



COMPANY FRAUD PREVENTION POLICY

In line with its value system, TM.E. S.P.A. - Termomeccanica Ecologia (abbreviated TM.E.) undertakes to combat any episode of fraud within the Company, minimising the risk of occurrence and acting immediately should such an episode arise. All TM.E. personnel and members of the Board of Directors are therefore required to uphold a high level of integrity in going about their work, making sure that their professional conduct is not affected by possible personal gain or advantage, and to immediately report any doubtful episode in this regard, involving the organisation's personnel. TM.E. also undertakes to put an effective system in place to prevent the risk of fraud, and to investigate and apply adequate, incisive actions to deal with any episode that give rise to a suspicion of fraud, in accordance with the principles outlined in this policy.

Definition of fraud

Fraud is defined as any action or omission that intentionally misleads or attempts to mislead a party, in order to attain personal gain and/or avoid one of the organisation's obligations. The term fraud includes actions such as theft, corruption, undue appropriation, falsification and camouflaging the truth, money laundering, extortion, and collusion.

Scope and field of application

The fraud combating policy set out to sensitise personnel to the question and to limit, as much as possible, any form of fraud within the organisation, by defining ethical and organisational principles that must be taken into account when subsequently defining and implementing a specific risk prevention and management system. The policy applies to all TM.E. personnel, including the members of the Board of Directors. It also extends to all activities within TM.E., even when these are managed by partner organisations or suppliers. Prevention and management of cases of fraud involving personnel of partner organisations or suppliers, will be dealt with by adding specific normative provisions to the partnership or supply contract.

Specific basic principles behind the system to be created

a) Fraud prevention

Each member of the organisation signs the code of ethics, in which specific care is called for to ensure that their behaviour shows complete integrity. To ensure respect of this code and limit possible fraud risks, the organisation must identify the same ahead of time and take specific measures to mitigate the same. At the same time, in-house rules and procedures must be defined that clarify the steps to be taken when investigating and managing presumed and determined episodes of fraud. Following identification of the risks and definition of the rules and procedures, specific training must be ensured for personnel in office and those subsequently put under contract and appointed.

b) Identification of fraud

In a manner in line with the procedures to be defined, the organisation must periodically run checks aimed at preventive identification of possible episodes of fraud, in Italy and in loco. Such actions are to be coordinated by the Supervisory Body with the help of other personnel where necessary. The Supervisory Body or people delegated by it must be ensured free access to all information and documentation of use for their checking.

Each member of the organisation is duty bound to timeously notify their manager of the Supervisory Body of any information that makes them suspect an episode of fraud and/or corruption. Specific measures must be laid down and implemented so that the person who reports the fraud is not subjected to subsequent recriminations or discrimination (Whistleblowing).

c) Reaction to fraud

In order to ensure a prompt reaction to fraud, cases that are reported or emerge from routine audits must be immediately be brought to the attention of the Chairperson of the Supervisory body, and dealt with according to the relevant specific procedure.

The outcomes of the procedure are to be formalised in a written report, and reported to the Supervisory Body, along



with the proposal of a plan of action, clarifying the measures to be applied and who is responsible for implementing them, including the disciplinary measures against the personnel involved.

d) Sanctions in relation to members of the organisation

Actions on the part of members of the organisation that show attempts or involvement in fraud must be promptly sanctioned by measures proportional to the presumed or defined fraud, and in a way that is in line with legal provisions, and may result in measures such as written warnings, temporary suspension from work, and firing.

e) Monitoring the system

Once a year the Supervisory Body is to present a report containing the outcomes of the checking activities carried out, how any episodes of fraud were dealt with, and proposals for improving the system or the rules and procedures in place.

This Policy is shared with all company employees by communications and/or meetings with personnel, and is subjected to checking during the Management Review, in order to continually evaluate its adequacy for attaining the company's goals in terms of the security of information.

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Managing Director
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