with the Company.

## 2.1 SUBJECTS IN TOP MANAGEMENT POSITIONS

In compliance with art. 5, paragraph 1, letter a) of the Decree, the category "Top Managers" includes persons "who hold representative, administrative or management functions of the Company or of one of its organisational units that has financial and functional autonomy", and persons who "exercise, even de facto, management or control" of the Company.

Besides the aforementioned subjects, even those subjects who act on behalf of the company in charge of the Statutory Audit (hereinafter, also referred to as the "Auditing Company"), if appointed by the Company, are theoretically significant. The Auditing Company, though being a subject external to the Company and for the purposes of what envisaged by the Disciplinary System, is treated in the same way as the subjects covering top positions of the Company.

Lastly, subjects with financial and functional autonomy (such as the Directors of the Operating Units) must be included within the category of Top Managers, pursuant to art. 5 of the Decree.

The aforementioned subjects are connected to the Company through an employment relationship (such as Directors of the Operating Units with particular financial power or autonomy power).

## 2.2 EMPLOYEES OF THE COMPANY

The notion of "Employees" of the Company includes all the subjects connected to the Company through an employment relationship, notwithstanding the contract applied, the qualification and/or position recognised (for example non-top executives, managers, employees, temporary workers, workers with a contract of employment, etc.; hereinafter "Employees"). Said category includes Employees to whom are assigned or who, in any case, perform specific functions and/or tasks in the field of health and safety at the workplace (such as the Prevention and Protection Department Head and the employees assigned to the department, First Aid Officers, Fire Protection Officers, Workers' Safety Representatives, etc.).

## 2.3 THIRD PARTIES RECIPIENTS

The category "Third Party Recipients" includes, in particular, all those who do not hold a "top" position within the terms specified in the paragraphs above and who are, in any case, required to comply with the Model by virtue of the office performed in relation to the organisational structure of the Company, for example persons who are functionally subject to the management or supervision of a "top" subject or persons who work, directly or indirectly, for the Company (hereinafter, jointly referred to as "Third Party Recipients"). The following can be included within this category:

- collaborators, consultants and, in general, subjects who carry out self-employment activities in so far as they operate within the areas that are considered "at risk of offence";
- suppliers who significantly and/or continuously operate in the areas that are considered "at risk of offence";
- subjects to whom are assigned or who, in any case, perform specific functions and tasks regarding health and safety at work.

### **3. SUPERVISORY BODY**

#### 3.1 COMPOSITION AND REQUIREMENTS OF THE SUPERVISORY BODY

The SB of NGE is a collegial body, composed of three members, except for special and properly motivated cases in which the maximum number of members can be raised to five, the majority of whom are external to the Company.

The external members of the Body are identified among academics and professionals with proven competence and experience in legal, financial and internal control matters; in particular, they must have gained a proper and proven experience within the scope covered by the Decree.

The Body is appointed by the Board of Directors of NGE, which appoints the Chairman of the Body as well, by choosing him/her among the external members.

For the operational development of the activities, the SB may use the services of a Technical Secretariat (or internal contact person).

The appointment, revocation, replacement and term in office of the SB are approved by a specific resolution of the Board of Directors, in compliance with the requirements of autonomy, independence, professionalism and continuity of action of the members of the SB described below.

In addition, the Body adopted a specific Regulation, which is expression of its operational and organisational autonomy and is aimed at specifically regulating the functioning of its own activities.

In compliance with the Decree and the Confindustria Guidelines, the SB of NGE is in possession of the following requirements:

- a) autonomy and independence;
- b) professionalism;

c) continuity of action.

a) Autonomy and independence

The Supervisory Body has its autonomy and independence from the corporate bodies over which it exercises its control activity.

It is in no way involved in management activities, nor is it in a condition of hierarchical dependence.

In order to preserve the independence of the SB, the Articles of Association envisage that the Body remains in office for at least three years, except for the cases of ineligibility, incompatibility, termination and revocation that are governed by this Model. The Chairman remains in office until his/her successor is appointed.

As a further guarantee of its independence, the SB informs the Board of Directors about the activity carried out every six months. In any case, the Body shall report promptly any particularly significant event.

The activities carried out by the SB cannot be syndicated by any office, body or corporate structure, without prejudice to the power-duty of the executive body to monitor the properness of the intervention of SB, so that to guarantee the updating and implementation of Model 231.

The Supervisory Body, in the performance of its functions, is endowed with proper financial means that ensure its functionality. For this purpose, the Board of Directors of NGE allocates to the SB, on the basis of the indications of the SB itself, a financial envelope for the costs and expenses to be incurred in the exercise of its functions.

The SB has full autonomy in relation to the amounts attributed to it, there is no need for any authorisation or approval of the related costs and expenses, except for the obligation to annually provide the Company with proper reporting of the amounts used.

b) Professionalism

The members of the SB have specific technical-professional skills that are appropriate to the functions that the Body is called upon to perform, and they can use the services of technical support from subjects that are either internal or external to the Company.

For the purposes of a better and more effective performance of the assigned tasks and functions, the Body, in performing its own operational and control activities, uses the services of the internal Function specifically identified, as well as of the other corporate structures of NGE which, on a case-by-case basis, could be useful in carrying out the indicated activities.

For specific issues relating to the protection of health and safety at the workplace and of the environment, the Supervisory Body makes use of the collaboration of all the resources activated for the management of any related aspects (such as Employers, RSPP, competent doctors, construction managers, environmental managers).

c) Continuity of action

The Supervisory Body works within the Company, by continuously exercising its control powers and by periodically meeting (at least every 3 months) for the purposes of carrying out the task assigned to it.

In order to ensure the monitoring of sensitive corporate processes pursuant to the Decree, the SB makes use of the information transmitted by its internal members, of the corporate body of procedures (such as corporate *policies* and procedures), of the information flows envisaged by Model 231 that it receives, as well as of the hearings with the managers responsible for potential areas at risk of offence.

### 3.2 CAUSES OF INELIGIBILITY, INCOMPATIBILITY, TERMINATION AND REVOCATION OF MANDATE OF THE MEMBERS OF THE SB

The appointment as a member of the Supervisory Body is subject to the presence and permanence of the requirements envisaged by this Model 231, in compliance with the Decree and the Confindustria Guidelines.

The following constitute grounds for ineligibility and, if they occur, for termination or revocation of the mandate for "just cause" of the members of the SB, depending on each case:

- lack or supervening loss of the requirements of professionalism, autonomy, independence and continuity of action;
- family relationships, parentage, marriage or affinity up to the fourth degree with Directors, Statutory Auditors or managers of NGE and of its subsidiaries;
- business relations, of an economic and/or contractual nature, whether in return for payment or free of charge, established, directly or indirectly, with NGE and/or with their respective Directors and able to compromise the Body's independence. For this purpose, the working relationship between NGE and the internal members of the SB and the one between NGE and the Body as a whole, in relation to the assignment entrusted to it, is not significant;
- the direct or indirect ownership of shareholdings in NGE, such as to compromise the Body's independence;
- any other situation, other than those specified above, of conflict of interest (as defined in the Code of Ethics), even potential, with NGE;
- the submission to preventive measures ordered by the Judicial Authority, or the interdiction, incapacitation, declaration of bankruptcy, banning, even temporary, from public offices or incapacity to exercise directive offices;
- the existence of pending criminal proceedings, or of a sentence of conviction or of application of the penalty pursuant to articles 444 et seq. of the Italian code of criminal procedure, even if not definitive, in relation to offences envisaged by the Decree or to other offences of the same nature;
- a criminal conviction, even if not definitive, in the administration procedure, for one of the offences envisaged by articles 187 *bis* and 187 *ter* of (It.) Legislative Decree 58/1998 (hereinafter also "TUF");

- a sentence of conviction or of application of the penalty pursuant to articles 444 et seq. of the Italian code of criminal procedure, even with a non-definitive sentence, in relation to one of the offences envisaged by (It.) Legislative Decree 231/01 or to offences of the same nature (such as tax offences, bankruptcy offences, offences against assets, against public faith, etc.);
- a serious breach of the Body's duties, as defined in the Model and in the Articles of Association of the SB, or where serious ground exist or situations such as to prevent the Body from carrying out its duties diligently and effectively or to compromise its independence of judgment while exercising the functions entrusted to it;
- the violation of the obligations of secrecy and confidentiality in relation to data, documents and information;
- failure to attend at least 80% (eighty percent) of the Body's meetings.

Furthermore, the non-competition obligation pursuant to art. 2390 of the Italian Civil Code applies to each member of the Body.

Each member of the SB is required to promptly report to the Body - which informs the Company - about the existence or occurrence of any of the conditions above, as soon as he/she becomes aware of it.

In order to guarantee the continuity of the SB's action and to protect the legitimate performance of the functions and positions from unjustified removal, the revocation of the mandate granted to one or more members of the SB - which can only take place due to "just cause", upon the occurrence of one of the conditions above - and the disqualification are both ordered by means of a specific resolution of the Board of Directors, having heard the other members of the Body.

In the event of resignation, disqualification or revocation of a member of the Body, the Board of Directors must promptly proceed to replace him/her. The member thus appointed remains in office until the natural expiry of the entire Body.

In the event of resignation, disqualification or revocation of the Chairman of the Body, the chair shall be taken *pro tempore* by the most senior member in office or, in case of equal seniority, by the oldest member in terms of age, who remains in office until the new Chairman of the Body is appointed.

In case the revocation of the appointment is ordered towards all the members of the SB or the majority of them, the Board of Directors of NGE will promptly appoint a new Body. Pending the appointment of the new SB, the functions and tasks assigned to it are temporarily exercised by the Board of Statutory Auditors, pursuant to art. 6, paragraph 4 *bis* of the Decree.

### 3.3 FUNCTIONS AND POWERS OF THE SUPERVISORY BODY

The SB of NGE checks and monitors the properness and effective compliance with Model 231 and its updating.

More specifically, the SB has the duty of:

- verifying, on the basis of the supervisory activity Plan that is annually approved, the effectiveness of Model 231 in relation to the corporate structure and to the effective

ability to prevent the offences referred to in the Decree, and proposing - where deemed necessary - possible updates to the Model 231, with particular reference to the evolution and changes in the organisational structure or in the corporate operations and/or in the legislation in force;

- monitoring and evaluating, on the basis of the approved activity Plan, the validity of the Model and company's policies and procedures over time, by promoting, even having consulted the corporate structures concerned, all the actions that are necessary to ensure their effectiveness;
- carrying out, on the basis of the approved activity Plan or through unscheduled and surprise audits, controls on the corporate structures that are deemed at risk of offence, in order to ascertain whether the activity is carried out in compliance with the adopted Model 231;
- verifying the implementation and actual functionality of the proposed solutions, through a follow-up activity;
- carrying out, on the basis of the approved activity Plan, a control on the acts carried out by persons with powers (powers of attorney, authorisation powers and proxies);
- periodically verifying - with the support of the other competent functions - the system of powers in force, in order to ascertain its consistency with the defined organisational and managerial responsibilities, and recommending changes in the event that the power of management and/or the qualification does not correspond to the powers of representation conferred on the company's internal responsible manager or on sub-responsible managers;
- defining and managing, in the implementation of Model 231, the information flow that allows the Supervisory Body to be periodically updated, by the corporate structures concerned, about the activities assessed at risk of offence, as well as establishing - where deemed necessary - additional methods of communication / reporting, in order to acquire knowledge concerning any possible breach of the Model 231;
- monitoring the effective application of the Model 231 and detecting any deviations in conduct that may emerge from the analysis of the information flows and from the reports received;
- implementing, in compliance with the Model 231, an effective information flow to the competent corporate bodies which would allow the Body to report to them on the effectiveness and compliance with the Model;
- promptly notifying the Board of Directors of any infringements of the provisions - regulatory and procedural - which may lead to the offences referred to in the Decree;
- promoting, in concert with the Training Coordinator Unit, at the competent company structures, a proper training process addressed to the personnel, through suitable initiatives for the dissemination of knowledge and understanding of the Model;
- monitoring that the internal managers responsible for the areas at risk are informed about the tasks and duties associated with the supervision of the area, for the purpose of preventing the offences referred to in the Decree;
- periodically checking, with the support of the other competent structures, the validity of the clauses aimed at guaranteeing that the Recipients of the Model 231 comply with the Model itself;

- communicating any violations of the Model 231 to the competent bodies, in compliance with what envisaged by the Disciplinary System, for the purposes of adopting any possible punitive measures.

For the performance of the obligations listed above, the Body is conferred with the powers illustrated below:

- accessing any document and/or corporate information that is significant for the performance of the functions attributed to the Body pursuant to the Decree;
- using the services of external consultants of proven professionalism, in cases where this is necessary, for the purposes of performing its relevant activities;
- verifying that the managers responsible for the corporate structures promptly provide the information, data and/or news they were requested to provide;
- proceeding, if necessary, to the direct interview of employees, Directors and members of the Board of Statutory Auditors of the Company;
- requesting information from external consultants, agents, financial and commercial partners, service providers and auditors, as part of the activities performed on behalf of the Company.

In carrying out its own functions, the Supervisory Body acts in full autonomy and is provided with financial means that are proper to ensure its full and independent functioning. For this purpose, when preparing the company's financial statements, the Board of Directors of NGE endows the SB, on the basis of instructions by the SB itself, with financial resources for the expenses to be incurred in exercising its functions (such as expenses for specialist consultancy, travel expenses, etc.), in relation to which the Body provides proper reporting.

The Body may decide to delegate one or more specific tasks, on the basis of their respective competences, to its members, who will have the obligation to report to the Body in this respect. In any case, also with regard to the functions delegated by the Body to its individual members, the Body still remains collectively responsible.

#### 3.4 SUPERVISORY BODY INFORMATION WITH RESPECT TO THE COMPANY'S ORGANS

As part of the tasks assigned to it, the SB of NGE takes care of the information of the competent corporate bodies so that they can adopt the consequent resolutions and actions that are necessary to ensure the effective and constant properness and material implementation of the Model 231.

In particular, the SB provides the Board of Directors with a half yearly reporting concerning:

- the activity performed, with particular reference to the control activity on sensitive processes pursuant to the Decree;
- critical issues that emerged in terms of conduct or internal events within the Company, and in terms of effectiveness of the Model;
- analysis of any reports received and of the related actions taken by the Body;
- proposals to review and update the Model;

- information concerning the supervisory activity Plan for the following year.

The SB informs the Board of Directors about the supervisory activity Plan annually for the subsequent year.

In addition, the Supervisory Body has to implement *ad hoc* information flows, notwithstanding the provision of periodic flows, in case of circumstances that make information necessary or anyhow appropriate. Therefore, the Body shall promptly report to the Chief Executive Officer in relation to:

- any violation of the Model 231 that is deemed founded, which was reported to the Body or which the Body itself ascertained;
- detected organisational or procedural deficiencies that could determine the material danger of commission of offences significant for the purposes of the Decree;
- lack of cooperation from corporate structures;
- existence of criminal proceedings against subjects operating on behalf of the Company, or of proceedings against the Company in relation to offences that are significant for the purposes of the Decree, of which the Body became aware while performing its functions;
- outcome of investigations conducted by the SB after the initiation of investigations by the Judicial Authority in relation to offences that are significant for the purposes of the Decree;
- any other information that is deemed useful for the approval of urgent resolutions by the Chief Executive Officer.

Furthermore, the Body shall report without delay:

- to the Board of Directors, in case of any breaches of the Model 231 committed by the CEO, by managers of the Company or by members of the Board of Statutory Auditors;
- to the Board of Statutory Auditors, any breaches of the Model 231 committed by the auditing company or by members of the Board of Directors, so that it can adopt the measures envisaged by law in this regard.

### 3.5 INFORMATION FLOWS WITH RESPECT TO THE SUPERVISORY BODY

Art. 6, paragraph 2, letter d), of the Decree imposes the provision in the Model of disclosure obligations towards the Supervisory Body, which is in charge of supervising the functioning and compliance with the Model itself.

The obligation of a structured information flow is intended to be a tool that guarantees the activity of supervising the efficacy and effectiveness of the Model 231 and to *a posteriori* assess the causes that made it possible to commit the offences envisaged by the Decree.

The effectiveness of the supervisory activity of the Body is based on a structured system of reports and information coming from all the Recipients of the Model, with reference to all the acts, conducts or events, of which such recipients become aware and which may constitute a breach of the Model 231 or which, more in general, are potentially significant for the purposes of the Decree.

As required by the Confindustria Guidelines and by the best application practices, the information flows to the Supervisory Body refer to the categories of information below:

- **ad hoc information flows (including reports);**
- **constant (or periodic) information.**

By way of non-exhaustive example, a list of *ad hoc* information flows and of constant information that is subject of the transmission to the Supervisory Body, is shown below.

### 3.5.1 AD HOC INFORMATION FLOWS

The *ad hoc* information flows addressed to the SB by company representatives or third parties are related to current or potential critical issues and may include, by way of non-exhaustive example:

- a) occasional news in relation to which immediate disclosure to the Body is appropriate. The obligation to provide information relates to:
- measures notified to the Company or its Directors, managers or employees by the judicial Authority, according to which investigations are conducted by the Authority itself for administrative offences referred to in (It.) Legislative Decree 231/01 or for the related predicate offences;
  - requests for legal assistance coming from managers and/or employees in the event of initiation of legal proceedings for predicate offences;
  - information relating to disciplinary proceedings in progress and to any penalties imposed or to the motivations for their dismissal;
  - evidence concerning the disciplinary proceedings carried out for breaches of the Model 231, related outcomes and motivations and any penalties imposed;
  - reports from which critical elements arise in relation to compliance with the Decree;
  - any anomaly found in the assessment activity performed by the appointed Organisational Units;
  - possible existence of conflicts of interest between a Recipient of the Model and the Company;
  - any workplace accidents, or measures taken by the Judicial Authority or by other Authorities with regard to safety and health at work, from which violations of the rules on health and safety at the workplace arise;
  - any measures ordered by the Judicial Authority or by other Authorities in relation to the environment, according to which a current or potential violation of environmental regulations, and/or authorisations governing the business activity, emerges;
  - any orders received that are deemed to be in conflict with the law, with the internal regulations or with the Model;
  - any requests or offers of money, gifts (exceeding the modest value) or of other benefits coming from, or addressed to, public officials or persons in charge of public service;

- any significant deviations from the budget or any expenditure anomalies arising from authorisation requests during the final accounting phase of management control;
- any omissions, negligence or falsification in the keeping of accounting records or in the preservation of the documentation on which the accounting records are based;
- requests for legal assistance submitted to the Company by its employees, in compliance with the National Collective Labour Agreement, in the event of the initiation of criminal proceedings against them;
- any reports, that are not promptly identified by the competent functions and that concern deficiencies or inadequacies of premises, of work equipment or of the protective devices made available by the Company, in addition to any other situation of danger associated with health and safety at the workplace;
- information relating to the commission or potential commission of offences or acts suitable to implement such offences;
- conducts that are not in line with the defined organisational structure, with the powers structure (such as powers of attorney, organisational communications, service orders) or with the internal procedural rules ( that is to say procedures, operating instructions, guidelines, policies).

b) information from whatever source concerning the possible commission of offences or, in any case, the breach of Model 231 or, more in general, unlawful conduct that is potentially significant for the purposes of (It.) Legislative Decree 231/01, or circumstances showing organisational or procedural deficiencies or the need to update the Model 231:

- the commission of offences or the implementation of acts that are suitable to commit such offences;
- conducts that are not in line with the rules of conduct envisaged by the Model 231 and by *policies*, manuals, procedures, directives and work instructions;
- any changes or deficiencies found within the corporate or organisational structure;
- any changes or deficiencies found in the *policies*, manuals, procedures, directives and work instructions;
- transactions showing risk profiles concerning the commission of offences.
- any communications from the auditing company in relation to aspects that may show a lack of internal controls.

The Company activated the most appropriate communication channels, in order to allow information flows to be forwarded through a special e-mail box [odv@nextgeosolutions.com](mailto:odv@nextgeosolutions.com) or to the address: Supervisory Body, Next Geosolutions Europe S.p.A., Via Santa Brigida, 39, 80133 Napoli (NA).

#### 3.5.1.1 REPORTS

As part of the *ad hoc* information flows, NGE provides for and protects the possibility of transmitting, even anonymously, those reports made by the Recipients of the Organisation, Management and Control Model, in compliance with the (It.) Legislative Decree 231/01, in order to protect the integrity of the Company in case, by reason of the functions performed,

they became aware of unlawful conducts that are significant for the purposes of (It.) Legislative Decree 231/01 and based on specific and consistent facts, or of breaches of the Organisation, Management and Control Model of the Company, pursuant to (It.) Legislative Decree 231/01.

Specifically, the following needs to be communicated to the Supervisory Body:

- information relating to the commission or potential commission of offences or acts suitable to implement such offences;
- ascertained and/or presumed violations of the provisions of the Model;
- conducts that are not in line with the defined organisational structure, with the powers structure or with the internal procedural rules ( that is to say procedures, operating instructions, guidelines, policies, circulars).

As envisaged by the (It.) Law of 30 November 2017, no. 179, which introduced the so-called "whistleblowing" into the discipline referred to in (It.) Legislative Decree 231/01, the Company adopts all the necessary measures to ensure that the reporting agents are provided with:

- a) one or more channels that would make it possible to submit, for the purposes of protecting the integrity of the Company, detailed reports of unlawful conduct, which are significant pursuant to (It.) Legislative Decree 231/01 and are based on specific and consistent facts, or of breaches of the Model, of which they became aware by reason of the functions performed; said channels shall guarantee the confidentiality of the reporting agent's identity in managing the report;
- b) at least one alternative reporting channel that would be suitable to guarantee the confidentiality of the reporting agent's identity through IT methods;
- c) the prohibition of retaliation or discriminatory acts, direct or indirect, against the reporting agent for reasons that are directly or indirectly connected to the report;
- d) penalties that are envisaged by the disciplinary system against those who violate any measures protecting the reporting agent, as well as against those who make reports, intentionally or with gross negligence, that prove to be unfounded.

Furthermore, it is specified that the adoption of discriminatory measures against the reporting agents can be reported to the National Labour Inspectorate, in relation to the measures within its scope of competence, by the reporting agent and even by the trade union organisation that he/she indicates.

In addition, any retaliatory or discriminatory termination of employment of the reporting agent is void. The change in duties pursuant to art. 2103 of the Italian Civil Code and any other retaliatory or discriminatory measures adopted against the reporting agent are void as well. In the event of disputes related to the imposition of disciplinary penalties, demotions, dismissals, transfers, or in case the reporting agent is subject to another organisational measure having a negative, direct or indirect, impact on the reporting agent's working conditions, following the submission of the report, the employer is responsible for demonstrating that such measures are based on reasons completely unrelated to the report in question.

Lastly, it should be pointed out that, in the event of a report or complaint carried out in the forms and within the limits established by law, the pursuit of the interest in the integrity of the Body, as well as in the prevention and repression of harassment, constitutes just cause for disclosure of the information covered by the obligation of secrecy referred to in articles 326, 622 and 623 of the Italian criminal code and in art. 2105 of the Italian civil code (except for the case in which the duty of professional secrecy applies to whoever became aware of the information by reason of a relationship of professional consultancy or assistance with the Company, the body or the natural person concerned). When the news and documents that are communicated to the body in charge of receiving them are subject to professional or official secrecy, their disclosure by means that are not compliant with the purposes of eliminating the offence and, in particular, their disclosure outside the communication channel specifically set up for this purpose, constitutes a breach of the obligation related to such secrecy.

Furthermore, in compliance with what envisaged by (It.) Law 179/17, reports are managed in such a way as to ensure (besides the confidentiality of reporting agents) that said reporting agents are protected against any form of retaliation or discriminatory conduct, direct or indirect, for reasons directly or indirectly connected to the report.

The Company, in compliance with what envisaged by the whistleblowing legislation, has a dedicated channel, aimed at receiving reports, which guarantees the confidentiality of the reporting agent; reports, in fact, can be sent to the specific e-mail address [odv@nextgeosolutions.com](mailto:odv@nextgeosolutions.com) or to the address: Supervisory Body, Next Geosolutions Europe S.p.A., Via Santa Brigida, 39, 80133 Napoli (NA).

#### 3.5.1.2 REPORT MANAGEMENT

The SB assesses the reports received and determines any initiatives by listening, where possible, to the reporting agent and/or the person who is responsible for the alleged violation and/or any other subject it deems appropriate; lastly it gives its reasons in writing for each conclusion reached. In particular, the reports received through the aforementioned channels are managed by the SB which performs a first assessment of the report in order to:

- ascertain that the report falls within the competences of the SB;
- verify that it is sufficiently detailed so that proceeding to its deepening is possible.

In case the report has the characteristics above, the SB starts the investigation activities; lacking the aforementioned characteristics, the SB will file the report and give a brief explanatory note.

In particular:

- preliminary activity: the SB evaluates the report at its discretion and under its own responsibility in order to assess the need to perform specific investigations aimed at ascertaining the facts reported therein. This need is determined on the basis of the following elements: (i) information provided with the report; (ii) current procedures in force in relation to the reported facts; (iii) previous and already examined reports/verifications on the same object.
- in the event that the SB deems that further checks are not necessary, it prepares a brief explanatory note illustrating the analysis carried out and files the report. On the other hand, in case the SB deems that further investigations are necessary, it initiates ad hoc checks (investigation activities), possibly with confidential methods, depending on the subject of the report.

- investigation activity: the investigation activity that should follow the report is conducted with the support of the competent functions or of external subjects, and in compliance with all the applicable rules aimed at protecting the reporting agent and any subjects involved in the checks.
- corrective measures: in case the investigation reveals the need for corrective intervention, the SB requests the implementation of such intervention.

The SB establishes a register of reports, containing an indication of the received reports, of the related subjects responsible for them and of any penalties imposed against them.

The SB has to properly keep minutes of all the activities above. The related minutes are kept by the SB, together with the register of reports, that is specifically established and contains an indication of the received reports

### 3.5.2 CONSTANT (OR PERIODIC) INFORMATION

Besides the information referred to in the previous paragraph, the significant information below (**by way of non-exhaustive example**), concerning recurring activities, needs to be promptly communicated to the Body - with the obligation to make the relevant documentation available to the Supervisory Body:

- news relating to organisational and procedural changes that are significant for the purposes of the Model 231;
- the structure of powers and the system of powers of attorney adopted by the Company and any changes occurred in it;
- the annual financial statements, accompanied by explanatory notes and by the half-yearly balance sheet;
- communications coming from the Auditors in relation to any critical issues that emerged, even if already sorted out.
- request, disbursement and management of public or subsidised loans;
- transactions with related parties concluded at values other than market values, with an express illustration of the related reasons;
- any financial transfers between the Company and other companies of the Group that are not justified by a specific agreement concluded under market conditions;
- list of suppliers of works, services and goods used by NGE;
- list of orders acquired by NGE, with indication of the significant information for each order (such as type, amount, customers, nature of the services, any disputes, etc.);
- results (including anomalies) emerging from due diligence activities on the reliability of counterparties (such as suppliers, shipping agencies, clients, etc.);
- any transactions of a financial and commercial nature performed in Countries with preferential tax regime;

- the information and training activities carried out in implementation of the Model 231 with personnel taking part in them;
- results of the verification and monitoring activities concerning the obligations related to health, safety and to the environment, carried out by internal structures or by third parties (such as certification bodies, specialised companies, etc.);
- any inspection reports on health, safety and environment, carried out by public bodies and/or supervisory authorities (such as ARPA, ASL, etc.) and any other significant document in this regard;
- any document that is useful for the purposes of assessing the forecast and of maintaining suitable controls over time aimed at preventing unlawful conduct in the use of IT tools and systems and in the processing of data;
- policies, manuals, procedures, directives and work instructions put in place to guard from HSE aspects, any changes that affect the organisational structure and NGE protocols relating to the matter, as well as those documents significant for the purposes of the HSE management system, such as, for example, the risk assessment document (DVR), the accident register, the emergency plan, the minutes relating to the periodic meetings aimed at risk prevention and protection and to the environmental analysis and inspections in the offices and premises, etc.;
- data relating to any accidents occurring within the Company and to the so-called “near-misses”, that is to say all those events which, though having not generated harmful events towards employees, can be considered symptomatic of any weaknesses or deficiencies in the health and safety system, and any measures adopted for the purposes of the adaptation of protocols and procedures.

#### **4. PERSONNEL TRAINING AND DISSEMINATION OF THE MODEL WITHIN THE COMPANY AND OUTSIDE OF IT**

##### 4.1 TRAINING PERSONNEL

Knowledge of the Model 231, of the internal regulatory system and of any related updates, is promoted by NGE among all employees, who are thus required to know the respective contents, to comply with it and contribute to its implementation.

The competent Unit, in cooperation with the Supervisory Body, deal with personnel training in relation to the contents of the Decree and to the implementation of the Model and gives related notice to the Supervisory Body.

Within this context, communicative actions include:

- proper disclosure to its employees of Model 231, complete with all Annexes and the Code of Ethics, through the inclusion of the Model 231 and of the Code of Ethics in a specific section of the Company’s intranet and of the Company's website. Also the Code of Ethics adopted by the Company is included in the website of NGE;
- the Code of Ethics is distributed to all the personnel in service and to new hires at the time of hiring, who sign to certify its receipt and undertake to become aware of it and comply with the related provisions;

- update on the amendments made to Model 231 or to the Code of Ethics, resulting from regulatory and/or organisational changes significant for the purposes of the Decree, even with reference to the Company's intranet;
- development of periodic interventions of disseminated training/information towards subjects responsible for and the areas at risk/support of offence pursuant to (It.) Legislative Decree 231/01 and towards personnel operating in such areas. The training/information courses are aimed, in brief, at illustrating the contents of (It.) Legislative Decree 231/01, the principles of the Code of Ethics and the discipline of the Model 231.

Notwithstanding the method chosen for providing the training course, traceability of participation is guaranteed.

Participation in the training sessions is mandatory; the Training Coordinator Unit monitors that all the personnel takes part in training course and that their participation is tracked.

#### 4.2 INFORMATION TO COUNTERPARTIES OUTSIDE

Knowledge and compliance with the Model 231 and with the Code of Ethics is promoted by NGE even among the Company's external counterparts, such as, by way of example, suppliers, collaborators of various types, offshore personnel, consultants, customers, commercial and financial partners, intermediaries.

NGE deals with the inclusion of specific contractual clauses, in the agreements with the aforementioned counterparties, which envisage, in the event of non-compliance with the principles established in the aforementioned documents, the possible termination of the contractual relationship.

### **5. DISCIPLINARY SYSTEM AND MEASURES IN CASE OF NON-COMPLIANCE WITH THE REQUIREMENTS OF THE MODEL**

#### 5.1 GENERAL PRINCIPLES

A disciplinary system is provided for cases of breach of the provisions contained in the Model as an essential condition to ensure the effectiveness of the Model 231 itself.

In this regard, in fact, articles 6, paragraph 2 letter e), and 7, paragraph 4 letter b), of the Decree provide that the organisational and management models must introduce a disciplinary system which would be suitable to sanction cases of non-compliance with the measures indicated therein.

For the purposes of said disciplinary system and in compliance with the provisions referred to in the collective labour contract, the actions or conducts violating the Model 231 represent conduct that is subject to penalties. Since the latter is composed of the internal regulatory system as well, which is an integral part of it, the expression "violation of the Model 231" includes the violation of one or more principles or rules defined by the several corporate documents of which said regulatory system is composed (see paragraph 1.3).

The application of disciplinary penalties does not depend on the initiation and/or the outcome of any criminal proceedings, as the rules of conduct imposed by the Model 231 are adopted by NGE in full autonomy and notwithstanding the type of offence that any breaches of the Model itself can generate.

In particular, the main types of breaches are identified below, for illustrative and non-exhaustive purposes:

- a) failure to comply with the Model 231, in the event of breaches aimed at committing one of the offences envisaged by the Decree or in case there is a danger that the Company's liability is contested pursuant to the Decree;
- b) failure to comply with the Model 231, in the event of breaches connected, in any possible way, to the areas at risk of offence (direct or instrumental) or to the sensitive activities illustrated in the Special Parts of the Model;
- c) lack of reporting, filing and control of the relevant documents according to the applicable protocols (procedures), with the aim of preventing the transparency and verifiability thereof;
- d) failure of line managers to supervise the conduct of their subordinates in order to verify the correct and effective application of the provisions of the Model 231;
- e) failure of the Recipients to participate in training activities relating to the content of the Model 231 and, more in general, of (It.) Legislative Decree 231/01;
- f) breaches and/or circumventions of the control system, through the removal, destruction or alteration of the documentation required by company's policies and procedures, or otherwise, by preventing the subjects in charge, including the SB, from controlling or accessing to information and documentation;
- g) any form of retaliation, discrimination or, in any case, penalisation, even indirect, against the persons subject to reports and, above all, against the reporting agents;
- h) breach of the obligation to inform the SB (as described in paragraph 2.5).

Identification and application of penalties must be compliant with the principles of proportionality and adequacy with respect to the alleged breach. In this regard, the circumstances below are significant:

- type of offence committed;
- material circumstances in which the offence was committed;
- manners in which the unlawful conduct is implemented;
- seriousness of the breach, also considering the subjective attitude of the agent;
- possible commission of multiple breaches within the same conduct;
- possible participation of more than one person in the commission of the breach;
- possible recidivism of the agent.

The disciplinary system is constantly monitored by the competent corporate function, which reports to the SB on the matter.

## 5.2 MEASURES WITH RESPECT TO DIRECTORS AND AUDITORS

In the event of a breach of the Model 231 by one or more Directors and/or Statutory Auditors of NGE, the SB informs the Board of Directors which, on the basis of the respective

competences, will proceed with one of the following actions, taking into account the seriousness of the breach and in compliance with the powers envisaged by law and/or by the Articles of Association:

- statements in the minutes of the meetings;
- formal warning;
- revocation of the office/delegation;
- request to call or calling of the Shareholders' Meeting with, on the agenda, the adoption of proper measures against the subjects that are responsible for the breach, including the prosecution aimed at acknowledging the liability on the Director and/or Statutory Auditor towards the Company and the at the compensation of any possible damages suffered and to be suffered.

Considering that the Directors of NGE are appointed by the Shareholders' Meeting of the Company, in the event of detection of breaches of Model 231, such as to compromise the fiduciary relationship with the representative of the Company, or that are connected, on serious grounds, to the protection of the Company's interest and/or image, the Shareholders' Meeting will be called in order to resolve on the possible revocation of the mandate.

### 5.3 SANCTIONS FOR EMPLOYEES

Employees' conduct violating the rules of conduct envisaged by the Model 231 are defined as "disciplinary offences".

The penalties that can be imposed to employees fall within those envisaged by the applicable (It.) national collective labour agreement of reference, in compliance with the provisions of art. 7 of the (It.) Workers' Charter and with the applicable collective legislation in force.

The abstract categories of failure to fulfil describe the conduct that can be punished, in relation to which sanctioning measures are envisaged according to the principles of proportionality and adequacy, and considering the circumstances illustrated in the paragraph 4.1 above.

#### 5.3.1 EXECUTIVES

In the event of infringement of the provisions envisaged by the Model 231 committed by executives or in case of adoption, while performing their offices, of a conduct that does not comply with the provisions of the Model itself, the most appropriate measures will be applied towards the executives, in compliance with what envisaged by the law in force and by the applicable collective employment agreements.

In particular:

- in case the infringement of one or more provisions of the Model 231 is of such seriousness as to damage the fiduciary relationship, thus making the continuation of the employment relationship, though provisional, impossible, the executive falls into the measure of dismissal without notice;

- in case the breach is minor but still serious to the point that the fiduciary relation is irreparably damaged, the executive falls into the measure of dismissal with notice for justified reason.

### 5.3.2 MANAGERS AND OFFICE STAFF

In compliance with the provisions envisaged by the current national collective labour agreement of reference:

- a) the employee who breaches the internal procedures envisaged by the Model 231 or adopts, in carrying out his/her offices within the related areas at risk, a conduct that does not comply with the provisions of the Model itself, as such conduct must constitute a violation of the employee's duties, as identified by the CCNL (national collective labour agreement), with prejudice to the discipline and integrity of the Company, falls into the measures of verbal warning, written warning, fine or suspension from work and from receiving remuneration, depending on the seriousness of the infringement;
- b) the employee who, while performing activities within the areas at risk, commits a significant breach of the provisions of the Model 231, falls into the measures of dismissal with notice, since such conduct must be more serious than those identified in the point a) above;
- c) the employee who, while carrying out the activities within the areas at risk, adopts a behaviour that is unambiguously aimed at committing one of the offences punished by the Decree or a conduct that is carried out in such a violation of the provisions of the Model 231 to determine the material application by the Company of the measures envisaged by the Decree, given that said conduct must be considered a very serious infringement able to cause the Company serious moral and/or material damage, falls into the measure of dismissal without notice.

This document integrates, for all legal purposes, the provisions on disciplinary matters envisaged by the current national collective labour agreement of reference and is subject to the obligation of affixing a copy of the sanctions system pursuant to art. 7 of the (It.) Workers' Charter.

### 5.4 MEASURES WITH RESPECT TO COLLABORATORS, AUDITORS, CONSULTANTS, PARTNERS, COUNTERPARTIES, SUPPLIERS, CUSTOMERS AND OTHER EXTERNAL SUBJECTS

Any conduct, implemented in the context of a contractual relationship by collaborators, auditors, consultants, partners, counterparties and other subjects external to the Company, that is contrary to the lines of conduct envisaged by the Model 231, determines the unilateral termination of the contractual relationship, by virtue of the clauses that NGE provides in each agreement, which are written with the support of the appointed lawyers.

In the event that infringements are committed by temporary workers or in the context of contracted work for public works or services, penalties will be applied to the worker, once his/her unlawful conduct is ascertained, by his/her own employer (temporary employer or contractor) and the criminal proceedings may even lead to legal actions against the temporary employer or the contractor.

In any case, the Company is only entitled to request the replacement of the workers who committed the aforementioned infringements, in compliance with the contractual agreements in force with the contractors and with the temporary employers.

#### 5.5 PROCEEDINGS TO IMPOSE PENALTIES

The proceedings of application of the penalties resulting from the breach of Model 231 differs, depending on the category of Recipients, in relation to the phases of:

- notification of the infringement to the party concerned;
- determination and subsequent infliction of the penalty.

The procedure always begins after the receipt, by the corporate bodies that are competent from time to time, depending on the case, and indicated below, of the notification with which the SB reports the infringement of the Model 231.

More precisely, whenever the SB receives a report or acquires, during its supervisory and verification activities, elements that are suitable to constitute the danger of infringement of the Model 231, has the obligation to carry out the investigations and controls falling within the scope of its activity.

Once the inspection activity is completed, the SB of NGE, on the basis of the elements in its possession, expresses an assessment concerning the occurred breach and informs the Chief Executive Officer.

##### 5.5.1 DISCIPLINARY PROCEEDINGS AGAINST DIRECTORS AND STATUTORY AUDITORS

If the Model is found to be infringed by a person holding the office of Director that is not connected to the Company by a subordinate employment relationship, the Supervisory Body transmits to the CEO, and then to the Board of Directors, a report containing:

- description of the conduct alleged;
- indication of the provisions of the Model that have been infringed;
- personal details of the subject who is responsible for the breach;
- any documents proving the infringement and/or any other evidence;
- the Body's own proposal in relation to the appropriate penalty to be inflicted with respect to the specific case.

Within ten days from the receipt of the report from the SB, the Board of Directors convenes the SB for a meeting of the Board, to be held within and no later than thirty days from the receipt of said report.

The call must:

- be made through written notice;
- indicate the conduct alleged and the provisions of Model 231 that have been infringed;
- communicate the date of the meeting to the interested party, notifying such party of his/her right to formulate any written and verbal remarks/statements. The convocation must be signed by the Chairman or by at least two members of the Board of Directors.

On the occasion of the meeting of the Board of Directors, in which the members of the SB are invited to take part, a hearing of the concerned party is arranged, the acquisition of any statements formulated by the latter and the completion of any additional assessments deemed appropriate.

The Board of Directors, on the basis of the elements acquired, determines the penalty deemed applicable, stating the reasons for any disagreement with the proposal formulated by the SB.

The resolution of the Board of Directors and/or that of the Shareholders' meeting, depending on the circumstances, is communicated through written notice, by the Board of Directors, to the concerned party and to the Supervisory Body for any appropriate assessments.

The procedure described above is applied also in case a member of the Board of Statutory Auditors committed infringement of the Model 231, within the limits allowed by the applicable law.

In all cases in which the Model is infringed by a Director connected to the Company by a subordinate employment relationship, the procedure illustrated below is lodged against executives/employees.

If the above procedure results in a dismissal, the Board of Directors will immediately convene the Shareholders' Meeting in order to resolve on the revocation of the Director from his/her office.

In any case (even in the absence of a dismissal of the Director and pending the procedure) the right of Board of Directors to adopt any appropriate measure towards said Director, after having promptly and properly notified the SB, remains firm.

#### 5.5.2 DISCIPLINARY PROCEEDINGS AGAINST EMPLOYEES

##### A) Executives

The offence assessment procedure with regard to executives is carried out in compliance with the legislation in force and with the applicable collective labour agreements.

In particular, the SB sends a report to the Chief Executive Officer, and to the competent corporate function, that contains:

- description of the conduct alleged;
- indication of the provisions contained in the Model 231 that have been infringed;
- personal details of the subject who is responsible for the breach;
- any documents proving the infringement and/or any other evidence.

Within five days from the receipt of the report coming from the Supervisory Body, the Chief Executive Officer summons the executive concerned by means of a formal notice containing:

- the indication of the conduct under investigation and of the infringement pursuant to the provisions envisaged by the Model 231;
- notice of the date of the hearing and the right of the concerned party to formulate, even at that time, any written or verbal statements on the facts.

Subsequently, the Chief Executive Officer, in agreement with the competent corporate function, will assess the position of the person concerned, as well as the implementation of the related disciplinary procedure.

If the person to which the contestation procedure is addressed holds a top position, inclusive of attribution of powers of attorney by the Board of Directors, and in the event that the investigation activity proves his/her involvement pursuant to the Decree, it is envisaged that:

- the Board of Directors may decide on the merits of the revocation of the powers conferred on the basis of the nature of the office;
- the CEO can act for the purposes of defining the position of the subject and implementing the related disciplinary procedure.

The procedure for inflicting the penalty is communicated through written notice to the person concerned, within six days from the receipt of the justifications from the executive. This term will start from the date on which written justifications or verbal justifications, if subsequent, were presented. As part of the *iter* described above, the Board of Directors of NGE is expected, in all the aforementioned cases, to be informed about the results of internal audits and about the penalty measures applied.

The Supervisory Body, to which the provision for inflicting the penalty is sent for information, verifies its application. Without prejudice to the right to appeal to the Judicial Authority, the executive, within thirty days from the receipt of the written notice concerning the disciplinary measure, may appeal to the Conciliation and Arbitration Board according to the manners envisaged by the collective contract applicable to the specific case.

In the event of the appointment of the Board, the disciplinary penalty is suspended until the decision of this body.

#### B) Managers and Office staff

The procedure for inflicting the penalty against managers and office staff is implemented in compliance with the provisions of art. 7 of the Workers' Charter and with the national collective labour agreement in force.

In particular, the SB sends a report to the competent corporate function that contains:

- personal details of the subject who is responsible for the breach;
- description of the conduct alleged;
- indication of the provisions contained in the Model 231 that have been infringed;
- any documentation and elements supporting the complaint.

Through the competent corporate function, the Company, within ten days from the receipt of the report, notifies the employee with a written claim, pursuant to art. 7 of the Workers' Charter, that contains:

- the precise indication of the conduct under investigation;
- the provisions of the Model 231 that have been infringed;

- notice of the right to formulate any statements and/or written justifications within five days from the receipt of the notice, as well as to request the intervention of the representative of the trade union association to which the employee belongs or confers mandate.

After any counter-statements of the concerned party, the competent corporate function takes measures regarding the infliction of the penalty and determines its extent.

Penalties must be applied within six days from the receipt of the justifications. The related provision is notified to the SB as well, which controls the effective application of the penalty imposed.

The employee, without prejudice to the possibility of appealing to the Judicial Authority, may request, in the twenty days following the receipt of the provision, the establishment of a Conciliation and Arbitration Board; in this case the penalty is suspended until such Board's decision.

As part of the iter described above, the Board of Directors of NGE is expected to be informed about the results of internal audits and about the penalty measures applied.

### 5.5.3 PROCEEDINGS AGAINST THIRD PARTIES RECIPIENTS OF THE MODEL

In order to allow the undertaking of the initiatives envisaged by the contractual clauses indicated within paragraph 4.4, the SB transmits a report to the subject responsible for the organisational unit managing the contractual relationship and, for information, to the CEO; such report contains:

- personal details of the subject responsible for the infringement;
- description of the conduct alleged;
- indication of the provisions of the Model that have been infringed;
- any documentation and elements supporting the complaint.

The aforementioned report, in case the contract was approved by the Board of Directors of NGE, must also be sent to the Board of Directors itself and to the Board of Statutory Auditors.

The Responsible for the organisational unit that manages the contractual relationship, in agreement with any lawyers appointed and on the basis of any decisions made in the meantime by the Chief Executive Officer, by the Board of Directors and the Board of Statutory Auditors in the envisaged cases, sends a written notice to the concerned person, containing an indication of the conduct under investigation, the provisions of Model 231 that were infringed and an indication of the specific contractual clauses that need to be applied.

As part of the iter described above, the Board of Directors of NGE is expected to be informed about the results of internal audits and about the penalty measures applied.

## **6. UPDATING AND ADAPTATION OF THE MODEL**

Pursuant to art. 6 of the Decree, the Board of Directors of NGE supervises the updating and adaptation of the Model 231, if deemed necessary considering the circumstances and, in any case, whenever there are related requests coming from the SB.

The Board of Directors entrusts the competent corporate function with the operational activities relating to the updating of the Model 231, in all its components.

Within the intention of maintaining an effective and efficient Model 231 over time, the events that may be taken into consideration for the purposes of updating or adapting the Model 231 are attributable, by way of non-exhaustive example, to:

- legislative changes with reference to the discipline of bodies' liability for administrative offences deriving from criminal offences;
- guidelines coming from case-law and prevailing doctrine;
- detected shortcomings and/or deficiencies and/or significant breaches of the provisions of the Model 231, after checks on the effectiveness of the Model itself;
- significant changes in the Company's organisational structure or in its business sectors;
- considerations arising from the application of the Model 231, including results from the updates of the "historical analysis".

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