

MOGC 231/01

Organization, management and control model pursuant to Legislative Decree No. 231 of June 8, 2001.

Approval:

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Foreword

This Organization, Management and Control Model (hereinafter, also only the "**Model**") contains an organic system of principles, values, principals, operating guidelines and ethical rules that Orthofix S.r.l. (the "**Company**" or "**Orthofix**") considers fundamental and inalienable for the conduct of all company activities, and of which it requires the most careful observance by the members of the corporate bodies and management, the Company's employees, and all those who work, even de facto, for the Company, including third parties such as, purely by way of example and not limited to, agents, collaborators, consultants, etc. (the "**Recipients**").

The Company, in fact, considers preeminent over any business need the need to respect (and have anyone interfacing with it respect) the highest standards of ethics and transparency.

Orthofix, therefore, expects all those who have and intend to have legal relations with the Company to adopt conduct in accordance with the provisions set forth in this Model and in line with the ethical principles contained herein.

This Organization, Management and Control Model under Legislative Decree 231/01 consists of a summary document, which contains the general and special parts of the Model, and several Annexes, which are an integral part of the Model.

MODEL COMPONENTS

01

General Part

includes a brief examination of the regulatory provisions set forth in Legislative Decree 231/01 and the main practical implications that these provisions have and/or may have for Orthofix and all those who work with and/or for it, an indication of the offenses that are prerequisites for liability under the aforementioned decree ("**predicate offenses**"), the discipline of Orthofix's Supervisory Board, a description of the disciplinary system adopted by the Company, and the system of communication and training on the content of the Model.

02

Special Part

contains the identification of the activities most exposed to the risk of committing predicate offenses, a description of the risk profile related to each type of crime and an indication of the prevention and control tools adopted by the Company.

03

Attachments

- Orthofix Group Code of Business Conduct and Addendum adopted by Orthofix S.r.l.
- Existing Processes, Procedures, Practices
- Functional chart
- Summary Table of the Presumed Offenses and Sensitive Departments/Activities.
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Definitions

For the better understanding of this document, definitions of the most important recurring terms are clarified:

- **Risk Areas:** the areas of the Company's activities in the scope of which the risk of commission of the Offenses appears to be looming, in more concrete terms, as identified in the Special Part of the Model.
- **CCNL:** the National Collective Labor Agreement applied by the Company.
- **Code of Ethics:** the Code of Ethics adopted by the Orthofix Group and the Addendum to the Code of Ethics approved by the Company's Board of Directors.
- **Consultants:** those individuals who act in the name and/or on behalf of the Company under a mandate contract or other contractual relationship of professional collaboration.
- **Legislative Decree 231/2001 or the Decree:** Legislative Decree No. 231 of June 8, 2001, as amended and supplemented.
- **Target Audience:** the Corporate Officers and External Parties.
- **Employees:** those persons having an employment relationship with the Company, including executives, and those who, regardless of the type of contract, nevertheless perform work with the Company.
- **Entities:** companies, consortia, etc.
- **Corporate officers:** members of the Board of Directors, auditors, liquidators, general manager, executives and employees of the Company.
- **Group:** the corporate group under Orthofix Medical Inc. of Lewisville, Texas
- **Persons in charge of a public service:** pursuant to Article 358 of the Criminal Code, "persons in charge of a public service are those who, in any capacity, perform a public service. By public service is to be understood an activity regulated in the same forms as public function, but characterized by the lack of the powers typical of the latter, and with the exclusion of the performance of simple tasks of order and the performance of merely material work."
- **Guidelines:** the "Guidelines for the construction of organization, management and control models under Article 6, paragraph 3, Legislative Decree 231/01," approved by Confindustria on March 7, 2002, and subsequently updated;
- **Model:** this Organization, Management and Control Model, which contains the requirements adopted by Orthofix S.r.l. in accordance with Legislative Decree 231/2001 and its subsequent amendments.
- **Corporate bodies:** the Board of Directors, the Board of Auditors and their members.
- **Supervisory Board or SB:** the internal control body, responsible for supervising the operation of and compliance with the Model as well as its updating.
- **Orthofix:** Orthofix Ltd.
- **Business Partners:** the individuals and/or legal entities that have collaborative relationships with the Company regulated by contract;
- **Public Administration or "P.A." means** the State (including governmental, territorial, local, sectorial entities, such as, governmental bodies, regulatory authorities, regions, provinces, municipalities, constituencies) and/or all public bodies and entities (and in cases determined by law or functions private entities that in any case perform public function such as, e.g., concessionaires, public law bodies, contracting authorities, mixed public-private companies) that carry out activities to provide for the pursuit of public interests and public administration in the broad sense and administrative management function. This definition includes the Public Administration of Foreign States and the European Union as well as, again in relation to Crimes against the P.A., those employed or entrusted with a public service (by concession or otherwise) or performing public functions and/or public officials. In this context, moreover, (i) public service includes, among others, activities carried out, by concession or agreement, in the general interest and subject to the supervision of public authorities, activities related to the protection of or relating to life, health, welfare, education, etc. (ii) public function includes, among others, activities governed by public law, including the legislative, administrative and judicial functions of any public body.
- **Public Official:** as provided in Article 357 of the Criminal Code "for the purposes of criminal law, public officials are those who exercise a public legislative, judicial or administrative function. For the same purposes, an administrative function governed by rules of public law and authoritative acts and characterized by the formation and manifestation of the will of the public administration or by its performance by means of authoritative or certifying powers is public."
- **Offenses:** the types of offenses to which the regulations of Legislative Decree 231/2001 on the administrative liability of Entities apply.
- **Reference Manager or "Manager" means** the Company's Corporate Officer to whom, by delegation or by organizational arrangement, is entrusted with the responsibility (severally or jointly with other persons) for specific functions and activities.
- **Company:** Orthofix S.r.l.
- **External Parties:** all third parties (self-employed or parasubordinate workers, professionals, consultants, agents, distributors, suppliers, business partners, etc.) who, by virtue of contractual relationships, act on behalf of the Company.
- **TUF:** the Legislative Decree No. 58 of February 24, 1998, as amended and supplemented.

1. Legislative Decree No. 231/2001

1.1 The administrative liability regime provided for legal persons

The Decree, bearing the "Discipline of the administrative liability of legal persons, companies and associations, including those without legal personality," introduced into the Italian legal system a regime of administrative liability for Entities for crimes that are exhaustively listed.

1.1.1 THE CONDITIONS OF APPLICABILITY

For this liability to apply, it is necessary that:

a) is committed by one of the following qualified parties:

- by individuals who hold positions of representation, administration, management or control (including de facto) of the Entity or organizational areas with financial and functional autonomy and who carry out, including de facto, the management and control of the Entity itself (so-called "**top persons**");
- By individuals subject to the management or supervision of the above-mentioned individuals (so-called "**subordinates**");

- By **individuals acting for and on behalf of the Entity** pursuant to a mandate and/or any collaboration or assignment agreement; and

b) the crime was committed in his interest or for his benefit.

If the interest is completely lacking because the qualified party acted to realize an interest exclusively of its own or of third parties, the entity is not liable. On the contrary, if an interest of the entity - albeit partial or marginal - exists, the offence is committed even if no benefit has materialized for the entity itself, which may at most benefit from a reduction in the fine.

1.1.2 THE LIABILITY OF THE ENTITY AND INDIVIDUAL RESPONSIBILITY

The Entity's liability is in addition to - and not in lieu of - the criminal liability of the individual who materially committed the offense, and is independent of it, subsisting even when the perpetrator has not been identified or cannot be charged or in the event that the offense is extinguished by a cause other than amnesty.

It should be pointed out that Legislative Decree 231/2001 does not introduce new cases of crime with respect to those existing and provided for natural persons, but extends, for the hypotheses expressly indicated and according to the particular discipline provided therein, the responsibility also to the Entities to which the aforementioned natural persons are functionally referable. This is, therefore, a liability (we

reiterate "administrative") that is in addition to - and does not replace - the criminal liability of the offender.

The basis of such liability consists, in a nutshell, in "organizational fault" on the part of the Entity. The latter, in fact, is held liable for the administrative offence dependent on the Offence committed by one of its exponents, if it has failed to provide itself with an organization capable of effectively preventing its occurrence (or at least significantly reducing the possibility thereof) and, in particular, if it has failed to equip itself with an internal control system and adequate procedures for carrying out the activities at greater risk of commission of Offences (for example, in the context of contracting with the Public Administration) provided for by the Decree.

THE BURDEN OF PROOF

In particular, the Entity's liability is presumed if the wrongdoing is committed by a natural person who holds top management positions or responsibilities; consequently, the Entity bears the burden of proving its extraneousness to the facts by proving that the act committed is outside the corporate policy.

Conversely, the liability of the Entity is to be proven in the event that the perpetrator of the offence does not hold apical functions within the company's organizational system; the burden of proof then falls on the accusing body, which must prove the existence of organizational or supervisory deficiencies that could result in co-responsibility on the part of apical individuals.

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1.1.3 THE OFFENCES PREREQUISITE

The offenses that imply the liability of the Entity are peremptorily indicated by the legislature, and are subject to frequent and periodic amendments and additions by the same legislature; therefore, constant verification of the adequacy of the system of rules that constitutes the model of organization, management and control provided for by the Decree and functional for the prevention of these offenses is necessary.

Moreover, the scope of administrative responsibility of Entities is bound to know further expansions, but, in any case, these groups can be identified in the following (for a more detailed description of each of them, please refer to the [attached List of Offenses](#)):

Categories of Predicate Offenses	Icon
Offenses committed to the detriment of the Public Administration (Articles 24, 25 and 25i of the Decree)	
Computer crimes and unlawful data processing (Article 24 bis of the Decree)	
Crimes related to counterfeiting money, public credit cards and revenue stamps (Article 25 bis of the Decree)	
Crimes against industry and trade (Art. 25 bis 1 of the Decree)	
Corporate offenses (art. 25 ter of the Decree)	
Bribery among private individuals (Art. 25 ter paragraph 1 letter s-bis of the Decree)	
Crimes for the purpose of terrorism or subversion of the democratic order provided for by the Criminal Code and special laws and crimes committed in violation of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism made in New York on 9.12.1999 (Article 25 quater of the Decree)	
Crimes relating to the reduction or maintenance in slavery or servitude, trafficking in persons and the purchase and sale of slaves (Article 25 quinquies of the Decree)	
Market abuse (Article 25 sexies of the Decree)	
Manslaughter and grievous or very grievous bodily harm committed in violation of accident prevention regulations and the protection of hygiene and health at work (Article 25f of the Decree)	
Receiving stolen goods, money laundering and use of money, goods or utilities of illicit origin, and self-money laundering (Art. 25 octies of the Decree)	
Crimes involving non-cash payment instruments (Art. 25 octies.1 of the Decree)	
Copyright infringement crimes (Article 25 novies of the Decree):	
Environmental Crimes (Article 25 undecies of the Decree):	
Employment of third-country nationals whose stay is irregular (Article 25 duodecies of the Decree):	
Racism and xenophobia (Article 25l of the Decree):	
Fraud in sports competitions, abusive gaming or betting and gambling exercised by means of prohibited devices (Article 25 quaterdecies of the Decree)	
Tax crimes (art. 25 quinquiesdecies of the Decree)	
Transnational offenses (extension of the Decree by introduction of L. March 16, 2006, No. 146, Art. 10)	
Offenses of smuggling (Article 25 sexiesdecies of the Decree).	

1.1.4 THE PENALTY SYSTEM

The determination of the **financial penalties** that can be imposed under the Decree is based on a quota system. For each offense, in fact, the law in the abstract determines a minimum and maximum number of quotas; the number of quotas can never be less than one hundred and more than one thousand, and the

amount of individual quotas can range from a minimum of about 258 euros to a maximum of about 1,549 euros. Based on these coordinates, the judge, having ascertained the liability of the entity, determines the financial penalty applicable in the specific case.

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The court's determination of the number of quotas is commensurate with the seriousness of the act, the degree of the entity's responsibility, and the activity, if any, carried out to repair the consequences of the offense committed and to prevent others. On the other hand, the amount of individual quotas is set according to the economic and asset conditions of the entity in order to ensure the effectiveness of the penalty.

On conviction, **confiscation** (including **confiscation by equivalent**) of the price or profit derived from the crime committed is always ordered (except for the part that can be returned to the injured party).

When it is not possible to execute confiscation on property directly constituting the price or profit of the crime, the confiscation may be for sums of money, property, or other utilities of equivalent value to the price or profit of the crime.

As a precautionary measure, things which, being the price or profit of the crime or their monetary equivalent, are liable to confiscation may be ordered to be **seized**.

In cases provided for by law, the criminal court may apply **prohibitory sanctions**, which can be particularly afflictive because they affect the entity's own activity.

This requires, first of all, the express regulatory provision of the possibility of imposing a prohibitory sanction following the commission of the predicate offense actually carried out.

It is necessary, then, that the apical person's crime has provided the entity with a significant profit, that the

subordinate's crime was caused or facilitated by serious organizational deficiencies, or that there has been a repetition of the offenses.

Disqualifying sanctions may consist of:

- a) In the disqualification of the business;
- b) in the suspension or revocation of authorizations, licenses or concessions functional to the commission of the offense;
- c) in the prohibition of contracting with the public administration, except to obtain the performance of a public service;
- d) in the exclusion from grants, financing, contributions or subsidies and the possible revocation of those already granted;
- e) In the ban on advertising goods or services.

Publication of the judgment of conviction in one or more newspapers, either in excerpt or in full, may be ordered by the Judge, together with posting in the municipality where the Entity has its principal office, when a disqualifying sanction is imposed. Publication is carried out by the Clerk of the competent Judge and at the expense of the Entity.

In cases where the interruption of the Entity's activity could result in significant repercussions on employment and/or serious harm to the community (for entities performing a public service or a service of public necessity), the judge may order, in lieu of the prohibitory sanction, the continuation of the activity by a commissioner.

1.1.5 CRIMES COMMITTED ABROAD

Article 4 of the Decree also regulates crimes committed abroad. It provides that entities having their head office in the territory of the State are also liable in relation to crimes committed abroad in the cases and under the conditions provided for in Articles 7 to 10 of the Criminal Code, provided that the State of the place where the act was committed does not prosecute them.

Therefore, **the entity is actionable when:**

- in Italy has its head office, i.e., the actual place where administrative and management activities are carried out, which may also be different from the place where the company or registered office is located (entities with legal personality), or the place where the activity is

carried out on a continuous basis (entities without legal personality);

- against the entity is not being prosecuted by the state of the place where the act was committed;
- the request of the Minister of Justice, to which, if any, punishment is subject, is also referred to the entity itself.

These rules cover offenses committed entirely abroad by apical or subordinate individuals.

As for the scope of application of the provision under review, any entity incorporated abroad under the provisions of its domestic law that has, however, the seat of administration or principal object in Italy is subject to Italian law - thus also to the Decree.

1.1.6 ATTEMPTED CRIMES

The scope of application of the sanction system provided by Legislative Decree 231/2001 also operates in the event that the crime has remained at the level of attempt (Art. 26). In fact, **the liability of the company**

can occur even if the predicate crime is in the form of attempt (Art. 26 of the Decree), that is, when the agent performs acts suitable in an unambiguous way to

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commit the crime and the action does not take place or the event does not occur (Art. 56 of the Criminal Code).

In this case, the pecuniary and disqualification penalties are reduced by one-third to one-half. In addition, the entity is not liable when it voluntarily prevents the performance of the action or realization of the event.

1.2 The Esteemed Condition

Article 6 of the Decree provides for a form of exoneration of the Entity's liability for the offenses provided for if the Entity proves that it has adopted and effectively implemented, prior to the commission of the act, an organization and management model (hereinafter also referred to as the "**Model**") suitable for preventing offenses of the kind that have occurred and has appointed a **special independent body** to supervise, so that this model is observed and continuously updated.

In particular, if the crime is committed by individuals in "apical" positions, that is, who hold positions of representation, administration or management of the Entity or of one of its organizational units with financial and functional autonomy, as well as by individuals who exercise, even de facto, the management and control of the same, the Entity is not liable if it proves that:

- an Organizational and Management Model has been adopted that is capable of overseeing the prevention of the crimes set forth in the Decree;
- a body (so-called "**Supervisory Board**" or "**SB**") of the Entity has been appointed specifically with the function of supervising the operation and application of the Model;

- there was no failure or insufficient supervision by the SB;
- the perpetrator fraudulently circumvented the supervision and management system.

If, on the other hand, the crime is committed by persons subject to the management or supervision of one of the above-mentioned persons, the Entity is liable if the commission of the crime was made possible by the failure to comply with the obligations of management and supervision. These obligations are presumed to have been complied with if the Entity, prior to the commission of the crime, adopted and effectively implemented a Model suitable for preventing crimes of the kind that occurred, according to an assessment that must necessarily be a priori.

Exempting condition

Apical Subjects

The Entity is not liable for offenses committed by a person in an apical position if it proves that:

- A Model has been adopted
- A supervisory board (SB) has been appointed.
- There was no failure or insufficient supervision by the SB
- The perpetrator fraudulently circumvented the supervisory and management system

Exempting condition

Subjects Subjected

For offenses committed by individuals subject to the management or supervision of one of the senior management, the Entity is liable if the commission of the offense was made possible by the failure to comply with management and supervisory obligations.

These obligations are presumed to have been met if the Entity, prior to the commission of the crime, has adopted and effectively implemented a Model suitable for preventing crimes of the kind that occurred, according to

1.2.1 THE SUITABILITY OF THE MODEL

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This model must provide, in relation to the nature and size of the organization as well as the type of activity carried out, **appropriate measures** to ensure the performance of activities in compliance with the law and to discover and eliminate risk situations in a timely manner. So, the effective implementation of the model requires:

- a) a periodic review and possible amendment of the same when significant violations of the requirements are discovered or when changes occur in the organization or activity;
- b) An appropriate disciplinary system to punish non-compliance with the measures specified in the model.

1.2.2 THE VOLUNTARINESS OF THE MODEL

Adoption of the Model is optional and not mandatory. Consequently, any failure to adopt it is not subject to any sanctions, but exposes the Entity to liability for administrative offenses dependent on any crimes committed by apical or subordinate persons. The

adoption of a suitable Model and its effective implementation therefore become essential in order to benefit from this sort of "shield" or rather as an indispensable prerequisite to benefit from the exemption provided by the legislator.

1.2.3 THE MODEL AS A DYNAMIC SYSTEM

Moreover, it is important to keep in precipitous consideration that the Model is not to be understood as a static tool, but must be considered, on the contrary, a dynamic apparatus that allows the Entity to eliminate, through a correct and targeted implementation of the same over time, any shortcomings that, at the time of its creation, it was not possible to identify.

Thus, it is stipulated in the Decree that the said Model must **meet the requirements of**:

- Identify areas within the scope of which any of the stipulated offenses may occur;
- Identify specific protocols with which to plan the formation and implementation of the Entity's decisions in relation to the crimes to be prevented;
- Identify ways of managing financial resources suitable for preventing the commission of such crimes;
- Provide for obligations to and from the internal Supervisory Board responsible for monitoring the effectiveness and compliance with the Model itself;
- to provide, with reference to the size, structures and activities specific to the

- company's organization, appropriate procedures to enable proper compliance with the law in relation to the performance of company activities, to identify and eliminate related possibilities or cases of risk;
- provide for periodic verification and possible amendment of the Model when significant violations of the requirements are discovered or when changes occur in the organization or activity of the Entity (so-called updating of the model);
- Introduce an internal disciplinary system suitable for sanctioning non-compliance with the measures outlined in the Model;
- provide for two or more channels, at least one of which is computer-based, that allow Recipients to submit, for the protection of the entity's integrity, circumstantiated reports of unlawful conduct, or violations of the Model of which they have become aware by reason of the functions performed. These channels must guarantee the confidentiality of the identity of the reporter in the activities of handling the report.

1.2.4 THE MODEL MUST REFLECT THE ORGANIZATION AND MUST BE IMPLEMENTED IN PRACTICE

The adoption of the Model must necessarily be complemented by its **effective and concrete implementation** and its **updating** and development aimed at maintaining compliance with the law and timely discovery of risk situations, taking into account the type of activity carried out as well as the nature and size of the organization. In fact, the effective implementation of the Model requires **periodic verification** and its amendment if significant violations of legal requirements are discovered or if significant changes occur in the organization; the existence of an

appropriate disciplinary system also assumes importance.

It should be noted that the Company's Model has also been prepared by drawing inspiration from the Guidelines drawn up by Confindustria and Confindustria Medical Devices. However, it should be clarified that the Guidelines are not binding and that the Models prepared by the Entities may deviate (without affecting their effectiveness) due to the need for adaptation to individual organizational realities.

01 | General Part

2. The Organizational and Internal Control System

2.1 Objectives and Structure of the Organizational Model

THE ORTHOFIX GROUP

Based in Lewisville, Texas, **Orthofix** Medical Inc. was born in Verona, Italy, in 1980, on the intuition of orthopedic researcher Giovanni De Bastiani, creator of the first external fixation device. Today, Orthofix Medical Inc. has evolved and grown to become one of the world's leading spine and orthopedic medical device companies, with more than 1,000 employees dedicated to the development, manufacture and distribution of multiple product lines in more than 60 countries around the world and offices in the United States, Italy, Germany, France, the United Kingdom and Brazil. Link to corporate website: <https://www.orthofix.com/about/>.

The Orthofix Group, committed to improving patients' lives and providing innovative, quality-driven solutions such that healthcare providers and organizations can meet the needs of their patients every day, has two strategic business units - Orthofix Spine and Orthofix Orthopedics. **Orthofix S.r.l.**, based in Verona, Italy, in particular, is the nerve center of the latter.

2.1.1 THE ETHICS-DRIVEN BUSINESS MODEL

There is a strong belief in Orthofix that compliance with **laws** and **ethical conduct** are not only necessary and morally correct, but also constitute an effective way of managing its business activities, taking into account the context in which it operates. That being said, the Company - sensitive to the need to ensure conditions of fairness and transparency in the conduct of business and corporate activities, to protect its own position and image, the expectations of its shareholders and the work of its employees - has deemed it in accordance with its corporate policies to proceed with the implementation of the Model required by the Decree.

The Model, therefore, constitutes a valuable tool to raise awareness for all those who work in the name and on behalf of Orthofix, so that they maintain, in the performance of their activities and in the pursuit of their interests, correct and straightforward behavior, based on procedures defined for the purpose of preventing the risk of committing the offenses contemplated in the Decree. The Company, in order to always guarantee conditions of fairness and transparency from an ethical and regulatory point of view, has deemed it appropriate to equip itself with an Organization and Management Model capable of preventing the commission of the offenses provided for in the Decree.

Given the reference regulatory context in which it operates, as well as the system of controls to which it is subject, in defining the "Model of Organization, Management and Control," the Company has adopted a design approach that allows it to use and integrate into this Model the rules that currently exist, forming, together with the **Code of Ethics**, an organic *body of* internal rules and principles, aimed at the dissemination of a culture of ethics, fairness and legality.

In particular, through the adoption and constant updating of the Model, the Company aims to pursue the following main purposes:

- condemn all forms of unlawful behavior by the Recipients of the Model, insofar as they are contrary not only to the provisions of the law but also to the ethical principles adopted by the Company;
- ensure that the Company, thanks to a control action of the company's activities in the "areas of activity at risk," the concrete and effective possibility of timely intervention to prevent the commission of the crimes themselves;
- Specifically determine the so-called "sensitive activities," i.e., those activities within the scope of which, by their nature, the crimes provided for in the Decree may be committed;
- ensure that the Company, thanks to a control action of the company's activities in the "areas of activity at risk," the concrete and effective possibility of timely intervention to prevent the commission of the crimes themselves.
- determine general principles of behavior, to which specific procedures and protocols are added with reference to individual company functions;
- determine, in all those who act in the name of and operate on behalf of or in the interest of the Company (members of the Board of Directors, Company personnel, external collaborators, *partners*, etc.), the awareness that they may incur, in the event of violation

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of the provisions issued in this regard, disciplinary and/or contractual consequences, as well as criminal and administrative sanctions that may be imposed against them;

- to reiterate that any forms of unlawful conduct are strongly condemned by the Company, since the same, even in the event that the Company was apparently in a position to take advantage of them or in the event that they were carried out in the interest of the same, are in any case contrary not only to the provisions of the law, but also to the ethical principles to which the Company intends to adhere in the exercise of its business activities;
- Provide adequate record keeping and traceability of relevant transactions;
- avoid within the organization the concentration on one person of the management of an entire process;
- Identify processes for managing and controlling financial resources;
- identify a system of disciplinary sanctions applicable in case of violation of the prescriptions contained in the Model in line with the Workers' Statute and the National Labor Contract. The disciplinary system is implemented on principles of adversarial and proportionality in a framework of equal treatment of all the different categories of subjects charged with compliance with the contents of the Model;
- Assigning the SB the task of supervising the operation of and compliance with the Model

and proposing that it be updated if there have been significant violations of the requirements or organizational changes or changes in the Company's activities;

- To provide adequate training of Company Representatives (including Employees) and Recipients in general, regarding the activities included in the Risk Areas (which may entail the risk of realization of the Offenses) and the sanctioning consequences that may result to them or to the Company as a result of the violation of legal regulations or internal provisions of the Company;
- disseminate and affirm a business culture marked by legality, with the Company's express disapproval of any behavior contrary to the law or internal provisions and, in particular, the provisions contained in this Model;
- Spread a culture of control, which must preside over the achievement of the goals that, over time, the Company sets;
- provide for an efficient and balanced organization of the enterprise, with particular regard to the formation of decisions and their transparency, controls, preventive and subsequent, and internal and external information;
- prevent the risk, through the adoption of specific procedural principles aimed at governing the formation and proper implementation of corporate decisions in relation to the crimes to be prevented.

2.1.2 THE RISK ASSESSMENT PROCESS

The adoption of the Model, as well as subsequent updates, was preceded by an activity of detection of the areas of risk (so-called "risk assessment") on the basis of the provisions of the Decree and on the indications present in the "Guidelines for the construction of organization, management and control models pursuant to Legislative Decree 231/2001" prepared by Confindustria. The purpose of this activity was to carry out a **preliminary mapping of the company functions and related activities exposed to the risk of crime and to assess what actions to put in place to address the critical issues that emerged.**

In particular, the activity carried out aimed, among other things, to analyze the current situation from the perspective of existing systems and procedures (so-

called "As is Analysis") and identify related critical issues (so-called "Gap Analysis") in order to update the Company's organizational, management and control system to the new business and legislative realities.

Therefore, in the preparation and updating of this Model, account was taken of existing regulations, procedures and control systems already in place and already operating within the Company as they are in part already suitable for reducing the risks of commission of crimes and unlawful conduct in general, including therefore also those provided for in the Decree.

The Model consists of a General Part and a Special Part, the latter in turn divided into different sections

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(numbered by letters), referring to the different types of Offenses considered relevant for the purposes of the

Decree with reference to the Company's Business Activities.

2.2 Sources of the Model

The references to which the Company adhered in preparing the Model are given below:

- a) **Legislative Decree No. 231/2001 and subsequent amendments and additions.** In particular, it was taken into account that, pursuant to Article 6, paragraph 2, of Legislative Decree No. 231/01, the Model must meet the following requirements:
 - Identify the activities within the scope of which there is a risk of crimes being committed;
 - Provide specific protocols aimed at planning the formation and implementation of the Entity's decisions in order to prevent the commission of crimes;
 - Identify ways of managing financial resources suitable for preventing the commission of crimes;
 - Provide for reporting obligations to the Supervisory Board;
 - Introduce an internal disciplinary system suitable for sanctioning non-compliance with the measures outlined in the Model;
- b) "Guidelines for **the construction of organization, management and control models under Legislative Decree No. 231/2001**" by **Confindustria Dispositivi Medici (formerly Assobiomedica)**;
- c) "**Guidelines for the Construction of Organization, Management and Control Models under Legislative Decree No. 231/2001**" by **Confindustria**;
- d) The **jurisprudence** formed on Legislative Decree 231/01: In the preparation of the Model, the jurisprudential pronouncements that have followed on the subject of the administrative responsibility of Entities in recent years have also been taken into account and have highlighted many aspects considered essential for the purpose of drafting a suitable Model.

3. The Risk Assessment Methodology

3.1.1 RISK ASSESSMENT PROCESS

The preparation of this Model was preceded by a series of preparatory activities divided into different phases and all directed toward the establishment of a system of risk prevention and management, in line with the provisions of Legislative Decree no. 231/01 and industry best practices.

Specifically, for the purpose of adopting the Model, the Company carried out a **risk** assessment activity (so-called risk-assessment) in order to:

1. enable the Company to adopt the most appropriate protocols to prevent offenses in the areas of activity deemed to be at risk; and
2. enable the SB to identify the activities on which to focus its verification activities.

The risk assessment was carried out through individual interviews with so-called process owners as well as through the examination of relevant internal documents and the corporate organizational chart, with the aim of identifying:

1. business processes abstractly at risk of commission of crimes;
2. The specific activities, for each identified process, in which one or more unlawful behaviors may occur;
3. The Function within which this activity takes place;
4. The crimes potentially associated with each risk activity;
5. Existing controls within the identified activities.

3.1.2 RISK ASSESSMENT

Risk assessment was then carried out, identifying for each **risk activity**:

- a) the so-called inherent risk, understood as the level of risk abstractly related to each business activity, regardless of the existence of safeguards put in place to mitigate that risk
- b) The effectiveness of the system of controls in preventing the risks abstractly present in the identified processes;
- c) the so-called residual risk, which represents the level of risk determined taking into account the mitigating effect of the existing system of controls.

In this regard, the level of **inherent risk** was identified on the basis of the following quantitative indices:

- a) **Probability**, understood as the frequency with which a given activity is performed in the Company's business, according to the following scale:

Scale	Classification	Description
1	Low/episodic frequency	The activity is carried out under exceptional circumstances, with no defined periodicity
2	Average/periodic frequency	The activity is carried out with a predetermined or determinable periodicity
3	High/continuous frequency	The activity takes place consistently/with significant frequency

- b) **Impact**, understood as the severity of the consequences if one of the predicate offenses related to the activity under consideration is committed:

Scale	Classification	Description
1	Low	Fine of up to 500 quotas
2	Medium	Fine exceeding 500 quotas
3	High	Disqualification penalty

These quantitative indices were weighted, where necessary, by a qualitative assessment related to the severity of the inherent risk.

Downstream of inherent risk, the **overall effectiveness of the system of controls** in place for each risk activity considered in mitigating existing inherent risks was assessed, taking into account:

- Of the responsiveness of the process to established *best practices*;
- Of the existence of written procedures, manuals or directives intended to govern the activity under consideration;
- Of the existence of computer tools (so-called "tool(s)") or other automatic activity control tools;

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- Of the existence and level of segregation of functions and controls (so-called *segregation of duties*) within the process;
- Of the existence of formalized powers and first-level controls within the process.

Based on the evaluation of the above parameters, the overall effectiveness of the control system for each relevant activity was classified as **low**, **medium** or **high**.

The level of so-called **residual risk** was determined starting from the inherent risk identified as above and considering the mitigating effect of the existing control system, according to the diagram below:

		Effectiveness of the System of Controls		
		High	Media	Low
INHERENT RISK	Low	Low risk	Low risk	Low risk
	Medium	Medium risk	Medium risk	Medium risk
	High	High risk	High risk	High risk

3.1.3 GAP ANALYSIS AND RISK CONTROL

On the basis of the risk assessment as described above and, in particular, the effectiveness of the existing control system compared with industry best practices, the Company has identified areas for possible further improvement, immediately implementing the necessary measures and adopting appropriate control plans to govern residual risks, as well as a process of continuous improvement of the control system, which may be subject to periodic review by the Supervisory Board, including a periodic review of the level of residual risk as a result of the constant improvement of the effectiveness of the control system.

4. Adoption of the Model

4.1 Adoption and implementation of the Model

This document is "an act of issuance of the Governing Body" in accordance with the provisions of the Decree, so its adoption, the changes that will occur and the responsibility about its concrete implementation, are referred to the **Board of Directors of the Company**.

4.2 Addressees of the Model

The Model and the provisions contained and referred to therein must be complied with by the following individuals (so-called "**Recipients**"):

- Corporate Exponents
- Employees
- External Subjects

With regard to External Parties, compliance with the Model is ensured through the affixing of a contractual clause committing the contractor to abide by the principles of the Code of Ethics and the Model adopted by the Company, and to report any news of the commission of offenses or the violation thereof (see paragraph 6 below).

4.3 Updating the Model

4.3.1 UPDATE NEEDED

Updating the Model is necessary on occasion:

- Of the introduction of new legislation; or experiences in the public domain of the industry;
- of significant instances of Model violation and/or outcomes of Model effectiveness audits
- Of organizational changes in the Company's corporate structure or business sectors.

4.3.2 UPDATE PERIODICALLY

Updating must be done cyclically and continuously, and the task of formally arranging and implementing the updating or adjustment of the Model is assigned to the Board of Directors, with the cooperation of the Supervisory Board.

More specifically:

- the Supervisory Board communicates to the Board of Directors any information of which it is aware that may determine the advisability of taking action to update the Model;
- the Supervisory Board monitors the implementation of the ordered actions and informs the Board of Directors of the outcome of the activities.
- the update program is prepared by the Company, in consultation with the Supervisory Board and with input from the relevant Company Functions;

Amendments and additions are referred to the Company's Board of Directors.

4.3.3 CHANGES TO IMPLEMENTATION PROTOCOLS

Amendments affecting the Model's implementation protocols (e.g., procedures) are adopted directly by the relevant Company Functions, if necessary also after consulting the Supervisory Board, which may express its opinion and make proposals to that effect.

5. The Supervisory Board (SB).

Also in order to ensure that the Company is exempt from administrative liability in accordance with the provisions of Articles 6 and 7 of the Decree, Orthofix has decided to set up, within its structure, a **Supervisory Board with the** authority and powers necessary to supervise, in absolute autonomy, the operation of and compliance with the Model, as well as to take care of its updating, proposing the relevant amendments to the Company's Board of Directors.

5.1 Institution

The Company, pursuant to Article 6, paragraph 1, letter b), of Legislative Decree 231/2001, by a resolution of the Board of Directors, has provided for the establishment of the Supervisory Board (SB), which is entrusted with the task of supervising the operation of and compliance with the Model and taking care of its updating.

5.1.1 AUTONOMY OF INITIATIVE AND CONTROL OF THE ORGANISM OF SUPERVISION

The Supervisory Board is endowed under Article 6, paragraph 1, letter b), of Legislative Decree 231/2001 with "**autonomous powers of initiative and control.**"

The Supervisory Board operates with appropriate autonomy and reports to the Board of **Directors** and/or the **Board of Statutory Auditors**, availing itself of the support of those corporate functions that from time to time may be useful for its activities.

5.2 Nomination and Requirements

5.2.1 TERM OF OFFICE OF THE SB

The SB holds office for three years, and its members can be confirmed in office at the end of their term.

In the event of termination, for whatever reason, of the office of member of the Supervisory Board, the Board of Directors will, without delay, provide for his or her replacement, with an appropriate resolution. The outgoing member of the SB will, in any case, be required to perform all the functions provided for by law or by the Model until the person who will be appointed by the Board of Directors to replace him or her takes office. The person appointed as a replacement shall hold office for the length of time for which the person replaced should have remained in office.

5.2.2 COMPOSITION OF THE SB

In accordance with the Guidelines, the Company's SB may have single-subject or multi-subject composition, as will be decided by the Company's Board of Directors. In the case of a single-subjective composition, the role must be filled by a person from outside the Company. Should the Company opt for a multi-subjective composition, the majority of the members shall be identified from persons external to the Company.

5.2.3 REQUIREMENTS OF THE SB

The BOD as a whole, whether in single-subject or multi-subject form, shall meet the requirements of:

- **autonomy and independence:** the position of the Supervisory Board in the Entity must guarantee the autonomy of the control initiative from any form of interference and/or conditioning by any body of the Entity, including the management body. This autonomy should be understood in a sense that is not merely formal, in the sense that it is necessary that the SB:

- Is equipped with effective powers of inspection and control;

- Has opportunities to access relevant corporate information;
- Is equipped with adequate resources (including financial);
- can make use of instruments, supports and experts in carrying out its monitoring activities.

The Supervisory Board must then be guaranteed hierarchical independence: its members must neither be directly involved in management activities, nor be holders within the Company of executive-type functions that, by making them participants in operational decisions and activities, would undermine their

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objectivity of judgment at the time of checks on conduct and the Model.

The members of the SB must not be linked to the management of the Entity or the Entity by any kinship ties, significant economic interests (e.g., shareholdings), or any situation that could generate even a potential conflict of interest;

- **professionalism:** the members of the SB must have specific knowledge in relation to techniques useful to prevent the commission of crimes, to discover those already committed and identify their causes, as well as to verify compliance with the Model and, when necessary, propose the necessary updates to the Model. The external members must possess, in the aggregate, adequate professionalism in legal-criminal matters and in economic-business matters;
- **continuity of action**, to be developed through a structure dedicated to constant supervision of compliance with the Model, capable of constantly verifying the effectiveness and efficacy of the Model itself and providing for its continuous updating.

In addition, individual members of the Supervisory Board must meet the requirements of professionalism and **honorability**. In particular, they cannot be appointed to the position of members of the Supervisory Board:

- a) those who have suffered a conviction, even if not final or with a conditionally suspended sentence, or a judgment issued pursuant to Articles 444 et seq. of the Code of Criminal Procedure, subject to the effects of rehabilitation:
 - to imprisonment for a term of not less than one year for one of the crimes stipulated in Royal Decree No. 267 of March 16, 1942;
 - to imprisonment, for a term of not less than one year, for any of the offenses

stipulated in the rules governing banking, finance, securities, insurance and the rules governing securities and markets, payment instruments;

- to imprisonment for a term of not less than one year for a crime against public administration, against public faith, against property, against the public economy, for a crime in tax matters;
 - for any non-negligent crime to imprisonment for a term of not less than one year;
 - for one of the offenses under Title XI of Book V of the Civil Code as reformulated by Legislative Decree No. 61/2002 and most recently amended by Law 69/2015;
 - for a crime that amounts to and has resulted in a conviction to a punishment from which derives disqualification, including temporary disqualification, from public office, or temporary disqualification from the executive offices of legal persons and enterprises;
 - for any of the crimes or administrative offenses referred to in the Decree, even if with sentences less than those indicated in the previous points;
- b) those who have been the recipients of a decree ordering committal for trial for one of the crimes or administrative offenses referred to in the Decree;
 - c) Those against whom one of the preventive measures provided for in Article 10, paragraph 3, of Law No. 575 of May 31, 1965, as replaced by Article 3 of Law No. 55 of March 19, 1990, as amended, has been definitively applied.

Candidates for the office of members of the Supervisory Board must self-certify that they are not in any of the above conditions of ineligibility, expressly undertaking to communicate any changes from the content of these declarations.

5.3 Revocation

The Company's Board of Directors may remove members of the SB only for **just cause**.

They constitute **just cause for revocation**:

- significant failures to comply with the mandate given, with respect to the tasks specified in the Model, including violation of confidentiality obligations with respect to news and information acquired by reason of the mandate and negligence in the pursuit of control activities and updating of the Model;
- unexcused absence from three or more meetings of the SB, even if not consecutive;
- when the Board of Directors becomes aware of the aforementioned causes of ineligibility that predate the appointment as a member of the SB and are not indicated in the self-certification;
- When the causes of disqualification specified below occur.

5.4 Forfeiture

Members of the Supervisory Board cease to hold office the moment after their appointment:

- come into one of the situations contemplated in Article 2399 of the Civil Code;
- Lose the honorability requirements mentioned above.

Members of the Supervisory Board may withdraw from the post at any time by giving at least two months' notice, without giving any reason.

5.5 Financial endowment of the SB

The SB is endowed with an **adequate financial** budget-decided annually by the Board of Directors upon the proposal of the SB-which it may use to carry out its functions; in case of extraordinary needs that require additional financial resources, the SB will submit an appropriate request to the Board of Directors.

The remuneration, if any, due to the members of the Supervisory Board (including the Chairman) is established at the time of appointment or by subsequent decision of the Board of Directors, having heard the opinion of the Board of Auditors. The members of the SB are also entitled to reimbursement of expenses incurred for reasons of the office.

5.6 Duties and Responsibilities

From a general point of view, the SB carries out two types of activities aimed at reasonably reducing the risks of committing crimes:

- Ensure that the Recipients of the Model, specifically identified on the basis of the various offenses and relevant processes identified, comply with the requirements contained therein;
- **Verify** the results achieved by the application of the Model with regard to the prevention of crimes and assess the need or advisability of adapting the Model to new regulations or new business needs.

As a result of these audits, the SB will propose to the relevant bodies any adjustments and updates to the Model that it deems appropriate: therefore, it must be promptly informed of any changes related to both the Model and the Company's corporate structure.

5.6.1 ACTIVITIES OF THE SUPERVISORY BODY

Operationally, the SB is responsible for:

- Carry out periodic interventions, based on an annual or multi-year program drawn up by the SB itself, aimed at ascertaining the provisions of the Model and in particular supervise:
 - a) so that the procedures and controls it covers are implemented and documented in a compliant manner;
 - b) So that ethical principles are adhered to;
 - c) On the adequacy and effectiveness of the Model in preventing crimes relevant to the Decree.
- Report any shortcomings/inadequacies of the Model in preventing crimes relevant to the Decree and verify that management implements corrective measures;
- suggest appropriate verification procedures, while always keeping in mind that the responsibility for controlling activities lies with management;
- To initiate internal investigations in case there is evidence or suspicion that the Model has been violated or crimes have been committed, in accordance with paragraph 8 below;
- Periodically verify compliance with the procedures underlying the adoption of the most significant corporate acts and contracts concluded by the Company within the areas of risk;
- Promote initiatives to spread knowledge and effective understanding of the Model among Recipients, ensuring the preparation of internal documentation (instructions, clarifications, updates) or specific training seminars, necessary for the Model to be understood and applied, in accordance with the provisions of paragraph 6 below;
- Coordinate with the heads of the various company functions for the control of activities in risk areas and discuss with them all issues related to the implementation of the Model (e.g., defining standard clauses for contracts, organizing courses for personnel, new relations with the Public Administration, etc.);
- Suggest to the Board of Directors the necessary updates to the Model, so that it adapts to new regulations or organizational changes in the Company;

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- require the periodic updating of the risk map, and verify its actual update through periodic targeted audits of risk activities. To this end, the SB must receive reports from management and control officers of any situations that may expose the Company to the risk of crime;
- Collect, process and store all relevant information received on compliance with the Model.

5.6.2 FREE ACCESS TO INFORMATION BY THE SUPERVISORY BODY

For the proper performance of its duties, the SB must:

- to have free access, without the need for any prior consent, to persons and all company documentation (documents and data), as well as the possibility of acquiring relevant data and information (financial, patrimonial, economic operations and all those operations that more generally concern the management of the company) from the responsible persons; to this end, the Supervisory Board may request from the various company structures, including top management, all the information deemed necessary for the performance of its activities;
- Have the power, by coordinating and informing the relevant business functions in advance, to request and/or assign third parties with the necessary specific skills, tasks of a technical nature;
- Issue regulations governing the schedule of activities and arrangements regarding meetings and information management;
- meet at least four times a year and as often as deemed necessary or urgent; the meetings will be minuted and copies of the minutes will be kept by the SB.

5.6.3 RESPONSIBILITY FOR THE OPERATION AND EFFECTIVENESS OF THE MODEL

Without prejudice to the fact that the Board of Directors is called upon to supervise the adequacy of the intervention of the SB, since the management body bears the ultimate responsibility for the functioning (and effectiveness) of the Model, the activities put in place by the Supervisory Board cannot be reviewed by any other corporate body and structure.

The SB may be supported in carrying out its activities by a Secretary, who is not entitled to vote at SB meetings.

5.7 Reporting to Corporate Bodies

Orthofix's Supervisory Board is responsible for informing the corporate bodies, in particular:

- the Supervisory Board prepares **semi-annual reports**
 - 1) by the time the draft budget is approved by the BoD;
 - 2) by the approval of the half-yearly report on management performance under Article 2381, c.5 cc
- The semi-annual report addressed to the Board of Directors and the Board of Auditors contains:
 - Summary of all activities carried out during the six-month reporting period, checks and verifications performed;
 - possible updating of the Model;
 - other major issues;
 - Plan of planned activities for the following semester
- the Supervisory Board maintains an **ongoing** line of **communication** directly with the Chairman and the Chief Executive Officer in order to report promptly on violations of the Model or request attention to critical issues related to the operation of and compliance with the Model.

It is the power of the Board of Directors to convene the Supervisory Board at any time to report on its activities and to request to confer with it.

5.8 Communications to the SB

5.8.1 COMMUNICATIONS REGARDING SENSITIVE AREAS

In order to enable the Supervisory Board to monitor the adequacy and functioning of the Model, a system of

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communication between the Company and the SB has been implemented concerning all sensitive areas, as identified in the Special Section.

The purpose of the communication system to the SB is to enable the SB to acquire relevant information on all sensitive areas on an ongoing basis.

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5.8.2 INFORMATION FLOWS

The purpose of the information flow system implemented by the Company is to create a communication system between those responsible for potentially risky activities and the SB that is structured, continuous, and widespread.

Information flows take the form of sending communications and/or documents to the SB according to specific timelines and methods.

Information flows are distinguished into:

- **Periodic information flows** to be compiled and sent to the SB at predetermined intervals (monthly, quarterly, semiannually or annually);
- **Event-based information flows** to be compiled and sent to the SB when certain events occur.

For details of the formalized flows, both periodic and event-driven, please refer to the relevant sections within the Chapters of the **Special Section**.

ADDITIONAL INFORMATION TO BE TRANSMITTED TO THE SUPERVISORY BODY

In addition to the formalized flows indicated in the above Annex, all Recipients are required to transmit/report to the SB:

- internal reports from which responsibility for the crime hypotheses relevant for the purposes of the Decree or facts, events or omissions even only potentially referable to crimes relevant for the purposes of the Decree emerge;
- visits, inspections and assessments initiated by the relevant agencies and the outcome of the same;
- measures and/or news from judicial police organs or any other authority, from which it can be inferred that investigations are being carried out, even against unknown persons, for the crimes referred to in the Decree;
- requests for legal assistance made by members of the Board of Directors, executives, and/or employees against whom the Judiciary is prosecuting for the stipulated crimes under the Decree;
- news of disciplinary proceedings (related to the Model) carried out and of any sanctions imposed or orders to dismiss such proceedings with the reasons for them;
- information on the development of activities pertaining to the risk areas identified by the Model and/or changes in the corporate organization;
- Information related to security management and the status of implementation of planned interventions;
- Copies of the agenda for meetings of the Board of Auditors and the BoD;
- organizational charts and the system of delegation of powers and signatures in force and any changes referred to it;
- certification of attendance at training courses by all Model Recipients.
- any information concerning the commission or attempted commission of unlawful conduct envisaged by the Decree or otherwise relevant to the Company's administrative liability;
- any news concerning violations of the behavioral and operational methods provided for in the Model, and more generally any act, fact or event or omission concerning any critical issues that have emerged with regard to compliance with and proper implementation of the Model.
- News about changes in the Company's internal structure.

All communications should be sent to the following e-mail address ODV@orthofix.it.

The SB, in order to fulfill its duties, may have free access to all relevant company documentation and information.

5.9 Collection and storage of Information

Every information, indication, flow, and report provided for in the Model is kept by the Internal Member of the Supervisory Board in a special **computer and/or paper file**, in compliance with the confidentiality obligations provided

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for in Legislative Decree 196/2003 as amended, without prejudice to the fulfillment by the SB of the reporting obligations provided for in the Model.

6. REPORTING (SO-CALLED WHISTLEBLOWING) AND THE RELATED ASSESSMENT PROCEDURE

The Company, in compliance with the provisions of Legislative Decree 24/2023, has adopted a special policy on whistleblowing (the "**Whistleblowing Policy**") - **annexed to this Model**, which is intended to be referred to here in its entirety and which each Recipient of the Model is required to examine in its entirety.

The purpose of the Whistleblowing Policy is to define the appropriate communication channels for receiving, analyzing, and processing reports of possible misconduct within Orthofix. For the benefit of the Recipients of the Model, its contents are summarized below, it being understood that all Recipients are required to review and be familiar with the Whistleblowing Policy in its full version.

OBJECT OF THE REPORT

Each Recipient is encouraged to report actions or behavior that:

- Are not in line with the Group Code of Conduct and its local Addendum, Model 231 and local and Group compliance procedures; or
- Do not comply with the laws applicable to Orthofix (both nationally and at the European Union level); or
- may significantly harm the interests of Orthofix and the Group.

CONTENT OF THE REPORT

The report, **sufficiently detailed**, should be made by providing the following information, together with any supporting **documentation**:

- clear and complete description of the behavior (which may also involve the omission of a due activity), underlying the report;
- Circumstances of time and place in which the reported facts and related conduct were committed;
- biographical data or other elements (e.g., position held, function/area of relevance) that would make it possible to identify the person who allegedly carried out the reported acts;
- Any third parties involved or potentially harmed;
- Indication of any other persons who can provide information about the facts underlying the report;
- Any other information that may provide useful feedback about the existence of the reported facts.

UNFOUNDED REPORTS OR REPORTS IN BAD FAITH

Reports made for the mere purpose of retaliation or intimidation or unfounded reports made with malice or gross misconduct shall be sanctioned. The report must not relate to grievances of a personal nature and must not be used for merely personal purposes.

PROTECTION OF THE CONFIDENTIALITY OF THE REPORTER AND OTHERS

The Company, as well as all persons involved in the management of the report, guarantee the **utmost confidentiality on the identity of the reporter, the person involved and the persons otherwise indicated in the report, as well as on the content of the report and the related documentation**, using, for this purpose, criteria and methods of communication suitable to protect the identity and honorability of the persons mentioned in the reports, so that the person making the report is not subject to any form of retaliation, avoiding in any case the communication of the data acquired to third parties unrelated to the process of management of the report governed by this procedure.

Bona fide reporters will be guaranteed against any form of retaliation, discrimination or penalization.

ANONYMOUS REPORTS

Anonymous reports, i.e., lacking anything to identify the author, are permissible. However, **such reports limit Orthofix's ability to conduct an effective verification of the information contained in the report**. Therefore, they will only be considered if they relate to potential wrongdoing or irregularities that are deemed serious and are adequately detailed. To this end, the Whistleblowing Officer may request additional information from the anonymous *whistleblower* through the communication channels provided by the **online platform** used for reporting and may decide to open the investigation phase only if a sufficient degree of detail is provided. Factors relevant to the assessment of anonymous

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whistleblowing include the credibility of the facts presented and the possibility of verifying the veracity of the information based on reliable sources.

Moreover, the anonymous nature of the report does not allow the application of the provisions of the Whistleblowing Policy regarding protection from retaliatory acts, since it is not possible to link the (hypothetically) retaliatory fact to the report. It is understood that if the person, initially anonymous, later reveals his or her identity, the same will enjoy the protections provided by the Whistleblowing Policy with reference to the prohibition of retaliatory acts.

7. Training, Communication and Updating

7.1 Training

In order to effectively implement the Model, the Compliance Function, in coordination with the SB and the Functions of the Company directly involved (Human Resources *inter alia*), prepares, based on the concrete needs noted by the Supervisory Board, an **annual training plan** of members of the Board of Directors, executives, employees and collaborators working directly within the structure of the Company, as well as para-subordinate workers.

7.1.1 TRAINING CONTENT

In particular, the training activity will cover, among other things, the Model as a whole, the **Code of Ethics**, the **functioning of the Supervisory Board**, **information flows** to the latter and the **Disciplinary System**, the Company's **operating procedures** relevant to the Model, as well as **issues concerning the offenses that are prerequisite for the** application of liability under Legislative Decree 231/01.

The training activity will be modulated, where necessary, in order to provide its users with the appropriate tools for full compliance with the dictate of

the Decree in relation to the scope of operations and the tasks of the recipients of the training activity.

Training activities are **differentiated** in content and delivery methods according to the qualification of the recipients, the risk level of the area in which they work, and whether or not they have representative functions of the Company.

Training activities are managed by the Compliance Function, and other Functions of the Company responsible for training, in close cooperation with the SB.

7.1.2 TRAINING AT ONBOARDING

At the time of hiring **employees** and appointing them, **collaborators** and **agents** must be given an information set in order to assure them of the primary knowledge considered essential for operating within the Company (see the following paragraphs).

7.1.3 CONTROL D A BY THE SUPERVISORY BODY

The **content of the courses** must be agreed in advance with the Supervisory Board, which, for this purpose, within the scope of its activity, can and must point out the subjects and topics that it is appropriate to deal with and deepen or otherwise to which it is necessary to draw the attention of the members of the statutory bodies and employees.

The Supervisory Board, in consultation with the Compliance Function and the other Functions of the Company responsible for training, ensures that the training program is adequate and effectively implemented. Training initiatives may also take place remotely or through the use of computer systems.

7.1.4 CONTINUING EDUCATION AND UPDATES

Suitable means of communication, where appropriate in addition to sending updates by e-mail, will be adopted to update Recipients about any changes made to the Model, as well as any relevant procedural, regulatory or organizational changes

7.1.5 MANDATORY TRAINING

Participation in the training is **mandatory** for all employees, collaborators and members of the Board of

Directors who are not employees of the Company and is recorded by the Compliance and Human Resources (HR)

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Department, which keeps track of it: failure to participate without a justified reason will be appropriately sanctioned.

The Model is formally communicated in the manner described below.

7.2 Communication to the Interior

7.2.1 COMPONENTS OF STATUTORY BODIES

Every member of the **statutory bodies** (directors and auditors) and every employee of the Company is required to:

- Gain awareness of the contents of the Model;
- Know the operating methods by which their activities must be carried out;
- contribute actively, in relation to their role and responsibilities, to the effective implementation of the Model, reporting any deficiencies found in it.

7.2.2 EMPLOYEES

In order to ensure an effective and rational communication activity, the Company promotes and facilitates the knowledge of the contents of the Model by Employees, with the degree of in-depth knowledge diversified according to the degree of involvement in sensitive activities, as identified in the Special Part of the Model.

7.2.3 INFORMATION TOOLS

Information to members of statutory bodies and employees about the content of the Model is ensured through:

- publication on the company intranet
- delivery or, otherwise making available the Model and its annexes at the time of hiring/conferral, including electronically;
- informative e-mails, including for the purpose of sending periodic updates to the Model.

7.2.4 TRAINING OWNERS

Responsibility for the dissemination of the Model and its updates to employees lies with the head of the Human Resources (HR) Department, while the dissemination of the Model to directors and auditors lies with the Compliance Department. Specifically, the aforementioned functions forward through appropriate communication channels, depending on the circumstances (e-mail, corporate training platforms, other) the documentation to the recipients and receive through the same channel from each member the relevant acknowledgement of receipt. The Supervisory Board verifies that the relevant functions ensure the proper dissemination of the Model and its updates.

7.2.5 CERTIFICATION

All members of the statutory bodies (directors and auditors) and employees are required to fill out a declaration in which they, having taken note of the Model, undertake to comply with its requirements.

7.3 Outward Communication

7.3.1 EXTERNAL PARTIES

The activity of communicating the contents of the Model is also addressed to those Recipients of the Model who have relations of a contractual nature with the Company, but are not employees, nor members of the statutory bodies. The adoption of the Model, in fact, is also communicated and disseminated to Subjects External to the company, such as customers, suppliers, business partners (i.e. agents and distributors) and/or financial and consultants in general.

7.3.2 CONTRACT CLAUSES FOR EXTERNAL PARTIES

The communication and formal commitment by the aforementioned external parties to the Company to comply with the principles of the Company's Code of Ethics and this Model are documented through the preparation of specific statements or contractual clauses duly submitted to and accepted by the counterparty. In particular, all relevant corporate functions must ensure that special standard clauses aimed at this are included in concluded contracts:

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- compliance by counterparties with the provisions of Legislative Decree 231/2001 and the ethical and behavior principles adopted by the Company;
- to the inclusion of sanction mechanisms (contract termination) in case of violation of Legislative Decree 231/2001 and the ethical and behavior principles adopted by the Company.

Contracts with external collaborators must contain a special clause regulating the consequences of their violation of the regulations set forth in the Decree as well as the principles contained in the Model.

To this end, the Function of the Company that requested the service from the third party, or the Human Resources (HR) Function insofar as collaborators are concerned, at the time of signing the relevant contract shall provide the latter with the relevant documents in terms of compliance, including - at the very least - a copy of the Code of Ethics and have a declaration filled out by which the third party, having acknowledged the content of the Code of Ethics and the other documents referred to and/or delivered, undertakes to comply with its requirements.

Finally, on the occasion of the establishment of any new relationship, contracts with third parties who are Recipients of the Model must include special clauses indicating clear responsibilities regarding non-compliance with this Model.

8. Disciplinary System

8.1 General Principles

Orthofix is aware that the provision of an adequate system of sanctions for violation of the rules contained in the Model is an essential condition for ensuring the effectiveness of the Model.

In this regard, in fact, Art. 6, paragraph 2, letter e) and Art. 7, paragraph 4, letter b) of Legislative Decree 231/2001 establish (with reference both to persons in top positions and to persons subject to the direction of others) the necessary preparation of "a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

It represents an essential aspect for the effectiveness of the Model and consists of the construction of an adequate system of sanctions for the violation of rules of conduct and, in general, internal procedures (disciplinary offence).

The application of disciplinary sanctions is irrespective of the outcome of any criminal proceedings. In fact, the violation of the ethical standards of the Model and the procedures contained in it and its annexes, as well as the

company's protocols and their updates, harm, in themselves alone, the relationship of trust in place with Orthofix and result in disciplinary action regardless of the possible establishment of criminal proceedings in cases where the violation constitutes a crime.

It should be noted that the offenses that may give rise to the imposition of the sanctions described in the following paragraphs include:

- a) The adoption by employees, managers, corporate bodies or third parties of direct or indirect retaliatory or discriminatory acts against the person who made a report under paragraph 6 above, for reasons related, directly or indirectly, to the report; and
- b) The making, with malice or gross negligence, of reports under paragraph 6 above that later turned out to be unfounded.

8.2 Criteria for Enforcement of Penalties

In individual cases, the type and extent of specific sanctions will be applied in proportion to the severity of the misconduct and, in any case, according to the general criteria described below:

- a) **subjective element** of conduct, depending on intent or fault (negligence, recklessness, inexperience);
- b) **Relevance of the violated obligations;**
- c) **Significance of the damage or degree of danger** arising to the Company from the possible application of the sanctions provided for in Legislative Decree 231/2001;
- d) **level of hierarchical and/or technical responsibility;**
- e) presence of aggravating or mitigating **circumstances** with special regard to previous job performance and disciplinary record;
- f) possible **sharing of responsibility** with other workers who contributed to the failure.

Where more than one offense, punishable by different penalties, has been committed by one act, the most serious penalty shall be applied.

8.3 Scope and Relevant Behaviors

8.3.1 EMPLOYEES OF THE COMPANY

EMPLOYEES IN NON-MANAGEMENT POSITIONS

Conduct by employees in violation of the rules contained in this Model, its annexes and the procedures referred to therein are defined as disciplinary offenses.

Without prejudice to the prior notice and procedure prescribed by Article 7 of Law No. 300/1970 - for the purpose of which this "disciplinary system" is also made available in a place/with modalities accessible to all -, the disciplinary sanctions set forth below shall be applied against employees of the Company (non-managers) who engage in the following behaviors:

- a) Retaliatory or discriminatory acts, whether direct or indirect, against the person who made a report under Section 5.8 above, for reasons related, directly or indirectly, to the report;

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- b) The making, with malice or gross negligence, of reports under Section 5.8 above that later prove to be unfounded
- c) Failure, incomplete or untrue representation of the activity carried out with regard to the manner of documentation, preservation and control of documents related to the procedures so as to prevent the transparency and verifiability of the same;
- d) violation and/or circumvention of the control system, put in place through the removal, destruction or alteration of the documentation of the procedure or by preventing the control or access to information and documentation to the persons in charge, including the Supervisory Board;
- e) Failure to comply with the requirements contained in the Model, including those set forth in the Code of Ethics;
- f) non-compliance with the provisions to powers of signature and the system of proxies, especially in relation to related risks, including those related to corporate offenses (especially the requirements related to the manner of matching), with regard to acts and documents to the Public Administration and with regard to powers related to the field of occupational health and safety;
- g) failure to supervise the behavior of personnel operating within their sphere of responsibility in order to verify their actions within the areas at risk of crime and, in any case, in the performance of activities instrumental to operational processes at risk of crime;
- h) Violation of the obligation to attend training courses (including health and safety) arranged by the Company, in the absence of suitable justification;
- i) Violation of internal company regulations and procedures requiring the adoption of safety and prevention measures;

8.3.2 VIOLATION OF THE OBLIGATION TO REPORT TO THE SB IN RELATION TO ANY VIOLATION OF THE MODEL OF WHICH IT HAS BECOME AWARE.

EXECUTIVE EMPLOYEES

Without prejudice to the prior notice and the procedure prescribed by Article 7 of Law No. 300 of May 20, 1970 (so-called Workers' Statute) - for the purpose of which this "disciplinary system" is also posted in a place accessible to all -, the disciplinary sanctions set forth below shall be applied against employees of the Company (managers) who engage in the behaviors set forth in letters (a) to (j) of the preceding paragraph as well as the following additional specific behaviors:

- a) engaging, in the performance of their respective duties, in conduct that does not conform to conduct reasonably expected of a manager, in relation to the role held and the degree of autonomy recognized;

8.3.3 VIOLATION OF THE OBLIGATION TO REPORT TO THE SB ANY ANOMALIES OR FAILURES TO COMPLY WITH THE MODEL, AS WELL AS ANY CRITICAL ISSUES OF WHICH THE MANAGER HAS BECOME AWARE INHERENT IN THE PERFORMANCE OF ACTIVITIES IN RISK AREAS BY THE INDIVIDUALS THEREIN.

MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS AND BOARD OF AUDITORS

The sanctions set forth below apply against members of the Board of Directors and the Board of Auditors who engage in the following conduct:

- a) Failure to comply with the prescriptions contained in the Model or conduct not appropriate to the Model;
- b) Violation of obligations to supervise and control subordinates (in relation to members of the Board of Directors);
- c) delay in taking action following reports of violations of the Model received by the SB.

8.3.4 THIRD PARTIES

The measures set forth below apply to third parties, meaning all parties who in any capacity have relations with the Company and other than employees and members of the Board of Directors (by way of example, collaborators, external consultants, business and/or financial partners, suppliers), who engage in the following conduct:

- a) non-compliance with the requirements contained in the Code of Ethics and the provisions of the Model applicable to them;

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- b) commission of relevant offenses pursuant to Legislative Decree 231/2001.

8.4 Procedure for Establishing Violations and Applying Penalties

The Supervisory Board, upon receiving notice of any violations of the Model that do not involve the Managing Director, shall inform the latter, who will be required to initiate the relevant **disciplinary procedure**, making use of the technical support of the relevant corporate structures.

In the event that, as a result of the checks and verifications made, a violation of the Model is ascertained, the author(s) of the violations are applied by the Board of Directors or the Human Resources (HR) Department, in compliance with the disciplinary regulations and in respect also of the guarantees provided by law and collective agreements, the sanctions provided for in the applicable national collective agreements, after informing the Board of Auditors.

If violations of the Model are attributable to the **Managing Director**, the Supervisory Board shall inform the Board of Directors and the Board of Statutory Auditors for the adoption of appropriate measures.

In case of violation of the Model by one or more of the Company's **Board Members**, the SB will inform the Board of Directors and the Board of Auditors without delay. The recipients of the information from the

Supervisory Board may, in accordance with the provisions of the bylaws, take appropriate measures including, for example, calling a shareholders' meeting in order to take the most appropriate measures provided by law.

If the violation is committed by the Board of **Directors as a whole** (e.g., through a resolution of the Board of Directors itself), the SB shall make a report without delay to the Board of Statutory Auditors, which may take appropriate measures including, for example, convening the shareholders' meeting in order to take the most appropriate measures provided by law.

In the event that one or more of the Directors, alleged perpetrators of the crime from which the administrative liability of the Company derives, is indicted, the Chairman of the Board of Directors of Orthofix or the Board of Statutory Auditors must proceed to convene the Shareholders' Meeting to deliberate on the revocation of the mandate.

In order to enable monitoring regarding the application of disciplinary sanctions to employees, the Human Resources (HR) Department notifies the Supervisory Board of the application of such sanctions.

8.5 Sanctions

8.5.1 SANCTIONS AGAINST EMPLOYEES

Disciplinary sanctions are applicable against employees (including managers) who have engaged in the conduct described above in violation of the rules and principles set forth in this Model, in accordance with the provisions:

- by Article 7 of Law May 30, 1970 - Workers' Statute and its additions and variations;
- by the applicable articles of the Civil Code (and so by way of example art. 2106 Civil Code);
- National Collective Bargaining Agreement for Small and Medium-Sized Metalworkers (hereinafter referred to as "P.I.M. Metalworkers' Collective Bargaining Agreement" for short);
- By any additional applicable special regulations.

Violation by employees of the rules of this Model, the annexes to it and the procedures referred to therein may give rise, depending on the seriousness of the violation itself, to the following measures, which are established in application of the principles of

proportionality, as well as the criteria of correlation between infraction sanction and, in any case, in compliance with the form and manner provided for by the regulations in force:

- **verbal warning**: this sanction will be imposed in cases of minor seriousness of the employee's behavior or in cases of minor non-compliance with the Model and the obligations placed on the employee himself that has not produced consequences having external relevance;
- **Written warning**: this sanction will be imposed in cases of:
 - a) Recidivism in violations that resulted in the sanction of a verbal warning, provided that it was imposed in the two years preceding the recidivism;
 - b) minor non-compliance with the Model and the obligations placed on the employee himself, which, however, have

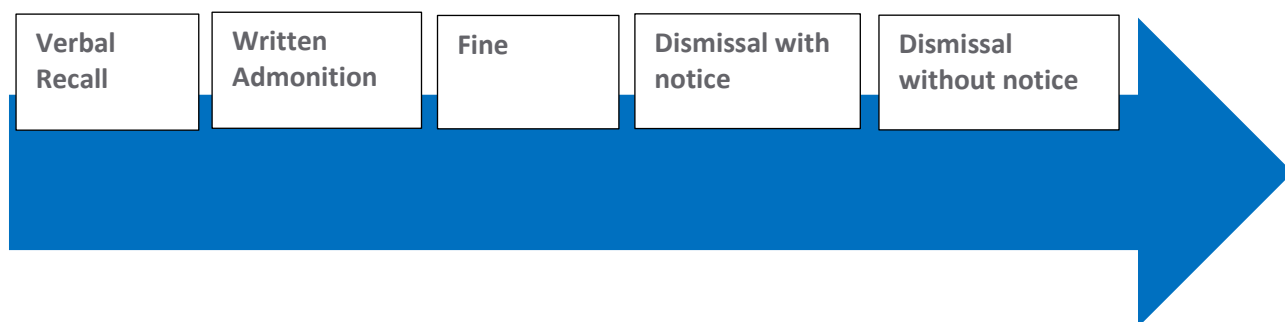
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- resulted in consequences having external relevance;
- **fine not exceeding three hours' hourly wages:** this penalty will be imposed in cases of
 - a) Recurrence of violations that resulted in the sanction of a written warning,
 - b) non-serious failure to comply with the Model and the obligations placed on the employee himself;
- **suspension from work and pay up to a maximum of three days:** this sanction will be imposed in cases of
 - a) Recidivism in violations that resulted in the penalty of a fine, provided that it was imposed in the two years preceding the recidivism;
 - b) serious failure to comply with the Model and the obligations placed on the employee himself;
 - c) serious procedural violations capable of exposing the Company to liability to third parties;
- **Dismissal with notice:** this penalty will be imposed in cases of
 - a) Recidivism in violations that resulted in the sanction of suspension, provided that it was imposed in the two years preceding the recidivism;
 - b) serious failure to comply with the Model and the obligations placed on the employee himself in relation to a proceeding in which the Public Administration is a party, serious failure to comply with a procedure aimed at preventing conduct that integrates corporate crimes;
- **Dismissal without notice:** this sanction will be imposed in cases of wilful violations of the Model and of the obligations placed on the employee himself, and thus by way of example
 - a) Malicious violation of procedures having external relevance and/or fraudulent avoidance carried out through conduct unequivocally aimed at committing an offence relevant under Legislative Decree 231/2001, such that the fiduciary relationship with the employer is undermined
 - b) Violation and/or circumvention of the control system, carried out with malice by stealing, destroying or altering the documentation of the procedure or by preventing control or access to information and documentation to the persons in charge, including the Supervisory Board,
 - c) Failure, incomplete or untrue documentation of the activity carried out with regard to the manner of documentation and record keeping of procedures, maliciously aimed at preventing the transparency and verifiability of the same.

It is the responsibility of the Human Resources (HR) Department to manage the formal and communication process related to the imposition of sanctions under this Model.

The Human Resources (HR) Department reports to the Supervisory Board regarding the application of disciplinary sanctions issued. The Supervisory Board monitors the application of disciplinary sanctions.

Sanctions against Employees in order of severity:



8.5.2 MEASURES AGAINST THE BOARD OF DIRECTORS AND ITS MEMBERS AND AGAINST THE BOARD OF AUDITORS AND ITS MEMBERS

Sanctions are applicable against members of the Board of Directors and the Board of Statutory Auditors who have engaged in the conduct referred to in the preceding paragraphs in violation of the rules and principles deduced from this Model:

- of **written reprimand** in cases of minor violations of the Model or the obligations of supervision and control over subordinates (in relation to members of the BoD) or minor delay in taking measures following reports of violations of the Model received by the SB;
- in the case of members of the Company's Board of Directors, **revocation of** the delegation of authority and/or office in the event of serious violations of the Model or obligations to supervise and control subordinates or serious delay in taking measures following reports of violations of the Model received by the SB;

- in the case of members of the Board of Statutory Auditors, **revocation of** the office in the event of serious violations of the Model or serious delay in taking measures following reports of violations of the Model received by the SB.

Violations committed by members of the Board of Directors or the Board of Statutory Auditors may also give rise to **liability action** if the conditions provided by law are met.

Violation of the Model by members of the Board of Directors or the Board of Statutory Auditors should be reported without delay to the SB by the person who detects it. If the report is not manifestly unfounded, the SB shall inform the Board of Directors as a whole, in the person of its Chairman (if the report does not concern him/her) and the Board of Statutory Auditors. Having made the necessary investigations, the Board of Directors shall take such action as it deems appropriate.

8.5.3 MEASURES AGAINST THIRD PARTIES

The conduct referred to in the preceding paragraphs by third parties as identified above will constitute **breach of contractual obligation** with the Company and may result, according to the provisions of individual agreements, in **termination of** the contractual relationship.

The violation should be reported to the CEO of the Company and the SB without delay by the person who detects it.

If the complaint is well-founded, the Chief Executive Officer shall give prompt instructions so that immediate termination of the contract is intimated, keeping the SB informed.

Any conduct engaged in by collaborators, including casual collaborators, consultants, trainees, agents of Orthofix or business partners that is contrary to this Model may result, in accordance with the provisions of the specific contractual clauses (see Chapter 6 above), in the immediate termination of the relationship, without prejudice to any claim for **compensation** for any damages arising to the Company, as well as the prohibition of new contractual relationships with the Company, unless exceptions are justified and communicated by the Managing Director to the SB.