ORGANISATION, MANAGEMENT AND CONTROL MODEL

JSW Steel Italy Piombino S.p.A.

Update: November 2022

JSW Steel Italy Piombino S.p.A.
Subject to the Direction and Coordination of JSW Steel ltd - S.C. €21,072,861 i.v.- C.F. and P.IVA 01804670493 R.E.A. Livorno 159590
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This update was drafted by the Company's monocratic Supervisory Board, Mr. Luciano Giuliani, and proposed for approval by the Board of Directors

Model approved by the Board of Directors on December 2022

Chairman

Virendar Singh Bubbar

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- Descriptive notes
- Risk mapping by functional area (tab. 1)
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(*) See what was already contained in the previous update since, even though the organisational structure has changed, the risk areas relating to individual activities can still be considered current. With regard to the new regulations introduced on the subject of cultural and landscape heritage, the index of probability of commission is considered to be index 4.

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GENERAL PART

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Foreword

This update became necessary as a result of further legislative innovations introduced after the previous update, which supplemented and amended the text of Legislative Decree 231/2001, introducing new predicate offences. In particular, by Law 22/2022, the following articles were inserted: 25 septiesdecies and 25-duodevicies, respectively entitled *Crimes against the cultural heritage and Laundering of cultural goods and devastation and looting of cultural and landscape heritage.*

The company's Organisational, Management and Control Model was born in a dynamic phase, which saw it and still sees it engaged, after Lucchini S.p.A. was placed in extraordinary administration and the subsequent corporate events, in a complex process of restarting the business, through a profound plant, production and organisational overhaul. This has entailed, and continues to entail, a profound process of innovation, careful, however, not to lose, especially in terms of sales and industrial image, the considerable heritage accumulated over the years.

As far as 231 profiles in particular are concerned, this means, at present, adopting a Model that, on the one hand, is suitable for responding to the Company's activities when fully operational, and, on the other hand, allows it to adequately oversee all activities that tend towards innovation.

The updating of the Model is drawn up in order to Garante its maximum adherence to the management system and organisational structure that the Company has given itself.

The risk analysis preparatory to the first edition of the Model is to be considered substantially still current, as is the preparation of the controls to guard against the commission of offences 231, inasmuch as they take into account both the company's current activity and the developments in terms of plant and production envisaged, in accordance with the progressive implementation of the change project and the corresponding achievement, with the necessary gradualness, of the situation at regime.

It should be recalled that the Model is part of a corporate culture that had already been sensitised to the subject of 231 for some time, since Lucchini already had a model that had been widely disseminated within the structure and was considered by it as a reference for corporate activity, and that various refreshing initiatives on the subject were subsequently carried out.

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Regulatory framework and '231 regulatory system'

Legislative Decree No. 231 of 8 June 2001

Legislative Decree No. 231/2001, containing the 'Regulations on the administrative liability of legal persons, companies and associations, including those without legal personality', was enacted in implementation of the delegation of authority set out in Law No. 300 of 29 September 2000.

The purpose was to bring Italian legislation on the liability of legal persons and entities in general into line with certain International Conventions previously signed by the Italian State:

Brussels Convention of 26 July 1995 on the Protection of Financial Interests; Brussels Convention of 26 May 1997 on Combating Bribery of Public Officials of the European Community and Member States; OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

In addition, the Italian legislator subsequently ratified, with Law No. 146/2006, the United Nations Convention and Protocols against Transnational Organised Crime adopted by the General Assembly on 15 November 2000 and 31 May 2001.

The innovative scope of the Decree in question is of great importance, as it introduces into the Italian legal system a form of liability for entities defined by the legislator as 'administrative', but comparable to criminal liability, which until then had been considered excluded on the basis of Article 27 of the Italian Constitution, according to which criminal liability is personal (according to the Latin proverb *societas delinquere non potest*). It should be noted that 'entities', for the purposes of the rule in question, means: entities endowed with legal personality, companies, associations even if without legal personality; the State, territorial public entities, non-economic public entities and those performing functions of constitutional importance are excluded.

The administrative liability in question arises in the event of the commission, in the interest or to the advantage of the entity, of the offences listed in the decree by:

- persons who hold positions of representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy, as well as natural persons who exercise, also de facto, the management and control of the entity itself (so-called *persons in senior positions*: Article 5(1)(a);

- persons subject to the direction or supervision of one of the persons referred to in the preceding point (so-called *subordinate persons*: Article 5(1)(b).

Offences under Legislative Decree 231/2001 and their evolution

The liability of the entity arises when only the offences expressly provided for by the decree itself and subsequent supplements (in accordance with the principle of legality) are committed by the above-mentioned persons. The range of offences, moreover, has expanded considerably over time. This has meant that the scope of application of the regulation, originally intended primarily to combat corruption and offences in economic and financial matters, has expanded to include extremely varied and non-homogeneous types of offences.

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The types of offences set out in the decree and in the regulations that have subsequently evolved from it can be summarised as follows:

- offences committed against the Public Administration
- offences of counterfeiting money, public credit cards and revenue stamps
- corporate offences, including false corporate communications
- corporate offences, including bribery between private individuals (see amendments made by Law No. 3 of 9.1.2019)
- organised crime offences
- political-mafia electoral exchange
- offences for the purpose of terrorism and subversion of the democratic order
- certain transnational crimes
- crimes against the individual, including the so-called 'caporalato' crime
- female genital mutilation practices
- child pornography offences
- offences against minors (solicitation of minors)
- anti-money laundering - self-money laundering and misuse and possession of means of payment offences
- offences (limited to culpable homicide and grievous or very grievous bodily harm) committed in breach of the rules on accident prevention and the protection of hygiene and health at work
- market abuse offences
- copyright offences
- offences consisting in making or inducing the making of false statements to judicial authorities
- environmental offences, to which the so-called ecological offences have recently been added
- offences related to the employment of irregular non-EU workers
- racism and xenophobia offences
- offences related to sporting events

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- tax offences (recently introduced by Law No. 157 of 19 December 2019 and extended by Legislative Decree 75/2020)
- contraband offences (recently introduced by Legislative Decree 75/2020, implementing EU Directive 2017/1371)
- offences against cultural heritage (introduced by Law 22/2022)
- laundering of cultural goods and devastation and looting of cultural and landscape assets (introduced by Law 22/2022)
- non-compliance with disqualification sanctions ordered by the court.

Jurisdiction over the offences in question for the purpose of ascertaining the liability of the entity lies with the criminal court hearing the proceedings relating to the offences committed by the natural person.
The catalogue of predicate offences, against the various cases of administrative offences, relevant for the purposes of Decree 231/2001 and subsequent additions, is set out in the appendix to this model.

Sanctions
The types of penalties provided for by the '231 system' (i.e. by the decree and subsequent additions made by the legislature) for the commission or attempted commission of the aforementioned offences are summarised below.

- Monetary penalties. These penalties (to be distinguished from any compensation for damages) are determined by the judge on the basis of a system of quotas (from a minimum of one hundred to a maximum of one thousand) ranging from a minimum of €258.22 to a maximum of €1549.37 each. The criteria on the basis of which the judge determines the number of quotas are: gravity of the fact, degree of liability of the entity, conduct of the entity to eliminate or mitigate the consequences.

  On the other hand, the criterion for determining the amount of the individual shares relates to the economic and asset conditions of the entity.
- Disqualification sanctions. The application of such sanctions restricts, in whole or in part, the activity of the body, with particular reference to the specific activity to which the offence relates. These sanctions (again, in application of the principle of legality) may only be imposed in the hypotheses exhaustively provided for and only for certain offences, provided that the entity has made a significant profit from the criminal conduct of persons in top management positions or also of persons subject to the direction of others, in the presence of serious organisational deficiencies that have determined or facilitated the commission of the offence. 16, which provides for definitive disqualification sanctions in cases of particular seriousness and multiple offences - temporary in nature (from a minimum of three months to a maximum of two years) and are in turn classified as follows:

  (a) disqualification from exercising the activity;

(b) suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;

(c) prohibition to contract with the public administration, except to obtain the performance of a public service;

d) exclusion from benefits, financing, contributions or subsidies and the possible revocation of those already granted;

e) prohibition of advertising goods and services.

As an alternative to prohibitory sanctions, the judge may allow the continuation of the activity by a commissioner appointed by him.

Disqualification sanctions may also be imposed as a precautionary measure, in the presence of serious indications that the Entity is liable for an administrative offence resulting from a criminal offence, and of well-founded and specific elements that concretely point to the existence of the danger of commission of offences of the same nature as the one for which proceedings are being taken.

- Confiscation. This penalty necessarily follows the conviction (Article 19).

- Publication of the judgment; this is a possible sanction, which presupposes the application of a prohibitory sanction (Article 18).

Organisation, Management and Control Model

The Decree in question expressly provides for forms of exemption from the administrative liability of entities in the event of the commission of predicate offences (Articles 6 and 7).

In particular, Article 6(1) provides that, in the event that the facts of the offence are attributable to persons in a so-called apical position, the exemption is triggered if the entity proves:

- having adopted and effectively implemented, prior to the commission of the offence, organisational and management models capable of preventing offences of the kind committed;

- entrusting a body of the entity, endowed with autonomous powers of initiative and control, with the task of supervising the operation of and compliance with the models and ensuring that they are kept up to date (these tasks, however, in small entities, may be performed by the management body: Article 6(4);

- that those who committed the offence did so by fraudulently circumventing the organisation and management models;

- that there was no or insufficient supervision by the body referred to in (b).

The requirements for these models consist of (Art. 6(2):

- in identifying the activities within the scope of which offences may be committed;
- in the provision of specific protocols aimed at planning the formation and implementation of the Entity's decisions in relation to the offences to be prevented;
- in the identification of methods of managing financial resources suitable for preventing the commission of offences;
- in the provision of information obligations to the body referred to in point b), i.e. the Supervisory Board;

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- the introduction of an appropriate disciplinary system to sanction non-compliance with the measures indicated in the model.

N.B.: See also the amendments to Article 6 on *whistleblowing*, set out in the relevant section below.

A further Garante with regard to the effectiveness of the model is provided by the option of adopting models drawn up on the basis of codes of conduct drawn up by the associations representing the entities and communicated to the Ministry of Justice.

Where, on the other hand (Article 7(1), the offence is committed by persons in a subordinate position, the entity is liable if the commission of the offence was made possible by the failure to comply with management or supervisory obligations, provided that the entity has not adopted and effectively implemented the above-mentioned model.

To this end, on the one hand, the model must provide for appropriate measures to ensure that the activity is carried out in compliance with the law and to detect and eliminate risk situations in good time; on the other hand, in order for it to be said to be effectively implemented, it is necessary:

i) periodic verification and amendment/updating of the model itself if significant violations of the prescriptions are discovered, when significant changes occur in the organisation, activity or corporate structure, or in the presence of legislative innovations on the subject, such as in the numerous cases where new predicate offences have been added;

ii) a disciplinary system suitable for penalising non-compliance with the measures indicated in the model.

Guidelines drawn up by trade associations.

Following the entry into force of Legislative Decree 231/2001, the main trade associations drew up the 'codes of conduct' required by the aforementioned Article 3(6).

The first document, issued by Confindustria, is dated March 2002, updated with amendments in May 2004.

The Ministry of Justice considered these guidelines to be adequate to achieve the set purpose in the 'Note of the Ministry of Justice' of 4 December 2003 and the 'Note of the Ministry of Justice' of 28 June 2004, respectively.

Subsequently, Confindustria updated its own Guidelines, in the light of both the offences subsequently introduced by the legislator in the '231' sphere, and the case law decisions and doctrinal orientations, as well as the experience gained in the meantime.

Other trade associations, such as the ABI, have also issued sector-specific guidelines.

Whistleblowing - Art. 6 D. Legislative Decree 231/2001

Special mention must be made of this institution, which was recently introduced into the text of the decree. Law No. 179 of 30 November 2017, published in the Official Gazette on 14 December 2017 and in force since 29 December 2017, introduced the institution of "whistleblowing" into the 231 system, with a substantial amendment to Article 6 of Legislative Decree 231/2001 (see Appendix).

This term refers to the reporting of offences or violations relating to the organisation and management model of the entity of which he/she has become aware by reason of his/her office.
The rules introduced, therefore, are aimed at ensuring the protection of the person who reports offences (or violations relating to the organisation and management model of the entity) of which he/she has become aware by reason of his/her office.
These subjects are those provided for in Article 5 of the decree, namely:
(a) persons holding positions of representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy as well as persons exercising, including de facto, the management and control thereof;
(b) persons subject to the direction or supervision of one of the persons referred to in (a).
In this regard, the aforementioned law introduced a significant amendment to Article 6 of the decree, for the part in which it defines the suitability requirements of organisational, management and control models pursuant to 231.
In particular, according to the new wording of Article 6, the models will have to provide for the activation of one or more channels enabling the transmission of reports to protect the integrity of the entity; these channels must Garante the confidentiality of the identity of the reporter in the management of the report.
In addition, at least one alternative channel suitable for guaranteeing confidentiality will have to be provided: the alternative channel will therefore be either computerised or traditional, as an alternative to the characteristics of the other channels.
The system of safeguards provided for in the Model and in Article 6 above, as well as the channels made available for reporting, must be adequately brought to the attention of potential whistleblowers.
Substantiated reports of unlawful conduct (or of the breach of the entity's organisation and management model) must be based on factual elements that are precise and concordant.
Direct or indirect retaliatory or discriminatory acts against the whistleblower for reasons directly or indirectly linked to the report are prohibited.
Finally, the organisational models must provide for disciplinary sanctions against those who breach the whistleblower protection measures.
Therefore, this Model includes, in its special part, protocols suitable to meet the dictates of the aforementioned Article 6.
It also provides, in the Code of Ethics, for principles and rules of conduct consistent with these principles.
Finally, the disciplinary sanctions included in the Disciplinary System apply, according to the criteria laid down therein, to anyone who violates the protection of the whistleblower, in terms of both confidentiality and retaliatory acts.

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The Organisation, Management and Control Model of JWS Steel Italy Piombino S.p.A.

Origin , corporate and organisational structure, corporate purpose of JWS Steel Italy Piombino S.p.A.
With the Extraordinary Shareholders' Meeting of 13 May 2015, the transformation of the Srl into AFERPI S.p.A. (Acciaierie e Ferriere di Piombino S.p.A. a Socio Unico) took place, which subsequently, with a Deed of 30 June 2015, acquired the Piombino business unit from Lucchini S.p.A. in A.S. and Lucchini Servizi S.r. l.
The corporate purpose of the company was stated in Article 4 of the Articles of Association, which specifies:
"The Company's object is the following activities, namely:

1) *steel production, rolling, processing and trading of normal and special steel products including:*

1.1) *on its own account and/or on behalf of third parties, the direct and indirect exercise of any steel, metallurgical, mechanical, electrical, mining, chemical, land, sea and air transport industry of any kind and in any form, as well as complementary, accessory and related industries the undertaking of any activity in which its products or by-products are used, or which concerns raw materials and materials necessary for its workings, or which concerns the training of third-party personnel, assistance in the start-up and operation of third-party steel plants;*

1.2) *the coordination and management assistance of subsidiaries, associates or related companies;*

1.3) *on its own account and/or on behalf of third parties, trade in general in by-products and products all of the above-mentioned industries and their derivatives, even if they are manufactured by others'*.

Its birth and the subsequent implementation process saw a series of agreements, pacts and conventions (trade union agreements, programme agreements) involving all the relevant institutional and representative actors, both at national and local level, as a regulatory framework.
On 24 July 2018, the corporate composition changed completely, as the Algerian multinational Cevital sold its shares to the Indian multinational JSW Steel Ltd, which therefore became the sole shareholder of the company through its Italian wholly-owned subsidiary JSW Steel Italy S.r.l.
Even more recently and precisely through the Shareholders' Meeting of 12 June 2019, the company changed its name from the aforementioned Acciaierie e Ferriere di Piombino S.p.A. a Socio Unico, to JSW Steel Italy Piombino S.p.A.
The social and employment issues connected firstly to Lucchini's crisis, which led to its placement in extraordinary administration, and subsequently to the establishment of AFERPI, which constituted the vehicle for the resumption of activity in one of the most important steelmaking complexes in Italy, already mark the ongoing process of progressive innovation with strong ethical connotations; this situation, then, is inscribed in a context characterised by a particularly advanced industrial culture also in its relational and social aspects. All this has created a favourable context to ensure that the whole of regulation 231, and therefore the Model that transfers it to the specific corporate reality, constitutes not a constraint, but a reference for all corporate activities and the conduct of persons acting within the company, at all levels.

In fact, the company's objective in this matter has been, and remains, this: to equip itself with a Model that is also a tool that, in the event of the commission of 231 offences, may lead to the company's exemption from liability for administrative offences; but which, above all, constitutes a tool capable of acting as a guide for the conduct of the various parties so as to render 'ordinary' conduct virtuous and therefore capable of effectively preventing the commission of said offences.
Moreover, the context described above requires a very high degree of visibility and transparency of corporate actions; the management and the structure are well aware that this, in turn, entails an equally high social focus on corporate activities, which are always expected to be inspired by criteria of transparency and fairness and are judged above all on the basis of said criteria. Apart from any other considerations regarding profiles other than the one of interest here, it is evident that from the point of view of the ethicality of behaviour (and thus of compliance), the terrain is therefore favourable.
Completing the picture is the habit and attitude of the structures to operate under quality assurance and with a high degree of proceduralisation and formalisation of processes relating to some of the most sensitive areas, safety and the environment: in other words, the Model is part of a reality that is already strongly oriented, at all levels, to operate according to predefined standards, rules and procedures.

Methodology
Even before starting the preparatory activities for the drafting of the first edition of the Model, the Company felt the need for a *refreshing* on the subject at first and second line level, in order to create a more favourable ground for the next steps.
This was followed by rounds of group meetings, fairly homogeneous in terms of professional background, in which the general outlines of the subject were briefly reviewed.
This facilitated the subsequent analysis phase, aimed at identifying the most 'sensitive' areas with respect to the risk of offences being committed. This phase was conducted, in addition to analysing the available documentation, by means of individual interviews at the level of first-line managers, in which the cycle of meetings described above ensured that there was immediate agreement on the subject.
The *governance* system, organisational structure and main processes governing the life of the company were analysed.
In the meantime, this has made it possible to map the areas/activities theoretically most at risk of 231 offences being committed.
We then moved on to the mapping of the risks/offences in the various areas, and their valorisation; from there, we were able to focus on the verification and identification of the system of controls designed to oversee the prevention of the commission of these offences.
The Model was therefore drafted, first of all formalising the criteria to which the system of powers and delegations, the organisational structure and the system of protocols and procedures must respond.
It then proceeded to prescribe the conduct to be observed, at the various levels, and also assisted these prescriptions with a disciplinary system to punish violations.
On this basis, the specific powers of the Supervisory Board were finally determined, as well as the criteria for its appointment and composition, all in line with the provisions of the decree.

Lastly, steps were defined to ensure the dissemination of the model at all levels, both within the company and to its *stakeholders*, and the ongoing training/information of all employees.
In particular, the activity developed according to the following work phases:

1. Documentation and analysis phase, as follows:

- Preliminary interview with the Managing Director in office at the time, in order to acquire the exact function that one intends to give to the Model in the company and consequently define its slant.
- Interview with the Human Resources Department and the Operations Department in order to deepen the knowledge of the Company, its corporate and organisational structure and activities.
- Acquisition of the most significant documentation and its analysis.
- Interviews with the resources in charge of the Company's key positions, in order both to complete the collection of information and to initiate the identification of sensitive areas.

2. Identification of the sensitive areas, processes and activities, in which the perpetration of the predicate offences provided for in Legislative Decree No. 231/2001 can be configured in the abstract, as well as the control points and mechanisms currently provided for.
3. Mapping of 'sensitive' activities.
4. Analysis of the control system.
5. Definition of the specific role and composition of the Supervisory Board.
6. Preparation of a first draft of the Organisation, Management and Control Model, and discussion of the same with the Company's top management and management.
7. Final drafting of the Model
8. Approval of the Model by the Board of Directors.

As mentioned in the introduction, this update, compared to the first edition of the Model and subsequent updates, takes into account both legislative developments and the profound changes in terms of *governance* and organisation that have occurred in the meantime.

The Components of the Model

The company's Organisation, Management and Control Model consists of:

- a General Part, which illustrates: the regulations of Legislative Decree 231/2001, the relative responsibilities, and the sanctions system; the origin, composition and function of the Organisation, Management and Control Model; the specific criteria to which the Model responds; the nature and

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corporate purpose of the company; the role of the Supervisory Board; the communication and training/information system;

- a Special Part, containing:

- in the first section, the various protocols relating to the decision-making and control processes, in particular relating to specific offences that may in abstract terms be committed in the company, since they are more closely connected with the so-called 'sensitive' activities (concerning offences against the public administration, the environment, safety in the workplace and others);

- in the second section, the Code of Ethics, the Statute and regulations of the Supervisory Board with its appointment criteria, powers and composition, and the Disciplinary System;

- an Appendix with the updated text of Legislative Decree 231/2001, the updated catalogue of predicate offences, and some application aspects.

Attached to the Model is a summary of the mapping of risks by area of activity, carried out preliminarily and preparatory to the drafting of the Model, and in equally summary form the identification of the control points and safeguards to be adopted, again by area of activity.
The components of the Model are briefly illustrated below in the general part of this document, as regards the protocols, the communication system and the regulation of the Supervisory Board, in terms of appointment and composition criteria, as well as the tasks entrusted to it, and in the relevant annexed documents as regards the Code of Ethics and the Disciplinary System.
The special section of this document then sets out, in respect of the areas of activity at greater risk of offences and the corporate functions to which they are delegated, the controls to prevent offences and the relevant protocols, inspired by the following criteria:

- separation ('segregation') of duties;

- separation ('segregation') of operational functions from control functions, which creates a 'virtuous conflict' between functions;

- verifiability, documentability and traceability of individual transactions;

- documentation of controls.

The procedures are not an integral part of the Model, but the Model refers to them in terms of cogency, so that non-compliance with the procedures may constitute an infringement of the Model and lead to the adoption of disciplinary sanctions. The company procedures are drafted consistently with the Model and in compliance with the principles and protocols contained therein, which are therefore taken into account when issuing new procedures or updating existing ones (see the relevant paragraph below).

Governance

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The Company adopts a traditional system of *governance.*
The corporate bodies are:

- the Assembly;
- the Board of Directors consisting of the Chairman, non-executive office and 2 Board members with delegated powers and 1 Board member, non-executive office
- the Board of Auditors.

These bodies are constituted and vested with the powers and attributions set forth in the law and the Articles of Association of the Company, as well as the resolutions passed by the Shareholders' Meeting and the Board of Directors.
The sole shareholder JSW Steel Italy S.r.l. controls approximately 99% of the share capital, while the remaining shareholding is directly owned by JSW Steel Ltd, a company incorporated under Indian law which, through its wholly-owned subsidiary JSW Steel Netherland BV, controls 100% of JSW Steel Italy S.r.l.. It must be borne in mind that any breaches of the Model within the company that may be attributable to the actions or provisions of the sole shareholder in the context of its management and coordination role, would entail a migration of responsibility also to the latter subjects.

The system of powers and delegations

Within the Board of Directors, the position of Employer has been expressly attributed to one of the two Executive Directors, in relation to his role as COO - Chief Operating Officer, pursuant to Article 2, Paragraph 1, Letter b) of Legislative Decree 81/2008; the Company has also implemented a Delegation of Functions pursuant to Article 16 of Legislative Decree 81/2008, with the limits set forth in Article 17 of Legislative Decree 81/2008.
Delegations of authority and signatory powers towards the outside world, as assigned by the Board of Directors, are at present strongly concentrated in the two Indian board members, but with executive positions, as well as a limited number of top executives on the basis of special powers of attorney that are always joint.
This entails a strong limitation of the number of persons who have the power to bind the company to third parties and thus of the possibility, in the abstract, of committing offences pursuant to 231, on the other hand, it determines the need for strict control by the Board of Directors, the Board of Statutory Auditors and the Sole Shareholder over the acts of the company.
The structure participates through the formation of acts, for which it assumes the responsibility attested by the initials of those responsible at the various levels.
It is also noted that the concentration of external powers, and in particular spending powers, at the top and in a small number of top-level managers allows the top management to maintain control over all operations. The other levels of the hierarchy are entrusted with the prerogatives strictly necessary for the performance of their respective activities, so that individual employees or collaborators are not in a position to formally commit the Company towards third parties, and they perform relevant actions towards the outside world

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exclusively in accordance with the responsibilities and tasks entrusted to them by the internal organisation, and within the framework of the Company's formal acts. As a matter of fact, it should be noted that a well-established practice of reporting, systematic and timely with respect to activities and events, allows for the control of professionally relevant activities and behaviours carried out by individual agents in relation to the powers assigned to them.

Relations with the Shareholder

It must be emphasised that this aspect is such as to constitute a considerable Garante of transparency and sharing of corporate decisions and actions; it also entails ensuring the natural dialectic in decision-making between company and shareholder.

The most significant decisions, when they are not deliberated directly in the Board of Directors but taken by the Chairman on the basis of his powers, are in any case, as a rule, reported to the Board. The fact that the Chairman is also a direct expression of the sole shareholder implies, de facto, a sharing or at least a substantial acknowledgement by the shareholder of the resolutions taken by the Board.

The organisational structure

The company has set up an organisational structure to harmonise the 'day-to-day' management of the company with the project-oriented activities aimed at innovation and change that characterise the current phase.

It is noted that the organisational set-up respects what is one of the main principles of the 231 system, namely the principle of 'segregation' between activities, and in particular between operational and control functions.

It must also be taken into account that, given the relevance of the company's plant engineering and manufacturing component, some of its main activities are strongly oriented by external sources such as legal regulations, prescriptions, etc., This, if on the one hand exposes the company in the abstract to criminal risks in these fields, on the other hand allows for very precise references for those who work in them, and equally precise control parameters on the part of hierarchical levels and top management: it is clear that the condition for this to happen is the provision and effectiveness of control points in this regard.

Procedures

The system of procedures is strongly oriented towards the regulation of operational activity, essentially in three areas:

- quality assurance
- safety in the workplace
- environment.

The activities of a managerial nature, were regulated, prior to the adoption of this Model, by established practices, as well as, insofar as applicable, by protocols drawn up at Lucchini to accompany the Model adopted at the time in that Company: these protocols, although they did not regulate the activities in the

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manner required of a procedure, certainly had their own effectiveness for preventive purposes, insofar as they were inspired by the principles of the 231 system.
More recently, however, this situation, which at the time was entirely understandable in a recently established company such as AFERPI first and for JSW Steel Italy Piombino S.p.A. afterwards, has progressively evolved towards a proceduralisation also of activities of a managerial nature, at least of those with greater 231 offence risk profiles, such as those relating to purchases, consultancy, receipts and payments and related activities.
As mentioned above, although the procedures do not constitute an integral part of the Model, the Model refers to them, so that their non-compliance, especially when they regulate aspects connected with activities potentially at risk of 231 offences, is tantamount to non-compliance with the Model and therefore such as to constitute a disciplinary offence. The basic principles that inspire the procedures are consistent with the Model and the '231' system, also because they were drafted according to the highest international standards.

Recipients
The addressees of the Model are all those who operate in the name of and/or on behalf of the company, namely: members of corporate bodies (Directors and Auditors), so-called 'apical' persons, managers and employees of all categories, third parties; by third parties is meant all those who, not belonging to the above categories, are linked to the company by a contractual relationship, namely, by way of example, collaborators in various capacities, suppliers, agents, consultants; in some cases, customers may also be. Towards the addressees, the Model and all its individual components are binding.

The Supervisory Board

The section on the Statute and Rules of the Supervisory Board (SB) first of all defines the criteria for its composition, appointment and tenure.
It also defines its tasks and powers, its relations with the Company bodies, its relations with the structures and with all other parties.
The following fundamental aspects for the functioning of the Supervisory Board are also regulated: requirements, grounds for ineligibility, prerequisites for dismissal and related procedures, information and document flows.
Some of these aspects are summarised here.

Composition, characteristics of members and permanence in office
The company has deemed it appropriate to equip itself with a Supervisory Board in monocratic composition, and made up of an external person. This choice, closely linked to the transformation phase that the company is going through, responds to the dual purpose of both ensuring direct and agile control over compliance with and application of the Model, and of not involving in this control internal structures, which are strongly committed to the process of change.
Generally speaking, the members of the Supervisory Board, in addition to meeting the requirements of autonomy and independence, professionalism, honourableness and absence of conflict of interest, must have personal and professional characteristics suited to the role: in the case of external members, it is advisable that they are professionals with particular expertise in legal matters, familiarity with the '231' subject matter and skills in the field of company management, management and organisation.
Always in close connection with the company's current stage of development, the Supervisory Board remains in office for one year, unless renewed.
In order to ensure the continuity and fullness of its action, the Supervisory Board is provided with a *budget* adequate to the task, as well as the resources necessary to perform the activities entrusted to it.

Tasks and Attributions
These are those attributed by law, and in particular by Article 6(I) of the Decree, according to which the Supervisory Board is entrusted with the task of supervising the operation of and compliance with the Models and ensuring that they are updated. Furthermore, the company has opted to include within the Model, as an integral part of it, the Code of Ethics in application of the aforementioned philosophy, according to which a company activity characterised not only by compliance with the law, but also by a high degree of ethicality has a greater chance of preventing the commission of the underlying offences: in other words, compliance with the Code of Ethics, in addition to being a value in itself, is functional to preventing the commission of offences.
This general provision provided by the law is expressed in practice in the following activities:

- verification and supervision of the suitability of the Model for the purposes of preventing the predicate offences envisaged by D. Legislative Decree 231 Model,
- checks on the actual application of the Model, and on its observance by those who are bound by it;

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- verification (preparatory to the activity referred to in the previous paragraph) of the dissemination of the Model and its knowledge by all the persons required to comply with it;

- evaluation of reports received on violations of the Model;

- updating of the Model, depending on: i) new predicate offences introduced by the legislator within the scope of application 231; ii) organisational changes; iii) significant changes in the corporate purpose; iv) significant breaches of the Model;

- periodic reporting, on a six-monthly basis, to the Board of Directors on the activities carried out by the Body; reporting to the BoD in the event of reports, breaches of the Model or, in any case, of events of particular relevance for the purposes of 231; in this case, the communication to the BoD shall be timely, in order to allow the adoption of any measures that may be necessary. With the same periodicity, it shall also send reports on its activities and their outcomes to the Board of Statutory Auditors. The reports to the Board of Directors and the Board of Statutory Auditors contain a summary of the activities performed by the Supervisory Board during the six-month period and their outcomes, as well as an indication of the measures to be taken;

- information on the adoption of the Model and the Code of Ethics to internal and external parties required to comply with it;

- 231 training, with a focus on the Model and Code of Ethics adopted by the company.

The Supervisory Board carries out the above-mentioned activities by means of instruments and methods that comply with the law, recalling that its prerogatives allow it ample room for investigation but not for taking direct measures, which are always the responsibility of the administrative bodies or competent structures. The Supervisory Board, therefore:

- carries out audits of an inspection nature; these audits may be carried out i) directly by the Supervisory Board, ii) through company structures (other than those subject to the audit), iii) through external structures or professionals, if the audit requires particular specialisation that is not available internally, or presents particular reasons of confidentiality, such as the audit of a senior manager or a member of a corporate body. Verifications may concern both the adequacy of the Model and its effective application. The checks that can be planned are set out in an annual programme that the Supervisory Board draws up autonomously; checks that the Supervisory Board deems necessary in the light of unforeseen events or reports of breaches, or presumed breaches, of the Model, are instead carried out outside the programme.

  The Supervisory Board may request all the necessary documentation from the company structures, which must make it available, and may proceed to interview the company resources it deems it necessary to hear in order to carry out the audit successfully.
  Returning to the planned audits, the criteria for their identification are:

- level of sensitivity of the area;

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- areas affected by particular organisational or operational changes, or by the introduction of new offences within the 231 perimeter;

- areas audited at an earlier time than others;

- areas that have recently been audited and in respect of which the Supervisory Board, upon detecting critical issues or needs for improvement in processes and controls, has provided suggestions, in order to monitor their implementation.

- proposes measures to the Board of Directors to update or adapt the Model, and then verifies its implementation by the Company;

- systematically receives documentation concerning the most significant aspects of corporate life, such as: organisation charts, service orders, staffing changes, extracts of minutes of Board of Directors' meetings, requests for and receipt of public financing or contributions, significant plant works, significant contract acquisitions, significant outsourcing of activities to third parties (including consultancy), periodic reports on outgoing and incoming financial flows;

- receives reports of possible violations of the Model and the Code of Ethics and proposes to the Board of Directors the actions and measures to be taken, also with reference to the Disciplinary System. As a rule, anonymous reports are not taken into account, unless their content or the seriousness of the report suggests otherwise. In any case, when handling reports, the Supervisory Body ensures that due safeguards are observed with regard to the confidentiality of the persons concerned (including, in particular, the person who forwarded the report, who is now expressly protected also pursuant to the new wording of Article 6 of the decree on *whistleblowing*), also ensuring that they cannot be subjected to retaliatory or discriminatory actions, or in any case to actions that harm their interests worthy of protection. Reports are normally made in writing, either by ordinary mail or internal mail, as well as to the specially established e-mail address, to be brought to the attention of all persons covered by the Model;

- proposes the actions and methods of informing the recipients of the Model (whether internal or external to the Company, such as suppliers and consultants) about its contents; it also proposes the actions and methods of training the Company's personnel at the various levels on the contents of the Model and its possible evolutions. These actions are subject to verification by the Supervisory Board as to their implementation and effectiveness.

The Supervisory Board is entitled to autonomously use, through the structures responsible for the relevant fulfilments (orders, payments, etc.), the annual budget made available to it in relation to needs strictly related to its office, such as the use of external parties for any audits or for specialist support in the event of updating the Model on matters requiring particularly specialised skills, or for self-updating and documentation needs on "231" matters (such as courses, conferences, subscriptions) in the interest of the company.

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The Rules of the Supervisory Board

Within the scope and in compliance with the provisions of the Model in the section on the Statute and the rules governing the SB in terms of its prerogatives and duties, the SB autonomously adopts its own regulations, which set out the body's operating methods deemed to be the most functional for the performance of its activities. The Regulation, therefore, has an operative application function of what is provided for in the Statute; it regulates, in brief, the following aspects:

- procedures for taking minutes of meetings, keeping minutes, keeping records of relevance and interest of the Supervisory Board;
- ways of carrying out verifications;
- ways of dealing with and managing reports received;
- ways of requesting and obtaining information and documentation;
- ways of communicating the need to update the Model;
- modes of information/training on the Model;
- methods of reporting to the corporate bodies, provided that they comply with the criteria and intervals laid down in the Model.

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The Code of Ethics

The context in which the company operates, as specified in the preceding pages, on the one hand facilitates, and on the other requires special attention to the ethicality of the conduct of persons working for or with the company.

The Code of Ethics contains the ethical principles to which all acts and conduct of the Company and its members refer and constitutes a reference for their action, orienting it with cogent force towards compliance with the provisions contained in Legislative Decree 231 and subsequent additions and amendments. It therefore constitutes an integral part of the Model and, consequently, the Supervisory Board has the task of verifying compliance with it and detecting any infringements.

All the addressees of the Code of Ethics, i.e. the internal and external subjects who work, in various capacities, for and with the Company, are obliged to conform their conduct (and to ensure that the conduct of those who come into contact with them for reasons related to the Company conforms, as far as it falls within their sphere of competence) to the principles and rules contained therein.

The Code of Ethics consists of a foreword, containing various general aspects, and three parts, as described below:

- part one: contains the indication of the general principles that should inspire the activities of all the addressees of the Code;
- Part Two: contains a statement of the conduct, arising from the application of these principles, to be adopted by the addressees;
- part three: sets out the methods for informing the addressees, monitoring compliance with the Code of Ethics and applying the sanctions system.

The contents of the Code of Ethics, summarised and developed in the specific document, are summarised below.

Part One - General Principles

The general principles to which the Company refers in the conduct of its business, in the issuing of its acts and in the management of its internal and external relations are set out.

- Respect for standards - Legality
- Confidentiality and protection of privacy
- Occupational health and safety protection
- Integrity, dignity and valorisation of the person and human resources
- Equality and equality between human beings
- Fairness, diligence, spirit of service

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- Impartiality
- Honesty, integrity and loyalty
- Transparency and completeness of information
- Responsibility towards the community
- Quality
- Environmental Protection
- Preservation, protection and respect for cultural and landscape heritage.

These principles are applied both within the company and in its relations with the outside world, namely: with the community in general, with public institutions, relations with associations, trade union organisations and political parties, relations with national and international institutional operators, with customers and suppliers.

Part Two - Rules of Conduct
Corresponding to the general principles are the rules of conduct laid down for the different types of recipients of the Model and the Code of Ethics.
In fact, without prejudice to the ethical principles set out in the previous section, which are general in scope, specific rules of conduct are laid down for the various types of recipients and activities, depending on the relationship with the company, the type of activity carried out and the responsibilities covered.
The most salient rules of conduct are summarised here in summary form and are set out in detail in the specific document.

Directors and Auditors
Directors and Statutory Auditors must act with autonomy, independence and fairness in the performance of their duties, they must be loyal to the Company and operate in its interest, in compliance with the law, the Model and the Code of Ethics; they are required to maintain due confidentiality with respect to the information they come into possession of in the performance of their duties, and refrain from intervening in acts in which they have a conflict of interest.
They must protect the confidentiality of individuals who report offences or breaches of the Model, and refrain from and/or prevent retaliatory or discriminatory acts against them.

Managers
They must operate with awareness of their role in the company, and therefore not only conform their conduct to the general principles of the Code of Ethics, but also demand the same from their collaborators and other subjects with whom they interact. They must pay particular attention to respect for the personality,

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dignity and privacy of their collaborators, and work to ensure that this is also the case in relations between them.
Like the members of corporate bodies, they must protect the confidentiality of persons who report offences or breaches of the Model, and refrain from and/or prevent retaliatory or discriminatory acts against them.

Other employees
Employees are required, each for his or her role, to comply with the law, contractual prescriptions and the principles and rules of conduct laid down in the various sources of the Company, such as the Model and the Code of Ethics, the procedures and in general all internal provisions.
They too must protect the confidentiality of persons reporting offences or breaches of the Model and, if they hold coordinating roles, refrain from and/or prevent retaliatory or discriminatory acts against them.

Third Party Recipients
Third parties coming into contact with the Company are obliged to observe, as far as they are concerned, the principles and rules of conduct contained in the Code of Ethics. Therefore, the Company shall ensure that all those who have relations with it are aware of it, and shall include in contractual documents the commitment to comply with it, refusing to enter into relations with those who do not undertake this commitment and providing appropriate clauses, including termination clauses, for those who breach it.

Relations with the P.A.
Particular rules are laid down for those persons who, by reason of their activities, have relations with the Public Administration, with the prohibition of giving public officials gifts or donations in cash or in the form of other benefits, with the intention of procuring advantages for the Company.

Conflicts of interest
Managers and other employees, as well as members of the Corporate Bodies, are also called upon to avoid actions or situations in which they are in conflict of interest with the Company, at the same time informing their superiors of their position.

Relations with suppliers and customers
Relations with suppliers must be characterised by fairness, avoiding favouritism or discrimination.
The same suppliers, on the other hand, must formally undertake to observe the company's Code of Ethics, as well as, depending on the type of supply or service, the regulations in force concerning the environment, safety at work, tax, contributions and in relation to immigration legislation.
Relations with customers, while taking the necessary care of the company's interests, must also be characterised by loyalty, fairness and honesty.

Checks

Everyone, in whatever sector they operate, is required to carry out the controls within their competence and to report any dysfunctions, whether objective (of an organisational nature) or subjective (due to behaviour) in the control system.

Confidentiality

The obligation of confidentiality in relation to information that has come to one's knowledge by reason of or in connection with one's activity for the Company, already referred to with regard to members of corporate bodies, is also imposed on employees.

Company Assets

Individuals operating, at all levels, on behalf of the company are obliged to safeguard and protect the company's assets, using due diligence towards the assets entrusted to them.

Part Three - Communication, Training and Information, Violations and Sanctions

The following aspects are taken into account in this part: communication on the adoption of the Code of Ethics, training and information on its contents, so as to ensure that all addressees are aware of it; reporting on violations and the application of the relevant sanctions.

Particular emphasis is also placed on the obligation of all persons working on behalf of the company at all levels to cooperate with the Supervisory Board; in particular, they are required to provide the Supervisory Board with the requested information and documentation, and to forward to it reports on any breaches of the Model.

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The disciplinary system

According to Legislative Decree No. 231/2001, the Model must not only be adopted, but also effectively implemented; to this end, the decree expressly provides that it must also include a disciplinary system that provides for sanctions against breaches of the Model and the Code of Ethics, as well as rules, sources and documents to which they refer (such as procedures).

A fortiori, any conduct adopted in conflict with the dictates of the Model, the Code of Ethics and the sources referred to therein that may constitute offences under '231' shall be sanctioned.

Moreover, following the recent introduction of *whistleblowing protections in* Article 6 of the decree, conduct that disregards these protections is also sanctioned.

The addressees of the disciplinary system are the same as the addressees of the Model or the Code of Ethics: namely, members of corporate bodies (Directors and Statutory Auditors), so-called 'apical' subjects, managers and employees of all categories, third parties.

In the case of managers and other employees, the sanctions provided for are modelled and graduated on the basis of their respective contracts.

Towards third parties, collaborators in various capacities, suppliers, agents, consultants, contractual sanctions are established (which cannot be defined as 'disciplinary' in the strict sense, since the disciplinary power of the employer cannot obviously be exercised against them), which are set out in a specific section of the disciplinary system.

The offences envisaged and the corresponding sanctions, as well as the procedure for contesting the charge and imposing the sanction, if any, are set out in the relevant document, respectively in the sections on:

- directors and auditors;
- 'apical' subjects;
- executives;
- other employees;
- third parties.

As mentioned, specific sanctions are provided for against employees, suppliers, contractors and consultants.

Sanctions are graduated in proportion to the seriousness of the infringement, taking into account the circumstances, the possible concurrence of more than one person, and possible recidivism.

Persons who are subject to sanctions contained in the disciplinary system may nevertheless oppose or appeal against them, exercising the rights recognised to them by law, contracts or in any case by regulatory sources binding the parties.

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Communication, information and training. Updating the Model

Information

The Company shall ensure that all recipients of the Model operating in the company - members of corporate bodies, 'apical' persons, managers and employees at all levels - are aware of it. It therefore disseminates the same by delivering a copy (physically or in electronic format) or, if this is required from a logistical point of view, by making available a complete copy, which can be consulted in accessible premises, requesting a certificate of acknowledgement and commitment to compliance.

It also provides for the delivery of a copy of the Code of Ethics to collaborators, suppliers and consultants, and in general to third party recipients, requesting them to undertake to abide by it and informing them of the sanctions related to any violation by them of the principles and rules of conduct contained therein.

The Model and the Code of Ethics are also published on the Company's website, together with a summary of the Model.

The company also provides a copy of the Model and the Code of Ethics to customers, so that they are aware of them and do not engage in conduct contrary to them. This aspect is even more delicate, given the particular supplier/customer relationship. First of all, the customer will normally have its own Model, and indeed it will often happen that it will demand compliance with it on the part of the company. Then, when it is a foreign customer, not necessarily familiar with Italian law, requiring it to comply will be quite difficult. In such cases, the right balance must be struck between commercial interests and legal aspects. A good point of balance consists, especially in the case of foreign customers, in emphasising above all the Code of Ethics, which contains principles of a general nature that are generally reflected in the legal systems of all countries, giving a translated summary of them, and pointing out that the Company has adopted a Model and a Code of Ethics and that it expects all its interlocutors to respect them.

Training

With regard to internal subjects, the Company takes care of systematically informing and training all its staff on the contents of the Model, carrying out targeted initiatives according to the category they belong to and the role they play, and verifying their effectiveness in terms of learning and awareness on the part of the recipients.

This applies both when the Model is adopted and when it is updated, as well as (and this is particularly important in the current phase of the company) in the case of new personnel joining the company.

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SPECIAL PART

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Foreword

The special section, based on the mapping of the risks of offences for the various areas of activity and on the identification of the most 'sensitive' activities, defines the control points for the prevention of offences and regulates, by means of specific protocols, the conduct to be maintained, specifically, in the individual areas of activity with regard to the administrative offences provided for by the decree. Consistent with the current dynamic phase of the company, the above is defined for both 'functional' and 'project' areas of activity.

As emerges from the mapping of risks, set out in the annex to this Model, there is a close correlation between areas of activity and the risk of certain predicate offences being committed with respect to others, even though, in abstract terms, any predicate offence may be committed in any area; for this reason, the controls to guard against and the protocols envisaged for individual offences are intended to have the potential to exclude other offences for which the risk is considered probabilistically lower.

The manufacturing connotation of the company's business, and the important plant-engineering set-up that is its prerequisite, mean that, first and foremost, the sensitive activities par excellence are those of a productive and plant-engineering nature, and those directly or indirectly connected to them, such as safety, ecology and the environment, purchasing, quality and, last but not least, human resources management. These areas of activity impact, of course, above all on the criminal risks in terms of safety in the workplace and the environment.

Moreover, since it is a company with all functions and autonomous in each of them, supporting the production activity is equally important the commercial activities for the placement of products, as well as those of an economic-financial nature to provide the production and plant structure with the necessary financial resources.

It follows that even in these areas of activity, there are, again in the abstract, risks that predominantly relate to other types of offences.

As far as the commercial area is concerned, it should be borne in mind that the customer base is particularly varied: for some products, it is made up of large customers, mainly of a public nature, with all that this entails in terms of crime risks towards the P.A., and it also has significant outlets in foreign markets, with the related implications in terms of transnational crime risk, as provided for by the decree. For other products, the clientele is eminently private, more fragmented and, at least at present, almost exclusively domestic: here, the risks are mainly related to the offence of bribery between private individuals, which was fairly recently introduced into the 231 scope of application. The description of the relevant offences is therefore given, respectively, in the sections on offences against public authorities (public clients) and corporate offences, with particular reference to the section on bribery between private individuals (private clients).

With regard to activities of an economic-financial nature, including also activities relating to the preparation of financial statements, the criminal risks are manifold; the prevailing ones consist of the typical offences associated with the function, such as money laundering, self-laundering (also relatively recently introduced), and false corporate communications (recently elevated to the status of a crime).

But, especially if one also considers activities of a 'project' nature, the offence risk for this type of activity also extends to offences against the P.A., particularly with regard to seeking public funding and contributions. In the same way, these offences may also concern ecology and environment activities (characterised by external

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controls on compliance with relevant regulations, authorisations, etc.), human resources management (e.g., financing for training, external inspections), safety (controls by external bodies).

Information technology activities are especially involved in the risk of offences in conjunction with other functions, since they can provide the technological support for practically any type of operation that is in the abstract unlawful, by altering data. However, they may also incur the commission of offences, directly or indirectly, through omissive conduct: think of the case in which, due to the failure to set up adequate *firewalls* or outgoing blocks, cases of undue access to the system or access to sites through which offences against the individual personality, as provided for in Article 25-quinquies, e.g. child pornography, may occur respectively. It is clear that in these cases, in order to fall within the scope of application 231, it is necessary that the offence is committed in the interest or to the advantage of the company; but, even if this were not the case, there could be breaches of the code of ethics (and therefore in contrast with the general philosophy of ethics that characterises the company), and as such punishable under the disciplinary system. As for the IT area, there is also a specific risk of using or duplicating programmes without a regular licence, both within the department itself and by all users of the system.

As mentioned above, in the abstract, all offences can be committed in all areas of activity, albeit with varying degrees of probability, even if some do not appear to be feasible with a significant degree of probability in the corporate context, depending on the corporate purpose: e.g, among the various **offences against the individual referred to in Art. 25-quinquies,** which are **dealt with in the various sections of this special section and in the Code of Ethics**, only the commission of the offence of forced labour appears, in the abstract, quite probable; on the other hand, it is hard to see how the reduction to slavery or the offence of mutilation of female genital organs, typical of clinics, clandestine or otherwise, for the performance of that type of surgery, could be configured; even if, in an entirely abstract, theoretical and prudential line, the latter offence could be configurable in a remote hypothesis of the sale or alienation of the company's real estate, subsequently used by the purchasers as a clinic of this type, in complicity - fraudulent or negligent - with the real estate function.

However, it is reiterated that the controls set up to prevent the various offences most likely to be committed have in themselves the potential to also prevent the commission of the less likely offences; this function is also performed by the general principles and rules of conduct laid down in the Code of Ethics.

Finally, the predicate offences under Article 25-bis.1 (offences against industry and trade) and transnational offences, which also constitute predicate offences under 231, also deserve mention.

With regard to the former, the fact that we operate in quality assurance means that compliance with the relevant procedures, and with the provisions of the Code of Ethics, together with the corporate culture, constitute a suitable safeguard for preventing the commission of these offences, which are therefore not considered very likely.

As far as transnational offences are concerned (set out in the Model at the end of the list of predicate offences), although the company culture is characterised by a particular ethical rate, as mentioned elsewhere in this Model, it should not be forgotten that the ultimate ownership, even though mediated by the Italian holding company, is located abroad, and that a large part of the activities are aimed at international markets.

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Particular attention should therefore be paid to these offences, bearing in mind that the preventive measures set out in this special section for similar offences committed at national level should be adopted.
In this special section, the methodological approach followed is as follows: the types of administrative offences considered to be the most significant and characterised by particular complexity, also in terms of the number of areas in which offences may be committed (e.g. offences against the P.A.), are dealt with starting from the predicate offences, with a description of the sensitive areas, the ways in which offences may be committed, the protocols consisting of prohibitions and prescriptions (subjective aspects, relating to conduct) and objective controls, this applies, for example, to the risks of offences identifiable in the production and commercial areas; in other cases, where the greater complexity in terms of the plurality of offence risks relates to organisational areas and/or areas of activity (e.g. administrative and financial activities), we start from these areas to identify the most likely offences in the individual areas, and in this case too we arrive at the description of the ways in which the offence may be committed and the definition of the relevant protocols.
In this way, it is considered to cover the entire range of predicate offences considered to be at real risk of being committed, even if this means that some offences are listed in more than one section of the special section; this, however, may make it easier for the addressees to identify the aspects that most closely concern their sphere of responsibility.
The prevention and control system for 'sensitive' activities is based on the following criteria.
From the subjective point of view, i.e. of individual conduct, there is a set of prescriptions and prohibitions whose full observance is owed by all recipients of the Model, and whose non-observance in any case constitutes an offence under the disciplinary system, regardless of whether or not an offence has been committed. Another fundamental element in terms of conduct is the Code of Ethics, which establishes principles and rules of conduct whose observance is mandatory, just like the Model's protocols.
Effective prevention, moreover, must also be based on elements of an objective nature, which in themselves have the potential to put obstacles in the way, within the company organisation, of any conduct in conflict with the Model that the addressees, in contravention of prescriptions and prohibitions, intend to engage in. These objective elements are based on the following fundamental principles.
Regulation: the control principle provides for the existence of company regulations that provide principles of conduct and operating methods for carrying out sensitive activities.
The company has, at present, a system of rules and procedures that regulate the company's activities with regard, in particular, to technical-productive aspects, quality, safety in the workplace and the environment: rules and procedures that meet the best international standards and are fully consistent with the 231 system. The company ensures that updates to the Model also have repercussions, where appropriate, on these standards, so that the updating of procedures must always take into account the dictates of the Model.
As the company gradually becomes fully operational and the various activities are further implemented, it will take care to verify whether, as regards activities with a predominantly managerial content, the protocols provided for by the Model for the purpose of preventing offences that can be concretely committed in the corporate context, in accordance with the corporate purpose and the relevant activities, are also sufficient

for the purpose of regulating the activity or whether further specifications at the level of procedures are required, in which case the necessary correspondence with the Model will be taken into account.

Traceability: this principle requires that each operation relating to sensitive activities be provided with adequate documentary evidence and that the process of decision, authorisation and performance of the sensitive activity can be verified a posteriori by means of appropriate documentary supports.

"Segregation" (separation) of duties: the principle provides for the articulation and separation of duties between the various phases of proposal, authorisation, execution and control of operational and management activities. Particular attention is devoted to so-called cross-checking, i.e. to ensure that two or more functions located in the logical and chronological chain of a complex of activities carry out checks on the correctness of the function located upstream or downstream of the process. A typical example is that relating to the payment of external services: the function that authorises and makes the payment checks, in terms of regularity and congruity, the contractual documentation from which the payment originates and, in turn, makes available to the function that used the service the feed back on the payment.

Powers of attorney and proxies: the principle requires that the authorisation and signature powers assigned be formalised, made known and consistent with the organisational and management responsibilities assigned. It must be combined with the preceding principle, so as to create a virtuous conflict between structures or functions that gives rise to the activation of mutual controls.

Offences in relations with the Public Administration

The first condition for the prevention of the predicate offences, the commission of which by the persons qualified *under* Article 5 of Legislative Decree No. 231/2001 entails administrative liability for the company, is, of course, knowledge of the offences themselves and of the ways in which they are carried out, in correlation with the so-called sensitive activities.

The offences against the public administration (P.A.) whose commission, in the interest or to the advantage of the company, constitutes an administrative offence against the company are typically those included in the administrative offences set out in Articles 24 and 25 of the decree; today, Article 24 is headed as 'Undue receipt of funds, fraud against the State, a public body or the European Union or for obtaining public funds, computer fraud against the State or the European Union'. Today, Article 24 is entitled 'Misappropriation of funds, fraud to the detriment of the State, a public body or the European Union or for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public supplies', and Article 25 is entitled 'Embezzlement, extortion, undue inducement to give or promise benefits, bribery and abuse of office'.

It should be noted that these articles were recently amended by Legislative Decree 75/2020, which implements European Union Directive 2017/1371; this decree also amended Article 25-quinquiesdecies (see) and introduced Article 25-sexiesdecies (see).

This section also deals with the offence of inducement not to make or to make false declarations to the judicial authorities under Article 25-decies.

It should also be added that tax offences, which have recently (L. 157/2019) come into force as of 25.12.2019, and have been extended by the aforementioned Legislative Decree n. 75/2020, in the list of predicate offences pursuant to Legislative Decree 231/2001, and dealt with in the specific section of the Model.

The main offences are listed below, the full list of which (with their full text) can be found in the appendix:

- embezzlement to the detriment of the State or the European Union - Article 316-bis of the Criminal Code

- Undue receipt of funds to the detriment of the State - Article 316-ter of the Criminal Code

- Fraud to the detriment of the State or other public body - Article 640(2)(1) of the Criminal Code

- Aggravated fraud to obtain public funds - Article 640-bis of the criminal code.

- computer fraud - Article 640-ter of the criminal code

- the various types of corruption - Article 318 of the Criminal Code et seq.

- bribery in judicial proceedings - Article 319-ter of the criminal code

- Undue inducement to give or promise benefits - Article 319-quater of the criminal code

- Giving or promising money or other benefits to a public official or a person in charge of a public service - Article 321 of the Criminal Code

- incitement to corruption - Article 322 of the criminal code
- extortion - Article 317 of the criminal code
- embezzlement, extortion, bribery and incitement to bribery of members of European Union bodies and officials of the European Union and foreign States - Article 322-bis of the Criminal Code, Article 356 of the Criminal Code, Article 314, first paragraph, Article 316 and Article 323 of the Criminal Code
- trafficking in unlawful influence - Article 346-bis of the criminal code
- tax offences
- inducement not to make statements or to make false statements to the judicial authorities.

For the purposes of a correct understanding of the offences set out above, it is useful to bear in mind the notions of Public Administration body, public official and person in charge of a public service.

Public Administration Bodies

For the purposes of criminal law, a 'Public Administration Entity' is defined as any legal entity that looks after public interests and carries out legislative, jurisdictional or administrative activities by virtue of public law provisions and authorising acts.

A general definition of public administration can be found in the Ministerial Report to the Criminal Code, according to which public administration consists of '*all the activities of the State and other public bodies*'.

Article 1(2) of Legislative Decree 165/2001 on the organisation of employment in public administrations defines all state administrations as such.

Offences against the P.A. are relevant for the purposes of the decree when their active or passive subjects qualify as 'public officials' or 'persons in charge of a public service'.

Definition of 'public official' and 'person 'in charge of a public service'

According to Article 357 of the criminal code, for the purposes of criminal law, a public official is one who '*exercises a legislative, judicial or administrative public function*.

For the same purposes, an administrative function governed by rules of public law and by authorising acts and characterised by the formation and manifestation of the will of the public administration or by its performance by means of authorising or certifying powers is public".

According to Article 358 of the criminal code, '*persons in charge of a public service are those who, for whatever reason, perform a public service.*

Public service is to be understood as an activity governed in the same manner as public function, but characterised by the absence of the powers typical of the latter, and excluding the performance of simple tasks of order and the performance of merely material work'.

It should be borne in mind that the two aforementioned figures are qualified as such not only, and not always, insofar as they belong to or depend on a public body, but with reference to the nature of the activity concretely performed. Therefore, a person who, although not belonging to the Public Administration,

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performs on certain occasions the activities referred to in Articles 357 and 358 of the above-mentioned Criminal Code may also be qualified as a public official or person in charge of a public service.
By way of example, the following are considered public officials:

- persons performing a public legislative or administrative function (members of parliament, members of government, regional, provincial and municipal councillors, members of the European Parliament and members of the Council of Europe, persons performing ancillary functions);

- persons performing a public judicial function: magistrates of any body, justices of the peace, members of parliamentary commissions of enquiry, persons performing related functions (officers and agents of the judicial police, financial police and carabinieri, chancellors, secretaries, court custodians, bailiffs, witnesses, conciliation messengers, bankruptcy receivers, operators in charge of issuing certificates at court registry offices, experts and consultants of the Public Prosecutor, bankruptcy liquidators, extraordinary commissioners of large enterprises in crisis, etc.);

- persons performing a public administrative function: employees of the State, of international and foreign bodies, of territorial bodies (State, European Union, supranational bodies, foreign States, Regions, Provinces, Municipalities, Mountain Communities); persons who perform ancillary functions with respect to the institutional purposes of the State (members of the municipal technical office, members of the building commission, head of the amnesty office, municipal messengers, public land occupation clerks, employment office clerks, employees of State Companies and Municipal Companies; private individuals exercising public functions or public services (notaries, private entities operating under a concessionary regime, or governed by public law, or carrying out activities in the public interest, or wholly or partly controlled by the State, etc.).

Lastly, it should be noted that, pursuant to Article 322 bis of the Criminal Code, offences against the P.A. also exist when they concern foreign public officials, i.e. persons who perform functions similar to those of Italian public officials within EU bodies, other EU Member States, foreign States or international public organisations. This provision should be borne in mind especially with regard to commercial, economic and financial relations with foreign public customers, especially following the amendments and additions made to Articles 24 and 25 of the Decree by Legislative Decree 75/2020.

Other subjects
It should be pointed out that, in addition to relations with persons belonging to the public administration, it is also necessary to take into account relations with other persons, in the context of which the preconditions may be created for the commission of various offences, including those dealt with here. One thinks of the scheme, of which there are abundant examples in judicial experience, consisting in the creation of hidden funds through business relationships with private persons, and the subsequent use of those funds to obtain advantages from public officials or public service appointees. The setting up of an effective control system must therefore also take into account these prior phases, in order to prevent conduct that constitutes the condition for the subsequent commission of relevant predicate offences pursuant to 231, such as crimes

against the P.A. or, as reported in the respective sections, tax crimes and money laundering or self-laundering crimes, of which tax crimes may constitute a prodromal phase.

Sensitive areas

The 'sensitive activities' for the purposes of Legislative Decree 231/2001
The identification of the so-called 'sensitive' activities, i.e. those activities in the performance of which the risk of predicate offences being committed may occur, constitutes one of the essential elements for the effectiveness of the Model, as expressly recalled by Article 6(2)(a) of the Decree.

The analysis carried out in the risk analysis and mapping phase led to the identification of these activities. Particularly delicate, in this respect, are those activity streams that may be 'instrumental' to the commission of such offences, the so-called 'funding processes'.

The main sensitive activities identified in relation to the commission of offences against the P.A. are listed below, followed by the provision processes analysed.

Sensitive activities in general
Management of relations with public entities (national, EU or non-EU) to obtain authorisations, concessions and licences for the performance of the company's activities: this refers to activities concerning the application for and obtaining authorisations and licences from the competent authorities for the performance of activities in the broadest sense. In the company's current situation, this refers in particular to authorisations and licences for new plants or plants undergoing modification and *revamping*, including environmental aspects, within the framework of existing programme agreements. This must be taken into account, therefore, both in the relevant activities that we have defined as 'project' and in the 'functional' areas.
Management of relations with public bodies (national, EU or non-EU) competent, directly or indirectly, in relation to the evaluation of tender outcomes for the acquisition of contracts
Management of relations with public bodies (national, EU or non-EU) to obtain public funding and subsidies: these are the activities concerning the application for and obtaining funding and subsidies from the competent authorities for the purposes of various corporate initiatives, such as plants, environmental remediation activities, personnel training initiatives.
Litigation management: this refers to the activities of relations with persons belonging to the administration of civil, criminal and administrative justice, such as magistrates, chancellors, bailiffs, arbitrators, during disputes of various kinds, in the context of which the company's interest could arise in the abstract in engaging in unlawful conduct to obtain favourable decisions.
Management of audits, verifications and inspections by authorities with inspection powers: *these are* activities relating to the management of audits and inspections carried out by public authorities, such as

- *relations with the financial administration during audits and inspections*: this is the activity relating to the management of inspections in tax and fiscal matters;

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- *audits and inspections on the production of solid, liquid or gaseous waste, or on the emission of fumes or the production of noise/electromagnetic pollution*: these are relations with public bodies during inspections of environmental compliance, including compliance with waste disposal regulations;
- *management of relations with public bodies for aspects concerning safety and hygiene at work and compliance with the precautions provided for by laws and regulations for the employment of employees assigned to particular tasks*: this is the activity connected with the fulfilment of the obligations provided for by the legislation on safety and hygiene at work and the management of the related relations with the authorities in charge of control, also in the event of inspections;
- *management of audits and inspections relating to staff social security treatments*: this involves the management and administration of pay and social security aspects related to employees and external collaborators, the management of relations with social security and welfare institutions and the management of related audits/inspections;
- management of relations with public entities concerning the recruitment of personnel, with *particular reference to personnel belonging to protected categories or whose recruitment is facilitated.*

Sensitive activities within the company

In the cases listed above, in the abstract, conduct could be carried out with a view to obtaining favourable measures for the company by means of unlawful acts, such as the giving of money or other benefits to persons in a position to provide advantages to the company, or the alteration of data, thereby committing offences such as bribery, aggravated fraud and others expressly provided for by the decree.

Such conduct may consist of:

- undue disbursement or promise of money or other benefits;
- trafficking in unlawful influence (Article 346-bis of the Criminal Code)
- falsification and alteration of documentary data;
- falsification, alteration or omission of periodic statements,
- falsifications in the asset and liability cycle and in the invoicing process
- forgery in tax compliance,

all in order to obtain advantages such as, for example, the awarding of tenders or contracts, the validation of activities or the attestation of the regularity of the situations represented, tax advantages such as tax evasion, avoidance or reduction of taxes compared to what is due.

Generally speaking, the above-mentioned unlawful conduct may be adopted against the following persons:

- bodies (national, EU or non-EU) in charge of evaluating the outcome of tenders;

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- bodies responsible for issuing authorisations, licences and certifications, when applying for them and in the ensuing process;
- public bodies and institutions (national, EU or non-EU) responsible for deciding on the disbursement of grants and subsidies, when applying for them and in the ensuing process;
- persons belonging to the administration of justice, in the course of litigation of various kinds;
- competent bodies for inspections, audits and investigations, in the course of conducting the audit (ASL, inspection services of the DTL and of social security and insurance institutions, of the financial administration);
- offices in charge of managing staff recruitment, with particular reference to those belonging to protected categories or whose recruitment is facilitated,

in relation to the following occasions and activities:

- requests for certifications or during inspections by the various authorities in charge of controlling plants, energy distribution etc. (e.g. fire brigade), waste disposal, discharges at sea, on land and in the atmosphere;
- application for public funding and grants;
- health checks on catering activities (e.g. company canteen), checks on electrical installations;
- checks on safety measures and equipment in the workplace and on personal protective equipment, including safety measures (see interference risks) for the benefit of contractor personnel;
- checks on the regularity of the employment of staff, both employees and non-employees, as contractors' staff;
- preparing and issuing tax documents.

Relations (commercial and non-commercial) with the P.A.
A significant range of the company's products (first and foremost, rails) has as clients, at a national level, entities that, although not strictly subject to public law, apply regulations of a public nature (such as the legislation on corruption introduced by Law 190/2012), for which the risk of commission of offences against the P.A. (by anyone, whether manager, other employee or agent) may also exist in a rather high percentage of probability. (by anyone, whether a manager, other employee or agent) may also exist in a rather high percentage of probability; this is equally true if one takes into account, again for this range of products, the foreign market, where very often the interlocutors are parties directly or indirectly connected to the public administration of those countries. In this regard, it should be recalled that, from a criminal law point of view, offences committed towards foreign persons who hold, in their respective countries, qualifications

equivalent to our public officials and persons in charge of a public service are comparable to offences against the P.A. committed in relations with such persons in Italy.
It should therefore be borne in mind that the possible giving of money or other benefits to persons belonging to the organisation responsible for deciding on the award of the contract for the purpose of awarding it, as well as the alteration of data for the same purpose, may constitute the offences of corruption or aggravated fraud, or in any case one of the offences against the P.A. provided for by the decree.
Particular care must therefore be taken in the management of relations with public entities that have, directly or indirectly, competence or powers in relation to the evaluation of the outcomes of tenders for the award of contracts.

Litigation
This includes activities relating to the various types of litigation, civil, criminal, labour, administrative and tax, including ritual arbitration.
The risks are linked to contacts by the competent corporate structures (essentially legal and human resources) with judicial or administrative bodies, at the level of both magistrates and officials of the judicial administration from time to time competent, such as court clerks, bailiffs, as well as with judicial police bodies delegated to carry out investigations by the judicial authorities.
In the context of these activities, offences of bribery and aggravated fraud to the detriment of the State may be committed in the interest of the Company, aimed at securing advantages of various kinds for the Entity in the management of litigation. Such relations may be held directly by managers or employees of the company, or mediated through trusted associates or, in the case of tax litigation, through trusted accountants.
By way of example, here are some concrete situations in which unlawful conduct may occur in the event of litigation:

- bribery of magistrates or members of arbitration panels in order to obtain a measure favourable to the company, whether in ordinary or precautionary proceedings (e.g. the release of plants and the like);

- bribery of an official of the administration of justice (court clerk, bailiff) in order to induce him/her to conceal or alter procedural documents;

- Aggravated fraud to the detriment of the State, e.g. by altering documents or information so as to mislead the judicial authority or other authorities entrusted with inspection activities.

Inducement not to make statements or to make false statements to the judicial authorities, by means of violence or threats or by offering or promising money or other benefits, or simply by virtue of the hierarchical relationship, also falls within the offence risks of this sensitive area. This offence may take concrete form by means of pressure towards persons invested with the capacity of witnesses in a trial, persons heard as persons informed on the facts, persons called upon to make third-party declarations, or persons invested with the responsibility of representing the company, e.g. in free questioning in a labour trial.

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Seeking public funding or contributions
This process is expressed through:

- the activities of applying, by way of participation in calls for tenders or by other means, for national or international public funding or contributions granted, in support of investments, training initiatives, etc., by or through public entities (ministries, regions and other local entities, university institutes, research bodies, etc.);
- subsequent reporting activities.

The management of these activities entails, again in the abstract, the risk of the following offences being committed:

- undue receipt of funds to the detriment of the State or the European Union. This offence occurs when a person working on behalf of the company produces materially and/or ideologically false or altered statements or documents in order to obtain, without being entitled to them, contributions, financing, subsidised loans or other public funds;
- bribery, in the case of the giving or promising of money or other benefits in order to obtain favourable opinions on the disbursement and/or timing of the payment of the loan;
- aggravated fraud for the purpose of obtaining public funds, for instance in the case of misleading a public official, again by means of materially and/or ideologically false or altered declarations or documents, or by the omission of due information;
- misappropriation to the detriment of the State, e.g. where the financing was used for a purpose other than that for which it was granted.

Corporate Affairs
Even in this area of activity, which presents specific risks in terms of false corporate communications and bribery among private individuals (offences that are examined in another section of the Model), there are potential risks of commission of offences against the P.A., with regard to contacts with Chambers of Commerce, judicial offices, offices of the financial administration for the purpose of preparing supporting documentation for the resolutions of the corporate bodies, the preparation of financial statements, etc.: contacts in the course of which the offences of bribery and incitement to bribery could theoretically be committed, in the event of the promise or giving of money to public officials in order, for example, to avoid the application of sanctions in the event of irregularities.

Information systems
This area of activity also presents risks of commission of offences against the P.A., such as computer fraud, fraud and corruption.
The improper management of the information system, in fact, could both integrate certain offences per se and, above all, constitute a potential support to the commission of the offences themselves (thus in

conjunction with other functions), through improper access to the system, the alteration or deletion of data and information both internally (such as registering invoices for non-existent transactions, making unauthorised payments or showing payments that have not been made) and externally, in particular to branches of the Public Administration.
By way of example, the following cases can be envisaged:

- alteration of information to entities traceable to the P.A., such as the alteration of the date on which tax returns or other documents are sent electronically, or the sending of company documents to the Chamber of Commerce;
- carrying out transactions such as undue payments to persons traceable to the P.A.

The subject is further detailed in the section on computer offences in this Model, to which reference is therefore made.

Purchases of goods and services, consultancy
This complex of activities, from the identification of the subject to the assignment of the order or task to the payment of the consideration, constitutes in the judicial experience one of the main channels for the commission of the offence of bribery.
Typical, in fact, is the case of appointments being assigned to persons who are more or less compliant and more or less close to persons in the public administration, perhaps with the payment of fees higher than market rates, so as to allow either the giving of the order or consultancy directly to public officials by the person to whom the order or consultancy is assigned, or the allocation of funds by means of the return of sums in black by said persons to the company and the giving by the same, again in black, to the public official.
In addition to the payment of sums of money, the awarding of consultancy services and the issuing of orders for the purchase of goods and services may also be instrumental in the payment of other benefits to public officials or persons in charge of a public service, for instance by awarding orders or consultancy services, even at market prices, to relatives or friends of public officials in return for undue favours to the company by them, in the context of their function.

Finance, administration and budget
The risks of commission of offences against the P.A., examined in this section, also form part of the numerous offence risks related to this complex of activities.
These offences, mainly identifiable as corruption, aggravated fraud to the detriment of the State, and computer fraud to the detriment of the State, can be committed in each of the various segments that make up these activities:

- treasury manoeuvre and recording of financial movements;
- general and industrial accounting;
- recording of receipts and payments;

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- monitoring of financial flows and reporting of non-receipts;
- preparation of interim economic and financial reports and draft financial statements;
- budget approval process;
- drafting tax returns;
- relations with the board of auditors, auditing firms and other control bodies.

The aforementioned offences may be committed, in the activities listed above, through: the accounting of fictitious items, such as false invoices or reimbursement of expenses or remuneration for non-existent services; the allocation of funds obtained through tax evasion or avoidance, or through the overvaluation of assets acquired by the company, or through the incorrect valuation of assets, all for the purpose of creating funds to be used for corruption purposes.

Human Resources

This area is also to be regarded as particularly sensitive with regard to the risks of commission of the offences examined in this section, given the many possibilities that, in abstract terms, the numerous institutional relationships with branches of the public administration offer.

In particular, the individual activities and their respective risks are listed:

- selection and recruitment of personnel: it presents risks of corruption through the recruitment of persons close to or reported by persons in the public administration;
- relations with inspection functions of insurance and social security bodies, the DTL and bodies responsible for monitoring safety in the workplace: risks of corruption or aggravated fraud, including by altering data in order to avoid the application of sanctions;
- management of reimbursements and benefits for employees and managers, as well as company credit cards and entertainment expenses, through which funds could be created for undue benefits for public officials;
- management of careers and financial awards, in the case of employees who are related to or otherwise particularly close to persons belonging to the public administration;
- staff training: an activity in the context of which, historically, in many companies the offence of undue receipt of public funds has materialised, either through failure to carry out or partial implementation of the financed activities, or during reporting, by altering data in order to receive higher contributions than those due.

Gifts, event organisation, media management, sponsorships and donations

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All activities that, in a broad sense, fall within the concept of representation - such as gifts, the organisation of conferences, fairs and exhibitions, advertising, sponsorships and donations, hospitality expenses - may in abstract terms constitute an opportunity for the commission of the offences of bribery and incitement to bribery, where such activities are carried out in order to procure undue advantages for the company by means of the giving of money or other benefits to public officials or persons in charge of a public service.
This may take place directly or indirectly; in the first case, by way of example, through the payment, at the company's expense, of hotel expenses, etc. in favour of one of these persons; in the second case, through the sponsorship of initiatives in favour of parties, or entities, through which the money or other benefit reaches persons holding the position of public official or person in charge of a public service.

Addressees and requirements

The addressees of the provisions of this protocol are all persons who, whether they are organically included in the organisational structure of the company or whether, although external to the company structure, they operate on behalf of the same, have relations with the public administration, in the broadest and all-inclusive sense of the term (therefore, not only at national level but also at foreign, European and non-EU level).
It is evident that, as far as the former are concerned, it is first and foremost a matter of the persons who normally entertain such relations by virtue of the role they hold, which, among other things, often makes it possible to identify the level of the public entity with which the contacts exist from time to time. Thus, at top and senior management level, the interlocutors are normally persons invested with high institutional roles, at national and local level (ministers, undersecretaries, mayors, councillors, etc.); at lower levels of the hierarchical ladder, the interlocutors are generally officials, inspectors, etc.. The identification of these persons and of the level at which relations are maintained are particularly relevant for the purposes of setting up appropriate control points at appropriate points in the business process.
As for external parties, it is not necessary that they normally or continuously, or institutionally by virtue of their role, have relations with the P.A.. For example, the company's trusted lawyers habitually entertain, by virtue of the very role they hold, relations with subjects belonging to the administration of justice, and therefore they are certainly addressees of this protocol. But unlawful dealings with a person of the P.A. may also involve, for example, a supplier or a consultant, who is paid more than the amount due and who uses this difference for corrupt purposes towards a public official or person in charge of a public service on behalf of the company.

In order to prevent the commission of offences against the P.A. (but this applies, from a methodological point of view, to all the types of predicate offences provided for by the decree), controls are established to monitor both subjectively, with reference to the conduct of the recipients of the model, and objectively, consisting in the provision, in the various management and operational processes of the company, of institutionalised control points that perform the function of verifying compliance with the planned conduct.
With regard to all these subjects, therefore, prescriptions of conduct are first and foremost laid down both in a negative sense (prohibitions) and in a positive sense (ways of managing relations).
In general, the prohibition to engage in the conduct constituting the predicate offences provided for in Articles 24, 25 and 25-decies of the decree, exemplified so far, is expressly established.

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In addition, among the prohibited conducts, those that may constitute smuggling offences introduced, even more recently, by Article 25-sexiedecies, insofar as they harm the customs interests of the European Union, offences dealt with in the relevant section.
In particular, it is prohibited to engage, towards public officials or persons in charge of a public service, in the conduct enumerated below (or other similar conduct), either directly or through the mediation of other persons (such as relatives, friends, intermediaries, professionals and subsidiary or associated companies) of

- making gifts or promises of money or other goods of significant value, or other benefits;
- giving gifts or other favourable conditions: outside the rules established by company practice; exceeding the value established by the code of ethics; without complying with the authorisation powers officially established by the company; outside the periods deriving from established and generally recognised practices (e.g. holidays, etc.);
- granting or promising favours and advantages of any kind, such as recruitment, awarding of contracts, supplies and consultancies to persons or companies close to such persons or reported by them;
- submit untruthful declarations to national or Community public bodies in order to obtain public grants, contributions or subsidised financing;
- allocate sums received from national or Community public bodies by way of disbursements, contributions or financing for purposes other than those for which they are intended;
- altering data provided to bodies with inspection or authorisation powers in order to avoid sanctions or obtain the issuance of measures otherwise not due;
- accepting or favouring the reintroduction into the company, in any form whatsoever, of sums that have been embezzled or unduly received from public persons through conduct constituting offences of embezzlement. Administrative functions are particularly aware of the control and prevention of such conduct.

On a positive note, the following behavioural patterns are prescribed:

- relations with the P.A. in respect of the aforementioned areas of activity at risk must be managed only by the persons expressly appointed for that purpose, and in full compliance with the roles established by the corporate organisation and the system of powers and delegations formally provided for;
- Appointments to suppliers, consultants and external collaborators must be in writing; they must be processed by the competent functions from time to time, drafted and signed in full compliance with the system of delegation of powers and signatory powers, with an indication of the agreed remuneration, and be countersigned by the assignee before the start of the service. Any exceptions due to reasons of urgency shall be expressly provided for; the relevant regularisation shall take place

within the strictly necessary technical timeframe; the assignments and orders shall include specific clauses committing the other party to compliance with the Model and the code of ethics and providing for the relevant sanctions, up to and including the express termination clause, in the event of non-compliance: these standard clauses are set out in the appendix to this Model;

- Payments for supplies and services of third parties shall be made only after delivery or performance, subject to verification of compliance with the order or commission;

- payments are made in compliance with the regulations on the use of cash; therefore, above the threshold established by law, they are always made using traceable means of payment, by the company figures designated for this purpose. Any cash payments within the permitted threshold are made in compliance with company rules and only by persons expressly authorised to do so, and are in any case traced and justified by means of a specific written report;

- declarations and documentation provided to national or foreign (EU or non-EU) public entities for the application for funding or contributions must be truthful and complete; the same applies to reporting activities;

- Any situations indicating non-compliance with this protocol must be promptly reported to the Supervisory Board by the operating subject or by the hierarchical superior to whom such situations have been reported.

All in accordance with the following general principles:

- compliance with the principles of fairness and transparency as well as guaranteeing the integrity and reputation of the parties;

- compliance with existing laws, regulations, ethical principles and procedures;

- traceability and documentation of relations with public officials;

- compliance with the responsibilities assigned and the system of delegated powers in place, also with reference to the spending limits on functions and the way financial resources are managed;

- correct use of company computer procedures;

- prompt notification both to the competent corporate functions and to the Supervisory Board of any anomalous situation.

In the various cases that in practice make up the company's casuistry, the application of the aforementioned prohibitions, rules of conduct and general principles results in the conduct indicated below.

<u>With regard to commercial relations with the P.A. (in the broad sense, i.e. both national, EU and non-EU</u>:

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- avoid any kind of pressure or undue influence towards the P.A. on the occasion of commercial initiatives by private treaty;
- observe, in the case of tenders called by the P.A., the provisions of the law and the rules laid down in the call for tenders, refraining from conduct likely to unduly disturb or influence the conduct of the tender to the company's advantage;
- during the performance of contracts acquired from the P.A., punctually fulfil their contractual obligations, refraining from conduct aimed at obtaining from the counterparty undue indulgences on defects, non-conformities, failure to meet deadlines, etc.

As for relations with the judicial administration and bodies with powers of inspection, authorisation and control:

- such relations are only maintained by the persons authorised to do so in accordance with the company organisation and the system of powers and delegations;
- where such relationships are managed by external professionals, due to professional constraints (e.g. lawyers) or by company choice, they are identified on the basis of criteria of professionalism and honourableness;
- lawyers and consultants must comply with the provisions of the Model and the code of ethics, in addition to the ethical rules laid down by the professional associations to which they may belong;
- the activities carried out by them must, without prejudice to compliance with the provisions of the previous point, be in accordance with the company's decisions and indications, provided exclusively by the competent functions and hierarchical levels;
- when such activities are entrusted to external professionals, they must be carried out exclusively on the basis of written mandates conferred prior to the commencement of the activities themselves, in the forms provided for by company rules and, when provided for, by law (e.g. mandate for lawyers);
- the activities in question must be documented as to their actual performance; in the event that they are entrusted to external professionals, the actual performance of the service must be certified by the competent function prior to the authorisation of the remuneration and payment thereof;
- in the event of inspections, controls and audits by the competent bodies (on administrative, tax, social security, environmental, safety matters), relations with those bodies are maintained by the functions from time to time competent, at the hierarchical level corresponding to the level of the public interlocutor, on the basis of the roles and responsibilities assigned by the company organisation; for example, in an inspection by the local health authority questioning the suitability of certain personal protective equipment, the purchasing manager and the human resources management must be involved, in addition to the safety manager. The minutes of the inspection

must be duly kept; if irregularities and critical issues emerge during the inspection, this must be promptly reported to the SB by the function(s) concerned;

- in the case of requests for licences, authorisations of various kinds, the documentation and declarations provided to the competent public body must be complete and truthful; they must not contain data altered in order to obtain the measure requested; similarly, no negative situations which might constitute an impediment to the granting of the measure must be concealed; no undue pressure (through the giving or promising of money or other benefits) must be exerted on the competent officials for the granting of the measure or for acts functional to the same;

- Activities carried out pursuant to licences and authorisations issued by public bodies must be performed in strict compliance with the provisions of the measure.

All the conducts exemplified above must be objectively monitored at specific points of the decision-making and operational processes: this is because, although fraudulent evasion of the Model may constitute grounds for exemption from the entity's liability, the prevention of offences cannot be entrusted solely to the observance of prohibitions and rules of conduct by individuals, but controls must be put in place to protect them as objectively as possible, so as to hinder any wilful or negligent conduct leading to the commission of predicate offences. Therefore:

- all acts of the Company must be performed in compliance with the system of powers and delegations and, when they are not undertaken by levels directly competent under the said system, must be authorised in advance by the competent persons. This presupposes full knowledge of the established levels of competence on the part of each person operating within the company or on its behalf;

- all the phases of the management process must be documented, so as to be traceable: affixing the initials of the author of an operation at the foot of each document, even intermediate ones, of the process makes it possible to verify whether the authorisation levels have been respected so that, by way of example, a payment made without the prescribed prior authorisations will be easily identifiable;

- sponsorships and advertising and promotional initiatives towards public entities must be authorised in advance on the basis of the system of powers and proxies; the evaluation process that precedes the decision must formally certify the relevance of the initiative to the company's business, the proportionality of the investment and, at the same time, the absence of favourable situations towards public entities that could induce them to perform undue acts in the interest of the company; the disbursement of economic resources in respect of the aforesaid initiatives must be preceded by the due authorisation, accompanied by the certification of the actual holding of the initiative of P.A. that could induce them to perform undue acts in the interest of the company; the disbursement of economic resources in respect of the aforesaid initiatives must be preceded by due authorisation, accompanied by certification of the actual holding of the event, the correct reporting and the collection of the documentation required for tax purposes;

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- This also applies to gifts to persons belonging to the P.A.: they may only be made if previously authorised on the basis of the existing system of powers and delegations, they must be of modest value and in any case must fall within the limits of the value set by the corporate rules, the relevant decision-making and implementation process (including payments and the relevant receipts of expenditure) must be documented and duly filed;

- reimbursements to employees may only be made by the functions expressly authorised to do so, and against proven expenses incurred in the course of company business and authorised in advance; economic benefits may only be granted within the framework of the remuneration and bonus policy system formalised within the company, and accompanied by specific reasons;

- the payment of fees to professionals may be made only against assignments previously assigned in writing by the person empowered to do so, the certification of the performance of the service and the congruity of the amount, on the basis of the professional tariffs; the same applies to the payment of the consideration for orders for supplies and contracts, the consideration for which must be compatible with the market prices resulting from prior research or experience, or with the product indices where they exist. In all cases in which this is technically possible, the system shall provide for automatic blocks so that it is not possible to move on to the next stage (e.g. payment) without the previous stage (in the example, authorisation) having been completed and documented; this applies in general to all financial outflows;

- staff recruitment must only take place when there is a real need for new resources, and following selection procedures based on objective parameters; a written record of the selection process and the justification for the recruitment must be drawn up and duly filed;

- in general, no procedure may be completed without the involvement of all hierarchical levels between the executive level and the final authorising/deciding level; evidence of this involvement must be provided, by means of a seal or other instrument that clearly and traceably documents the individual steps;

- relations with the P.A. relating to the sensitive activities described in this section (requests for financing, authorisations or licences, inspections and controls, legal proceedings, sponsorships) must be the subject of timely written *reports by* the persons who entertain them, containing the circumstances, the subject and the outcome; these reports are addressed to higher hierarchical levels as well as to the heads of other functions involved; the recipients of these reports formally certify that they have read them. Relationships with the P.A. entertained by senior management are reported to the Board of Directors, as are those entertained by other persons belonging to higher hierarchical levels concerning public financing, significant orders, etc.;

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- whenever possible, meetings and gatherings with representatives of the P.A. are attended by at least two persons working on behalf of the company. When this is not possible (see hearings), it is compensated for by the above-mentioned *reporting.*

In order to make the above-mentioned control points effective and efficient, the company is endowed with official rules and regulations in this regard, which flank and supplement the primary sources consisting of the laws, regulations and contracts applicable to the company's activities, the protocols laid down in this Model and the principles and rules of conduct set out in the code of ethics.

The system of rules is based on the following internal sources:

- system of powers and proxies (as defined in the powers of attorney and in the minutes of the Board of Directors) punctual, formalised and brought to the attention of all persons required to comply with it;

- organisational charts and service orders that clearly define roles, competences and hierarchies; these documents must be brought to the attention of all those concerned, and be promptly updated in the event of changes;

- service announcements and notices, brought to the attention of all interested parties, regulating, on a temporary or permanent basis as the case may be, certain company activities or situations and defining their modalities or responsibilities;

- procedures and standards relating to safety, environmental protection and quality assurance systems, in line with the highest international standards so as to be in possession of the required certifications;

- procedures and rules, outside the systems referred to in the preceding point, regulating management processes in which sensitive activities are included, primarily: purchasing and consultancy, passive cycle and payments, recruitment and selection of personnel.

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Computer crimes and unlawful processing of personal data

These predicate offences are provided for in Article 24 bis of Legislative Decree No. 231/2001; the main reference standards are listed below, while the complete list and the relevant text are given in the appendix:

- computer documents (Article 491-bis of the criminal code)
- Unauthorised access to a computer or telecommunications system (Article 615-ter of the criminal code);
- Unauthorised possession and dissemination of access codes to computer or telematic systems (Article 615-quater of the criminal code);
- dissemination of computer equipment, devices or programmes aimed at damaging or interrupting a computer or telecommunications system (Article 615-quinquies of the criminal code);
- unlawful interception, obstruction or interruption of computer or telematic communications (Article 617-quater of the criminal code);
- installation of equipment designed to intercept, prevent or interrupt computer or telematic communications (Article 617-quinquies of the criminal code);
- damaging computer information, data and programmes (Article 635-bis of the Criminal Code);
- damaging computer information, data and programmes used by the State or other public body or in any case of public utility (Article 635-ter of the Criminal Code);
- damaging computer or telecommunications systems (Article 635-quater of the criminal code);
- damaging computer or telecommunication systems of public utility (Article 635-quinquies of the criminal code);
- computer fraud by the person providing electronic signature certification services (Article 640-quinquies of the criminal code).

However, one must also bear in mind the rules on access and misuse of data relating to personnel or third parties (Legislative Decree 196/2003).
Moreover, the activities carried out in this area may be instrumental in the commission of other predicate offences through improper access to the system or the alteration of data on computer support: for the prevention of this type of risk, please refer to the specific sections of this Model, and in particular to the section devoted to relations against the P.A.

They may also constitute the administrative offence referred to in Article 25-novies (offences relating to breach of copyright), in the event of duplication or use of programmes for which the relevant licence has not been duly acquired (Article 171-bis of Law No. 633 of 22 April 1941).
With specific reference to computer crimes, the prevalent areas of sensitive activities are identified in:

- IT area, in charge of software and hardware management;
- the organisational areas in which the personal data of employees (Human Resources Department), members of corporate bodies and relevant third parties are managed in accordance with current data protection legislation.

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Given the sensitivity of the subject matter, the subjective aspects consisting of the prohibitions and rules of conduct of the resources operating at various levels in these areas are particularly important.

They are therefore prohibited from:

- alter data on computer media, either on their own initiative or at the possible input of other persons, including hierarchical superiors;
- communicating the data in the system outside their area and the relevant functions respectively;
- allow unauthorised persons access to the system.

They are required to maintain the utmost confidentiality with regard to the data entrusted to them and the system access keys; in general, they are required to comply with the specific legal provisions governing the matter, and with the rules dictated in this regard by the code of ethics.

The prescriptions and controls are identified as follows:

- provision of passwords reserved for all those who have access to the system or a PC; this password must not be made known to others by either system administrators or users. It is a good rule that the system automatically provides for the periodic request to change the access keys provided;
- Inhibition of all company operators from accessing sites likely to incur the commission of offences under 231 (such as those containing child pornography), as well as non-compliance with the code of ethics. In this regard, depending on the cases and the levels of the company organisation, two alternative methods may be used: 1) the inhibition of certain risk sites, identified by means of keywords or other blocking systems; 2) in order to prevent certain sites from escaping inhibition, an appropriate prevention system may consist in identifying, instead of inhibited sites, sites to which access should be allowed, coinciding with those of recurrent use for individual functions for the purposes of work requirements;
- access to *files* containing sensitive data must be allowed only to the persons in charge of that specific activity, who must be made aware of the requirements of the law and of the Model concerning the relevant processing and the restrictions on their dissemination;
- the system must provide for the possibility of recording the operations carried out on the company's programmes, so as to ensure their traceability;
- limitation of the use of PINs, digital signatures or certified e-mail to previously identified persons is regulated;
- the system provides for appropriate and technologically up-to-date measures to prevent access by outsiders to company *files, with* particular reference to those containing sensitive data;
- the system provides appropriate tools to prevent intrusions into the computer system (firewall);
- the system provides for adequate data back-up measures (back-up at a predetermined frequency, *cloud computing* or equivalent);
- the servers are located in premises that are suitable in terms of security and access restriction;
- effective measures are taken in terms of *disaster recovery*;

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- decommissioned equipment and computer media shall be disposed of in accordance with the provisions in force and the rules dictated by the Privacy Authority "Garante", both for the purposes of personal data protection and environmental protection, to which end please refer to the relevant section.

With particular reference to the provisions of Legislative Decree 196/2003, the figures envisaged therein are identified for the protection of personal data (the data processing manager and, where applicable, the data processors); furthermore, although the law no longer envisages the obligation to draw up and annually update the Security Policy Document, the company nevertheless keeps and updates the relevant documentation.

As for the duplication or use of programmes without the relevant licence, first of all, the relevant prohibition must be expressly provided for and communicated to all users of the system.

The programme requirements for the various users are recorded by the IT department, which does this according to the actual business needs.

In addition, special blocks are set up on the individual system access stations to technically prevent the unauthorised installation of new programmes.

Finally, reference is made in this section to the offences of virtual pornography and possession of child pornography material, provided for in Article 600-quater of the criminal code, and more generally to offences against the person (see the text of the decree and the list of offences in the appendix to the Model). These offences are considered to have a low likelihood of being committed in the corporate context, especially if the interest or advantage of the company is taken into account; nevertheless, for the purposes of preventing conduct that might integrate the commission of these offences, the protocols set out in this section of the Model, and the specific principles and dictates of conduct set out in the code of ethics, to which reference should be made, are considered appropriate.

For the sake of completeness, reference is made to the provisions of Law No. 133/2019 converting Decree-Law No. 105/2019 on national cybersecurity, which, moreover, has little impact, at present, on the company, and which partially amended Article 24-bis of Legislative Decree No. 231/2001 and whose provisions relevant for the purposes of the decree itself are set out in the appendix, in the catalogue of predicate offences.

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Organised crime offences

These offences were introduced into the scope of application of Legislative Decree No. 231/2001 by Article 2, paragraph 29 of Law No. 94/2009, and are governed by Article 24-ter.
Below is a brief description of the relevant criminal law provisions, developed in detail in the appendix.

- criminal association (Article 416 of the Criminal Code): the offence can be committed if three or more persons join forces in order to commit several offences;
- Mafia-type association, including foreign ones (Article 416-bis of the Criminal Code): without prejudice to the provisions of Article 416 of the Criminal Code, an association is defined as mafia-type in function of the intimidating force, the associative bond and the consequent condition of omertà (code of silence) and subjection, with the aim of obtaining economic advantages, limiting the exercise of the vote, and illegitimately procuring electoral advantages.
- political-mafia electoral exchange (Article 416-ter of the criminal code): provides that the same penalty for mafia-type association is also applied for the promise of votes against the payment of sums of money.
- Kidnapping for the purpose of extortion (Article 630 of the criminal code): this takes the form of the kidnapping of a person for the purpose of receiving an unfair profit in return for the release of the kidnapped person.
- association for the purpose of unlawful trafficking in narcotic or psychotropic substances (Presidential Decree 309/1990, Article 74): this occurs when three or more persons associate in order to cultivate, produce, manufacture, extract, refine, sell, offer or put up for sale, cede, distribute, trade, transport, procure for others, send, pass or send in transit, deliver for any purpose, without the prescribed authorisations, narcotic or psychotropic substances.

N.B.: following the recent amendment of Article 25-duodecies of the decree, the rules for combating organised crime must also take into account the predicate offences provided for therein, as well as the relevant protocols.
On the basis of the company's corporate purpose, it is evident that the risks of commission are rather low for the offences referred to in the last three points above, whereas the level of probability is higher with regard to the offences referred to in the first two points.
The circumstances in which the relevant prerequisites can be created are relations with customers or suppliers, both Italian and foreign.
It is therefore appropriate for the company to have protocols and controls in place to reasonably prevent the commission of such offences. Among other things, the 'transversality' characteristic of the offence under a), i.e. criminal conspiracy, means that it could theoretically be referable to any criminal offence provided for by criminal law, thus broadening the scope of application of Legislative Decree no. 231/2001.
The requirements in this respect from the point of view of conduct are:

- Strict adherence to protocols on the purchase of goods and services and the awarding of contracts;

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- strict adherence to business-related protocols;
- strict observance of the protocols relating to relations with the P.A., when the interlocutor is a public entity;
- inherent nature and congruity of economic and financial transactions, meaning, respectively, consistency with the corporate purpose, inherent nature to the company's business and congruity of the consideration, which must always be predetermined and in any case quantitatively and qualitatively proportionate to the service received or offered.
- traceability of all economic and financial transactions;
- Particular attention should be paid to any disbursement of sponsorships, contributions and donations, with reference both to consistency with the corporate purpose and to the size (which must in any case be modest) of the disbursement;
- compliance with the provisions of the code of ethics, with particular reference to the receipt and disbursement of gifts, relations with external associations, etc.

From an objective point of view, the control points are:

- definition of objective criteria for the inclusion of suppliers in the relevant register, based on experience, specific information gathered, references, from which it is possible to exclude direct or indirect involvement with mafia-type organisations;

- definition of similar objective criteria for parties with whom to enter into business negotiations, again based on experience, specific information gathered, references;

- inherent nature of the interlocutors' activities with the corporate purpose of the company, and congruity of the economic considerations, both assets and liabilities, with reference to parameters that are as objective as possible (market prices, product indices, experience);

- scrupulous compliance with the system of powers and delegations in all the above operations, giving formal evidence of the intermediate steps in the operational and decision-making process;

- computerised purchasing management system;

- written reporting to senior management on transactions of particular value, up to and including mention of them in the Board of Directors.

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Corporate offences

Below is a list of the main predicate offences provided for in Article 25-ter, some of which were amended by Law 68/2015 and are dealt with specifically in the second part of this section:

- False corporate communications (Articles 2621 and 2622 of the Civil Code)
- False statements in the reports or communications of the auditing firm (Article 2624 of the Civil Code)
- Obstruction of control (Article 2625 of the Civil Code)
- Fictitious capital formation (Article 2632 of the Civil Code)
- Wrongful restitution of contributions (Article 2626 of the Civil Code)
- Illegal distribution of profits or reserves (Article 2627 of the Civil Code)
- Illegal transactions involving shares or quotas of the company or the parent company (Article 2628 of the Civil Code)
- Transactions to the detriment of creditors (Article 2629 of the Civil Code)
- Failure to disclose a conflict of interest (Article 2629 bis of the Civil Code)1
- Improper distribution of company assets by liquidators (Article 2633 of the Civil Code)
- Bribery among private individuals (Articles 2635 and 2635-bis of the Civil Code)
- Unlawful influence on the shareholders' meeting (Article 2636 of the Civil Code)
- Market rigging (Article 2637 of the Civil Code)
- Obstructing the exercise of the functions of public supervisory authorities (Article 2638 of the Civil Code)
- False prospectus (Articles 2623 and 173-bis of Legislative Decree No. 58/1998)
- Self-laundering (Article 648-ter.1 of the Criminal Code)

Sensitive Activities

In other words, the typical areas of activity within which it is abstractly possible that the offences set out in Article 25-ter of Legislative Decree No. 231/2001 (sensitive activities) may be committed are the following.

Preparation, drafting and approval of financial statements, reports and corporate communications

The activities in question consist in the collection and processing of accounting data, for the formulation of the various forecast and final documents: annual balance sheet and profit and loss account, interim financial statements, annual budget.

In addition to current activities, in the current phase of the company's life, those activities that directly or indirectly may affect the truthfulness of the aforementioned situations are also to be considered sensitive, perhaps by laying the foundations - e.g. in the phase of seeking financing, evaluating commitments for plant investments, etc. - for the formulation of untrue data and documents to be used as the basis for the various accounting situations. - for the formulation of untrue data and documents to be used as the basis for the various accounting situations.

1. This applies only to companies listed on regulated markets.

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The activities in question are carried out on the basis of the responsibilities attributed within the company to the relevant levels of responsibility; the relevant documentation, in written form, is carefully stored in special paper or computer files, so that it is always possible to compare the official documents with the supporting documentation on the basis of which they were drawn up; the entire processing process, including the approval stages, is carried out in compliance with the law, accounting principles, statutory provisions and the system of powers and delegations.
Any changes to the accounting data must be adequately justified, documented in writing and authorised by the person with the authority to do so.
Transparency and traceability of all transactions is therefore ensured.

Relations with the sole shareholder, the Board of Statutory Auditors and the auditing company
This refers to all those activities and fulfilments carried out by the organs and structures of the company by which the documents and information necessary for the exercise of their respective functions are provided to the shareholder and the supervisory bodies.
These relations are maintained exclusively by the persons authorised to do so; they are inspired by criteria of transparency, truthfulness and cooperation regulated in relation to: the persons authorised to do so, the manner in which relations are maintained, which must in any case be inspired by the utmost cooperation and total transparency.

Convening, Conducting and Reporting on Boards and Meetings
These activities are also carried out exclusively by persons authorised to do so, in accordance with the rules of the civil code and the rules dictated by the internal organisation. The activities of preparing and delivering supporting documentation and minutes are carried out with the utmost confidentiality.

Management of profits and reserves, capital transactions
The process consists of activities aimed at managing and formalising operations on operating results and capital. The roles responsible for preparing the documentation, making decisions, regulated by the system of powers and proxies, controlling their correctness and compliance with the law, and the proper filing and maintenance of documentation are identified in advance.
Given the particular sensitivity of the above-mentioned activities, the following requirements are scrupulously observed, in both subjective (conduct) and objective terms (control points to safeguard the correctness of the relevant processes).

From a subjective point of view: in addition to the above, it is particularly important in this case, on the part of all the persons involved in the process of carrying out and controlling the activities referred to in this protocol, to comply with the relevant provisions of the Code of Ethics. Failure to comply is sanctioned in accordance with the Model's disciplinary system.

From an objective point of view:

Traceability. All stages of the processes must be traceable; documentation must be prepared in writing and properly stored by the persons appointed/authorised for this purpose.

Segregation of duties. The persons responsible for preparing information and documentation, those responsible for control and those responsible for decision-making are identified in advance on the basis of the company organisation.

System of powers and delegations. All the activities referred to in this protocol are entrusted to the figures involved in them on the basis of strict compliance with the company's system of powers and proxies and the roles assigned to them by the corporate organisation; the figures entrusted with control verify compliance with the system by the persons performing the activities.

Bribery between private individuals

This offence was introduced into the 231 perimeter with Article 25-ter, letter s-bis, which incorporates Article 2635, paragraph 3 of the Civil Code among the predicate offences. In particular, this provision refers to relations with third parties such as contractors, suppliers of goods and/or services, consultants, customers. In this regard, it should be noted that Articles 2635 and 2635-bis of the Civil Code are located in Book V, Title XI, under the heading "criminal provisions concerning companies and consortia": in the light of a systematic interpretation, relationships with the categories of persons exemplified above should therefore be excluded from the scope of application of the rule where they are natural persons. This restrictive interpretation cannot be ruled out as being correct; however, caution should also be exercised in dealings with natural persons and, above all, in those *borderline* cases in which the natural person is part of an organisation or in any event identifies with it, e.g. the professional who is part of a professional association (an extensive interpretation of the term 'company' cannot be ruled out) or identifies with a sole proprietorship.

In even more recent times, this offence has been the subject of further legislative interventions: in fact, Legislative Decree 38/2017, in force since 14.4.2017, amended Article 2635 of the Civil Code and introduced Article 2635-bis of the Civil Code mentioned above (Instigation to corrupt private individuals).

The new rules broaden the subjective scope of application, extending the persons to whom the predicate offence may be charged to non-peer roles, and add the offence of incitement.

In any case, the protocols contained in this section, and in the parts of the Code of Ethics dealing with the subject matter, are equally applicable to relations with entities and companies as with individuals.

Prescriptions

Relationships with such parties (entities, companies and natural persons such as professionals, etc.) must be inherent to the corporate purpose: the promise or giving of goods or other benefits that are unrelated to the corporate purpose is therefore prohibited in any form whatsoever.

These reports must be kept by the persons appointed for this purpose by the company organisation; the relevant decisions must be taken in compliance with the system of powers and delegations.

In addition, relations with third parties in the above categories are formalised in writing; the relevant documentation is properly filed and retained, so as to integrate the requirement of traceability.

Any entertainment or sponsorship expenses, provided they are consistent with the corporate purpose, must always be authorised in accordance with the power and delegation system.
All disbursements to suppliers, contractors, consultants and collaborators in general, shall be made only on the basis of contractual commitments duly entered into and the service received, duly checked by those in charge (segregation of duties between those who issue the order or assignment, those who check the consistency of the service, those who authorise and those who make the payment), and shall in no way be in connection with the obtaining of sums or other benefits that are not already provided for in the contractual relationships themselves.
Systematic information must be provided to the Supervisory Board on the events organised by the company that have a representative content and on the possible granting of contributions by way of sponsorship to third parties. Donations of money or other benefits to customers for commercial purposes are not permitted.
Should any anomalies be found with respect to the provisions contained in this protocol, they must be promptly reported to the SB, in the manner set out in the Model.
Failure to comply with the aforementioned provisions constitutes an offence under the Disciplinary System contained in this Model, and entails the imposition of the relevant sanctions.
The same applies to the rules of the Code of Ethics that refer to the relationships dealt with in this protocol, the non-observance of which could even in the abstract give rise to the risk of commission of the offence referred to in Article 2635 and Article 2635-bis of the Civil Code.

Particular attention must be paid to the prescriptions of this section, with particular reference to accounting operations and financial statement formation activities, also in view of their correlation with the offence of selflaundering, provided for in Article 648-ter.1 of the Criminal Code, introduced by Article 25 octies of the Decree with effect from 1 January 2015 in the list of predicate offences provided for by Legislative Decree no. 231/2001; this offence is specifically dealt with in the section "Receiving, laundering and use of money, goods or other benefits of unlawful origin as well as selflaundering" to which reference should be made. In the area of activity dealt with in this section, moreover, there could be conduct which, although not sufficient to constitute a complex offence such as selflaundering, could create the preconditions for such an offence: this would be the case if, through deliberately fictitious accounting operations and knowingly untrue balance sheet data, sums were unlawfully placed in the accounts which were then reemployed or reinvested, which would constitute the offence of selflaundering.

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Amendments to the offence of false corporate communications

Particular consideration should be given to the recently introduced changes to this offence, which in the history of the decree has undergone several modifications and, most recently, has once again regained its original nature as a crime.
Law No. 69 of 27 May 2015, which came into force on 14 June 2015, made changes to the offence of false corporate communications and the other provisions of the Civil Code related to the same; on this occasion,

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it introduced, in Article 12, 'amendments to the provisions on the administrative liability of entities in relation to corporate offences'.
The offence of false corporate communications provided for in Article 25-ter c. 1 lett. a) of Legislative Decree No. 231/2001, which was previously qualified as a contravention, is now qualified as a crime, and is referred to the predicate offence referred to in Article 2621 of the Civil Code as replaced by Law 69/2015, which punishes, "apart from the cases provided for by Article 2622, directors, general managers, managers responsible for preparing the company's accounting documents, statutory auditors and liquidators, who, in order to obtain for themselves or for others an unjust profit, knowingly state material facts in financial statements, reports or other corporate communications addressed to shareholders or to the public, provided for by law, that are not true, or omit material facts whose disclosure is required by law on the economic, asset or financial situation of the company or of the group to which it belongs, in a manner that is concretely likely to mislead others".
The provision provides for the punishability of the persons listed above "even if the falsehoods or omissions concern assets owned or administered by the company on behalf of third parties."
The fine was increased from 200 to 400 quotas.

Offence of false corporate communications committed by minor acts
This offence is constituted by the offence referred to in Article 2621-bis of the Civil Code (Misdemeanours), introduced by Article 10 of the aforementioned Law 69/2015**.**
The fine to be paid by the company ranges from 100 to 200 quotas.

Offence of false corporate communications by listed companies
This offence is constituted by Article 2622 (offence of false corporate communications by listed companies), as amended by Article 11 of the aforementioned Law 69/2015.
The fine to be paid by the company ranges from 400 to 600 quotas.

The text of Article 12 of Law 69/2015 is reproduced below:
Article 12 . Amendments to the provisions on the administrative liability of entities in relation to corporate offences.
1. Article 25-ter(1) of Legislative Decree No. 231 of 8 June 2001 is amended as follows:
(a) the introductory sentence shall be replaced by the following: *'In relation to corporate offences under the Civil Code, the following financial penalties shall apply to the entity*
b) letter a) shall be replaced by the following: *"a) for the offence of false corporate communications set forth in Article 2621 of the Civil Code, a monetary sanction ranging from two hundred to four hundred shares"*; c) after letter a) the following letter shall be inserted: *"a-bis) for the offence of false corporate communications set forth in Article 2621-bis of the Civil Code, a monetary sanction ranging from one hundred to two hundred shares";*
d) letter b) shall be replaced by the following: *"b) for the offence of false corporate communications set forth in Article 2622 of the Civil Code, a monetary sanction ranging from four hundred to six hundred shares";*
e) letter c) shall be repealed.

Administrative, financial, corporate area

The performance of activities carried out in the administrative, financial and corporate areas generally entails risks that may either integrate in themselves the corporate offences referred to in the relevant section, or constitute prerequisites for the commission of other offences, such as offences against the P.A., bribery between private individuals, and selflaundering; for this reason, it is therefore worth examining more closely the activities carried out in these areas, in order to keep in mind, albeit with some repetition of what has been said in other sections, the wide range of these offences and the relevant controls and protocols.

Preparation of the annual and interim financial statements; relations with the Board of Directors and the Board of Auditors

The offences directly referable to these areas of activity are:

- falsity in financial statements, reports and other corporate communications
- impeded control
- undue return of contributions
- illegal distribution of profits and reserves
- unlawful transactions on company shares
- transactions to the detriment of creditors
- undue influence on the assembly

obstructing the exercise of the functions of public supervisory authorities.

Altering or concealing data are typical ways of committing these offences.

The cases in which unlawful conduct leading to administrative liability of the company may occur are manifold.

Conduct that may be considered typical is listed below.

- the introduction of fictitious liabilities, such as to surreptitiously increase costs with a worsening of the economic result compared to reality, e.g. in order to reduce taxable income; as is known, tax offences have only recently entered the scope of application 231, but such conduct, in addition to already being able to integrate the offence of false corporate communications, may in any case lay the foundations for the unlawful allocation of sums and their reuse, thus risking integrating the offence of self money laundering. Moreover, any resulting worsening of the financial situation could be instrumentally used to solicit undue capital contributions from the shareholder;
- introduction of fictitious assets, in order to make the economic result and/or the balance sheet appear better than the reality, e.g. in order to obtain performance bonuses in favour of management that would otherwise not be due, or to present better economic results than those actually achieved

to the board of directors and the shareholders' meeting, in order to safeguard the company management;

- alteration or concealment of data and information useful for the assessments of the deliberating or controlling bodies;
- tampering with the minutes of Board meetings in order to distort the content of the deliberations.

General accounting, invoice settlement and active invoicing:

- failure to record assets or liabilities for the purpose of distorting the results of operations;
- issue of passive invoices for services not rendered or for amounts in excess of the order/contract/performance actually rendered, and/or settlement of the same, in order to reduce the economic result or to provide hidden supplies to third parties for corrupt purposes;
- issuing fictitious active invoices (for services not rendered by the company) or in excess of the services rendered, in order not to show losses on the economic result or to set aside sums for corrupt purposes;
- Issuing of active invoices for the provision of services for an amount lower or higher than that stipulated in the contract;
- Failure to make adequate, insufficient or excessive provisions for bad debts or potentially debtor items (e.g. lawsuits in which the company is a defendant) in order to distort the economic result;
- alteration of accounting data for the purposes of tax evasion or avoidance, with possible reutilisation of unduly paid sums (selflaundering).

On a subjective level, the transactions must be characterised by transparency and truthfulness of the data; the unlawful conduct enumerated above is expressly prohibited.

Objectively speaking, all activities relating to the preparation of budget data, general accounting and payments must be

- carried out exclusively by the persons appointed for this purpose, who give evidence (by means of initials or other certification) of the process followed in processing the data;
- checked and forwarded, always with written evidence, by higher levels;
- accompanied by the active or passive contractual supports (orders, mandates, authorisations or resolutions in the case of donations or sponsorships);
- accompanied by the approval of the other competent functions (purchasing or user in the case of passive invoices, competent commercial area in the case of active invoices).

The following control principles must therefore be observed:

- separation of roles between those who request payment, those who authorise it and those who make it;
- compliance with the authorisation levels and expenditure limits provided for in the system of delegated powers;
- traceability of all the steps and documentation that marked the various stages of the process;
- the final operations of authorising payment and making payment must be accompanied by the documents justifying them (contracts, orders, attestation of the actual performance), and their consistency must be checked before payment;
- coincidence between the person who has been entrusted with the order and the person who has issued the invoice and finally with the person who collects the relevant sums, without prejudice to cases of assignment of credit, where permitted and subject to verification of the relevant regularity;
- automatic blocking by the system of payment of invoices without approval;
- Even the phases relating to the active cycle (collections, related accounting entries) must be accompanied by contractual documentation (contracts, certificate of delivery of the product), in order to avoid discrepancies that could be linked to the attempt to set aside sums for illicit purposes.

For the above purposes, it is appropriate that the congruence check between goods, prices and fees is also carried out, in contradistinction with other functions, at the payment and collection stages.
Some decisive examples are given in this respect, relating to both the passive and active cycles:

- any inclusion (through wilful misconduct, negligence or lack of knowledge) in the list of suppliers of untrustworthy persons could lead to the purchase from them of goods of unlawful origin at prices significantly lower than the market price, thereby running the risk of incurring the offence of receiving stolen goods, and/or those of money laundering and self-laundering; or the purchase of goods at prices significantly higher than the market price, which could be linked to corruption through the supplier in question. It is therefore necessary that, in addition to the proper management of the inclusion in the supplier list, the placing of orders and the correct determination of prices by the purchasing department, a price congruity check is also carried out in the payment phase, in accordance with the principle of control by one function over operations carried out by other functions (segregation of functions and tasks);
- the same applies to active business transactions concluded with untrustworthy customers that result in the receipt of consideration that deviates significantly from market rates: this circumstance could be linked to an attempt to unlawfully set up provisions, in the company or at the customer's premises as the case may be, for corrupt purposes. Here again, cross-checking may be useful to prevent the commission of the offence;

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- recovery actions for overdue debts must be planned, reported and monitored: failure to recover debts, in fact, could be linked to corrupt practices conducted through the debtor. The scheduling of the recovery of overdue debts, therefore, must be documented and known, for the purposes of cross-checking, both to the persons in charge of recovery and to the corporate function 'owner' of the debt (commercial on the basis of orders executed, real estate for definitive or provisional assignment of assets, legal or human resources depending on whether it concerns debts - legal expenses, compensation - arising from civil, administrative, criminal or labour law disputes or settlements).

Financial Flows

The management of financial flows also presents particular elements of criticality, since money is one of the main vehicles through which various predicate offences can be committed, including some of the most serious ones: offences against public authorities, bribery between private individuals, money laundering and selflaundering.

This is true for both inflows and outflows.

The process of acquiring the necessary financial resources goes through needs planning, based on expenditure forecasts, receipts and account balances.

It therefore presupposes the correctness of the above-mentioned data, both those known within the competent function (accounts and conditions) and those provided by other functions (expenditure and collection forecasts).

This is in the ordinary way.

With regard to the search for financing for extraordinary or investment purposes, a distinction must be made between public and private sources of financing. As regards the first case, which is particularly relevant in the current phase of the company, it has been discussed in the section on relations with the public administration, to which we refer, in connection with the relevant 'project' activity. However, the second hypothesis also entails a number of risks, particularly as regards corruption between private individuals.

In order to prevent these risks, it is necessary that:

- the opening and closing of bank and/or postal current accounts is always authorised by senior management or by another senior figure specifically delegated to that effect;

- the set of activities leading to the acquisition of financial resources is accompanied by supporting documentation, duly validated by the functions providing it;

- the definition of financial requirements is shared with these functions, and is endorsed by senior management.

Transactions

The settlement is a very special event, exceptional in character in that it follows, in any event, a contentious or pre-litigation phase that constitutes a pathological moment in the life of the company.

Settlement may take place in the course of a lawsuit, or in order to prevent one.

Depending on the phase in which it takes place and who it is concluded with, the competences within the company organisation (legal, human resources, purchasing, commercial, administration, finance) may change.

It is first preceded by a preliminary phase, in which the competent function documents the reasons, advantages and disadvantages. Even in this phase, the support of a function with legal competence (legal or human resources) must always intervene, when the directly competent function is not one of these two.

In conducting it, systematic written reporting on meetings and contacts must be made by the participants (including any external professionals).

Unless the transaction falls within the scope of the powers granted by special power of attorney, it must be authorised in advance by senior management, within the maximum economic limits assigned. Even if it falls within the scope of the power of attorney, it must in any case be shared with senior management at least in general terms and with regard to the person with whom it is concluded.

In fact, it must be borne in mind that this is a potentially crime-prone offence, as it may conceal, for instance, the disbursement or rebate of sums to third parties so that they become vehicles for corrupt actions.

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Receiving, laundering and using money, goods or other benefits of unlawful origin, as well as self-laundering. Misuse and possession of means of payment

The commission of these offences is considered particularly serious by the legislator, who has provided for particularly high fines (up to 1,000) quotas and even prohibitory sanctions.
This requires special attention to the protocols set out in this section, in addition to the one on corporate offences.
The offences covered in this section are described below.
Money laundering (Article 648 bis of the Criminal Code). It consists of the substitution, transfer or other operations of money, goods or other utilities, designed to obstruct the identification of their criminal origin.
Receiving stolen goods (Article 648 of the criminal code). Consists of the purchase, receipt or concealment (or aiding and abetting such conduct) of money or things derived from criminal activity.
Use of money, goods or other benefits of unlawful origin (Article 648 ter of the Criminal Code) It consists in the use in economic or financial activities of money, goods or other utilities derived from crime.
Self-laundering (Art. 648-ter 1. criminal code)
The prerequisites for the commission of these offences can in abstract terms be created in the following sensitive areas:

- awarding of contracts, procurement, consultancy;
- administrative and financial activities, payments, collections;
- economic-financial relations in general.

In this regard, the following prescriptions are envisaged, together with the relevant controls:

- the reliability of the party with which it is envisaged to enter into relations of an economic-financial nature must be adequately and preventively verified, and this on an industrial, commercial and professional level depending on the type of subject, checking whether it is involved in bankruptcy proceedings, criminal proceedings or anything else, whether it has effective business consistency, checking its references and subsequently, during the course of the relationship, monitoring the continuation of these requirements;
- payments and receipts must, as a general rule, be made and received by bank transfer, or in any event by means of traceable means of payment, such as bank drafts, bank cheques, debit cards; this is in order to comply with the traceability criterion, which must inform all economic and financial transactions (see also previous section);
- cash payments are made only in exceptional cases, for small amounts and within the limits set by law;
- payment and collection transactions are verified/verified by the hierarchical superior empowered to do so on the basis of the delegation system, and archived, with the relevant verification/verification certificates provided by another person in the structure (normally by the user of the service), together with all the supporting documentation;
- the control of congruence and relevance between receipts/payments with respect to the relevant reasons and amounts is regularly carried out according to the system of delegations;

- all transactions are traceable;
- the organisational structure provides for the segregation of duties between those who execute operations and those who exercise control;
- all this is done in accordance with the system of powers and delegations;
- in the case of the purchase of goods or services and the awarding of assignments, everything is done in compliance with specific company procedures; special attention is paid to cases of repetitiveness over time or particularly significant amounts;
- all transactions must always comply with the 'normal value' criterion, possibly on the basis of objective parameters where they exist, such as professional rates, commodity indices, average values offered by the market.

In economic transactions with the shareholder, and in any transactions carried out on behalf of or together with the shareholder, in addition to the provisions of the preceding points, the provisions of the articles of association relating to the corporate purpose must be strictly adhered to.

Self-money laundering

On 1 January 2015, Law 186/2014 came into force, which in Article 3, paragraph 5 introduces the offence of self money laundering into Legislative Decree 231/2001, amending Article 25-octies. The text of Article 25-octies is reproduced below.

> Article 25-octies
> 1. In relation to the offences set out in Articles 648, 648-bis, 648-ter and 648-ter.1 of the Penal Code, a monetary sanction of 200 to 800 quotas is applied to the entity. In the event that the money, goods or other benefits originate from an offence for which a maximum term of imprisonment of more than five years is established, a pecuniary sanction of between 400 and 1,000 shares shall apply.
> 2. In cases of conviction for one of the offences referred to in paragraph 1, the disqualification sanctions provided for in Article 9, paragraph 2, are applied to the entity for a period not exceeding two years.
> 3. In relation to the offences referred to in paragraphs 1 and 2, the Ministry of Justice, having heard the opinion of the FIU, shall make the observations referred to in Article 6 of Legislative Decree No. 231 of 8 June 2001.

The text of Article 648-ter. 1 of the Criminal Code is also reproduced:

> Article 648-ter. 1. (Self laundering).
> A sentence of two to eight years' imprisonment and a fine ranging from EUR 5,000.00 to EUR 25,000.00 shall be imposed on any person who, having committed or having conspired to commit a non-culpable offence, uses, substitutes, transfers, in economic, financial, entrepreneurial or speculative activities, the money, goods or other utilities deriving from the commission of such offence, in such a way as to concretely hinder the identification of their criminal origin.

The penalty shall be imprisonment for a term of between one and four years and a fine ranging from EUR 2,500.00 to EUR 12,500.00 if the money, goods or other benefits originate from the commission of a non-culpable offence punishable by a maximum term of imprisonment of less than five years.
In any case, the penalties provided for in the first paragraph shall apply if the money, goods or other utilities originate from an offence committed under the conditions or for the purposes set forth in Article 7 of Decree-Law No. 152 of 13 May 1991, converted, with amendments, by Law No. 203 of 12 July 1991, and subsequent amendments.
Apart from the cases referred to in the preceding paragraphs, conduct whereby the money, goods or other benefits are intended for mere personal use or enjoyment shall not be punishable.
The penalty is increased when the acts are committed in the exercise of a banking or financial activity or other professional activity.
The punishment is reduced by up to one half for those who have taken effective steps to prevent the conduct from being carried out to further consequences or to ensure the evidence of the offence and the identification of assets, money and other utilities derived from the offence.
The last paragraph of Article 648 applies.

The regulation has particularly significant risk profiles: this is because any misconduct in accounting and budgeting operations, in tax returns or in business transactions from which the concealment or allocation of items or, in any event, sums of money may constitute the offence of selflaundering where such sums are reused or reinvested. It is true that the offence is committed if the conduct is intentional, and not culpable, as expressly provided for in the rule; however, the borderline between intentional and gross negligence is often not so clear: think of borderline cases where it is difficult to distinguish between culpable conduct carried out, for example, with conscious negligence and intentional conduct carried out with intent. Therefore, particular attention must be paid, also from this point of view, to the setting up of controls to protect not only those provided for in this section, but also those provided for all administrative and accounting activities in the "Corporate Offences" section and in the section dedicated to the administrative, corporate and financial areas. in which the offence of selflaundering is in any case referred to.

In addition, it should be borne in mind that tax offences, which have recently been introduced as predicate offences (see the relevant section), may also be a prelude to the commission of the offence of self money laundering, insofar as they lead to the concealment of sums. It should be borne in mind that in the area of money laundering, the main reference rule is Legislative Decree 231/2007 (not to be confused with Legislative Decree 231/2001). This norm was subsequently amended first by Legislative Decree No. 90/2017, then by Legislative Decree No. 125 of 4 October 2019, which transposed European Directive No. 2018/843.
In addition, Legislative Decree No. 184 of 8 November 2021, which entered into force on 14 December 2021, introduced Article 25-octies.1 on the counterfeiting of means of payment, implementing EU Directive 2019/713 on combating fraud and counterfeiting of non-cash means of payment.

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With regard to the latter, offences were introduced concerning the misuse and falsification of non-cash payment instruments, under Article 493 ter of the Criminal Code, and computer fraud, under Article 640 ter of the Criminal Code.
The possession and dissemination of computer equipment, devices or programmes aimed at committing offences involving non-cash payment instruments is also prohibited.
It is therefore essential, in order to avoid incurring the aforementioned conducts, to introduce prevention and control tools in the areas concerned so that they are not carried out or, if carried out, are promptly detected.
In this regard, we recommend reading the text of Article 25-octies.1 of Legislative Decree No. 231/2001 and the relevant predicate ratifications, set out in the appendix.
Compliance with the protocols provided for in this section is considered effective in preventing the predicate offences set out in the complex legislation on the subject.

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Health and safety in the workplace

The extension of the scope of application of Legislative Decree No. 231 of 8 June 2001 to the offences of culpable homicide and culpable injury in the field of safety at work.

With Legislative Decree no. 81 of 9 April 2008 (known as the 'Consolidation Act' on safety and which, as amended and supplemented by Legislative Decree no. 106/2009, is currently the reference regulatory source with regard to safety in the workplace), the offences of 'culpable homicide and serious and very serious culpable lesions, committed in violation of accident prevention regulations and the protection of hygiene and health in the workplace' became part of the scope of application of Legislative Decree no. 231 of 8 June 2001. In fact, with Law no. 123 of 3 August 2007 (Measures concerning the protection of health and safety at work and delegation to the Government for the reorganisation and reform of the legislation on the subject) and Legislative Decree no. 81 of 9 April 2008 (Implementation of Article 1 of Law no. 123/07 concerning the protection of health and safety in the workplace), subsequently amended and supplemented by Legislative Decree no. 106/2009, the scope of application of Legislative Decree no. 231 of 8 June 2001 also included offences relating to the violation of accident prevention, health and hygiene regulations in the workplace. June 2001, no. 231 also included offences relating to the violation of accident prevention, health and hygiene regulations in the workplace. With this legislation, Article 25-septies was introduced into the body of Legislative Decree no. 231/2001, which also provides for the above-mentioned offences among the offences for which the Entity is liable.
It is worth recalling that the introduction of these offences into the decree constituted a major innovation at the time. Indeed, it was initially difficult to understand how a culpable offence (i.e. committed by omission or negligence) could be committed in the interest or to the advantage of the company. It was subsequently clarified, however, that the failure to adopt certain safety measures or the adoption of measures below the minimum standard (i.e. omissive conduct) may well be traced back to an advantage of the company in terms of cost savings. This historical reminder is not an end in itself, but is essential to understand the circumstances in which these offences may be committed, and thus to take effective preventive measures.
The text of Article 25 *septies*, with a description of the aforementioned criminal offences, can be found in the appendix to this Model.
The reference rules by which the cases referred to in Article 25 *septies are* governed are set out below.
Article 589. Manslaughter.
Whoever culpably causes the death of a person shall be punished by imprisonment of six months to five years. If the offence is committed in violation of the rules for the prevention of accidents at work, the penalty is imprisonment for two to seven years.
In the event of the death of more than one person, or of the death of one or more persons and injuries to one or more persons, the sentence that should be imposed for the most serious of the violations committed shall apply, increased by up to three times, but the sentence may not exceed fifteen years.

Article 590. Unintentional bodily harm

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Whoever culpably causes personal injury to another person shall be punished by imprisonment of up to three months or a fine of up to EUR 309.
If the injury is serious, the punishment shall be imprisonment from one to six months or a fine from EUR 123 to EUR 619; if it is very serious, imprisonment from three months to two years or a fine from EUR 309 to EUR 1,239.
If the acts referred to in the second paragraph are committed in breach of the rules for the prevention of accidents at work, the punishment for serious injuries shall be imprisonment from three months to one year or a fine ranging from EUR 500 to EUR 2,000, and the punishment for very serious injuries shall be imprisonment from one to three years.
In the case of injuries to more than one person, the penalty that should be imposed for the most serious of the violations committed shall be applied, increased by up to threefold; but the penalty of imprisonment may not exceed five years.
The offence is punishable on complaint by the offended person, except in the cases provided for in the first and second paragraphs, limited to acts committed in breach of the rules for the prevention of accidents at work or relating to occupational hygiene or which have resulted in an occupational disease.

Article 583 of the penal code - Aggravating circumstances
"The personal injury is serious and imprisonment from three to seven years is applicable:
1. if the act results in an illness endangering the life of the offended person, or in an illness or inability to attend to ordinary occupations for a period exceeding forty days;
(2) if the act results in the permanent impairment of a sense or organ.
*The personal injury is **grievous,** and imprisonment from six to twelve years shall apply, if the act results in such injury:*
1) an illness that is certainly or probably incurable;
2) the loss of meaning;
(3) the loss of a limb, or a mutilation rendering the limb useless, or the loss of the use of an organ or the capacity to procreate, or a permanent and serious impairment of speech;
4) deformation, i.e. permanent disfigurement of the face.
Sensitive areas
A detailed analysis was carried out of the situations and activities that potentially entail the risk of offences in the field of safety in the workplace and workers' health. On a general level, situations and activities directly or indirectly connected to the fulfilment of obligations on the subject are first of all to be considered as such; the main ones are listed below:

- Appointment and adequacy of key security figures required by legislation;
- drafting, adequacy and updating of the Risk Assessment Document (DVR) and the DUVRI;
- verification of the existence and adequacy of the relevant safeguards;
- adequacy of the security plan;
- adequacy of the relevant procedures;
- adequacy of personal protective equipment (PPE);

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- Adequacy of control systems regarding the effective use of IPR;
- maintenance of work equipment, buildings, facilities, equipment, etc;
- control of the effectiveness of the maintenance system;
- Ditto for fire regulations and devices;
- information to employees on risks, correct working practices, use of PPE and safety systems;
- verification of the effectiveness and efficiency of the provision of such information;
- Adequacy of relevant training/information actions and programmes;
- worker health checks, periodic visits;
- occupational health surveys;
- health equipment;
- contract management and relations with suppliers and external security consultants;
- Adequacy of controls of supplies of security-related materials (e.g. PPE, etc.).

With specific reference to the company's corporate purpose, the following sensitive areas at risk of offences are identified, in addition to the security function, of course:

- production;
- maintenance and installations;
- employment of third-party companies;
- office activities;
- personnel management.

The company's security system is built in compliance with the most advanced international standards (British Standard OHSAS 18001:2007), considered by the Consolidated Law on the subject to be a requirement to confer, at least at the first application stage, suitability to the Model for the prevention of the predicate offences dealt with herein.

The system procedures all the necessary activities and fulfilments, in respect of the fulfilment of which it provides for an effective set of controls, with a high degree of responsibility on the part of the agents; it also provides for punctual updating on the basis of the data of experience, legislative evolution and technological evolution: this is in order to comply with a now consolidated jurisprudence of merit and legitimacy, according to which for the purposes of a correct application and interpretation of Article 2087 of the Italian Civil Code, it is not sufficient to comply with the regulations on safety measures, individual protection devices, etc., but the means of prevention must take into account the results of technological evolution (in relation also to developments in the medical field), even where these have not yet been implemented by the legislature in terms of prescriptions or prohibitions.

The Model therefore makes express reference to the company's safety system thus constituted, in the sense that the prescriptions, prohibitions and rules of conduct contained therein have a degree of cogency equal to that of the protocols contained in the Model, and failure to comply with them is tantamount to non-compliance with the Model, with the relevant consequences in terms of the applicability of the disciplinary system and the relevant sanctions.

Without prejudice to this reference, the main lines constituting the company's security system are outlined below.
The main figures provided for by current legislation are:

Employer

Pursuant to Article 2(1)(b) of Legislative Decree No. 81/2008, this is the person who holds the employment relationship with the worker or, in any case, the person who, according to the type and structure of the organisation within which the worker performs his activity, is responsible for the company itself or the production unit inasmuch as he exercises decision-making and spending powers. As already mentioned in the general section, within the Board of Directors, the position of Employer has been expressly attributed to one of the two executive Directors, in relation to his role as COO - Chief Operating Officer, pursuant to Article 2, paragraph 1, lett. b) of Legislative Decree 81/2008; the Company has also implemented a Delegation of Functions pursuant to Article 16 of Legislative Decree 81/2008, with the limits set forth in Article 17 of Legislative Decree 81/2008.

According to Article 17 of Legislative Decree 81/2008, the employer's tasks that cannot be delegated are:

- the assessment of all risks with the consequent drawing up of the document provided for in Article 28;
- the designation of the person in charge of the risk prevention and protection service.

Manager
This figure is defined by Article 2(1)(d) of Legislative Decree 81/2008 and consists of the person who, by virtue of his professional skills and within the limits of hierarchical and functional powers appropriate to the nature of the task conferred on him, implements the employer's directives, organising the work activity and supervising it.

Preposto (The Person in charge for)
Article 2(1)(e) defines the person in charge as the person who, by reason of professional competence and within the limits of hierarchical and functional powers appropriate to the nature of the task conferred on him, supervises the work activity and ensures the implementation of the directives received, checking that they are properly carried out by the workers and exercising a functional power of initiative (e.g.: department manager, shift manager, office manager, etc.).

Head of the Prevention and Protection Service (RSPP)
According to Article 2(1)(f), the RSPP is the person in possession of the professional capacities and requirements set out in Article 32, appointed by the employer, to whom he is answerable, to coordinate the risk prevention and protection service.

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According to Article 33 of Legislative Decree 81/2008, the prevention and protection service against occupational risks (SPP) provides:

- the identification of risk factors, the assessment of risks and the identification of measures for the safety and health of the work environment, in compliance with the regulations in force on the basis of specific knowledge of the company organisation;
- to develop, to the extent of their competence, the preventive and protective measures referred to in Article 28(2) and the control systems for these measures;
- drawing up security procedures for the various company activities;
- to propose information and training programmes for workers;
- to participate in consultations on health and safety at work, as well as in the planned periodic meeting (Art. 35);
- to provide workers with the necessary information (Art. 36).

Competent Doctor
Pursuant to Article 2(1)(h), this is the doctor who, being in possession of one of the qualifications and training and professional requirements referred to in Article 38, collaborates, in accordance with the provisions of Article 29(1), with the employer for the purposes of risk assessment and is appointed by the same employer to carry out health surveillance and for all the other tasks provided for in the same Legislative Decree 81/2008. Legislative Decree 81/2008.

Workers' safety representative (hereafter RLS)
The workers' safety representative is - pursuant to Article 2(1)(i) - the person elected or appointed to represent workers with regard to health and safety aspects at work.

Delegation of functions
Article 16 of Legislative Decree No. 81/2008 expressly provided for the possibility of the employer conferring responsibility for the safety system, on the logical assumption that it is impossible for the employer to personally provide for all the relevant fulfilments, activities and controls. This is all the more true in large and complexly organised companies such as JSW Steel Italy Piombino.
This rule is, among other things, consistent with the provisions of Article 30(3) of Legislative Decree 81/2008, according to which the system must be characterised by a formal division of tasks and powers.

The aforementioned Article 16 reads as follows:

"*The delegation of functions by the employer, where not expressly excluded, is permitted subject to the following limits and conditions:*

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a) *that it is evidenced by a written document bearing a certain date;*

b) *that the delegate possesses all the requirements of professionalism and experience required by the specific nature of the delegated functions;*

c) *that it grants the delegate all the powers of organisation, management and control required by the specific nature of the delegated functions;*

d) *that it grants the delegate the autonomy of expenditure necessary to perform the delegated functions;*

e) *that the proxy is accepted by the delegate in writing.*

Adequate and timely publicity shall be given to the delegation referred to in paragraph I.

The delegation of functions does not exclude the employer's obligation to supervise the proper performance by the delegate of the transferred functions. The obligation referred to in the preceding sentence shall be deemed to be discharged in the event of the adoption and effective implementation of the verification and control model referred to in Article 30(4).

3-bis. The delegated person may, in turn, by agreement with the employer, delegate specific functions in the field of occupational health and safety under the same conditions set out in paragraphs 1 and 2. The delegation of functions referred to in the preceding sentence does not exclude the obligation of the delegating party to supervise the proper performance of the transferred functions. The person to whom the delegation referred to in this paragraph is conferred may not, in turn, delegate the delegated functions. "

The figures envisaged and listed above have all been appointed in the company, based on the organisational roles they hold and the professional requirements they possess.

As mentioned above, the company's safety system is defined on the basis of the British Standard OHSAS 18001:2007, in compliance with the provisions of Article 30 of Legislative Decree 81/2008 for the purposes of the suitability of the system itself for the prevention of the administrative offence referred to in Article 25-septies of Legislative Decree 231/2001 and the related underlying offences.
Generally speaking, it defines the basic rules of conduct on health, safety and hygiene at work and the general obligations in this area, as well as the organisational and operational fulfilments required by the regulations in force.

Rules of Conduct
All addressees are required to be aware of and comply, depending on their respective activities, with legal obligations and those laid down in the system adopted by the company for the prevention of accidents and/or occupational diseases.

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Violation of these obligations constitutes a breach of the Model and consequently entails the application of the measures and sanctions provided for in the Model's sanctions system.

The main criteria to be adopted in the behaviour underlying the corporate security system are:

- avoid and prevent risks and/or combat them at source;
- Follow technological evolution, either by eliminating the risk factors identified by it or by introducing the protective measures, in the form of plant improvements and PPE equipment, deemed most effective;
- identifying, also on the basis of experience, processing phases and/or situations of potential or actual danger, intervening with changes in operating practices or plant modifications to eliminate or mitigate their degree of risk;
- give appropriate instructions to workers.

Workers' obligations

The body of legislation introduced by the legislative decrees regulating the subject devotes particular attention to making workers responsible, on the assumption that the worker is the primary guardian of his or her own safety, without prejudice to all the obligations placed on the employer and the figures appointed by him or her.

Therefore, all workers are required to comply with the requirements of Article 20 of Legislative Decree 81/2008.

<u>In particular, workers must</u>:

- take care of their own health and safety and that of their colleagues in the workplace, on whom the consequences of their actions or omissions may fall, in accordance with their training and the instructions and means provided by their employer;
- contribute, together with the employer, managers and supervisors, to the fulfilment of the obligations laid down to protect health and safety in the workplace;
- observe the provisions and instructions issued by the employer, managers and supervisors for the purposes of collective and individual protection;
- the correct use of work equipment, dangerous substances and preparations, means of transport and safety devices;
- make appropriate use of the protective equipment made available to them;

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- immediately report to the employer, the manager or the person in charge any deficiencies in the means and devices at their disposal, as well as any possible dangerous condition of which they become aware, taking direct action, in case of urgency, within their competences and possibilities, without prejudice to their obligation to take action and cooperate to eliminate or mitigate serious and imminent danger situations, also informing the workers' safety representative;

- do not remove or modify safety or warning or control devices;

- not to carry out, on their own initiative, operations or manoeuvres that are not within their competence or that may jeopardise their own safety or that of other workers;

- participate in education and training programmes organised by the employer;

- undergo health checks provided for by law or otherwise ordered by the competent doctor.

Risk assessment and preparation of prevention and protection measures
All risks to which workers are exposed because of and in connection with the performance of their assigned tasks must be carefully assessed.
In this regard, a Risk Assessment Document (DVR) is prepared, approved and implemented, which must contain:

- a report on the assessment of health and safety risks related to work, specifying the criteria adopted for the assessment;

- an indication of the prevention and protection measures implemented and the personal protective equipment adopted following the risk assessment;

- the programme of measures deemed appropriate to ensure the improvement of security levels over time;

- the identification of procedures for the implementation of the measures to be carried out as well as the roles of the company organisation that must provide them;

- the name of the RSPP and the competent doctor who participated in the risk assessment.

The DVR must also comply with the indications of specific regulations on risk assessment where concretely applicable.
For the purposes of drafting the DVR, the RLS must be consulted in advance.
The DVR is kept at the production unit to which the risk assessment relates.
The risk assessment must be constantly updated in relation to organisational, production or plant changes relevant to the safety and health of workers.
The DVR must be handed over or in any case made available to the personnel concerned to the extent of their competence.

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A DUVRI is drawn up in all cases where interference risks occur.
Appropriate prevention and protection measures must be taken to guard against the risks identified in the DVR and DUVRI.
The prevention and protection measures must be updated in relation to organisational, production and plant changes that are relevant to occupational health and safety, or in relation to the degree of technological development.
Workers must be provided with the necessary PPE appropriate to the tasks performed, in consultation with the RSPP.
PPE must be periodically overhauled and maintained, or replaced when it is no longer capable of adequately performing its function.
All the activity of risk assessment, preparation of prevention and protection measures and delivery of PPE must be documented and stored in order to comply with the principle of traceability.

Legal technical-structural standards relating to equipment, facilities, workplaces, load handling, etc.
Specific procedures are adopted to ensure the safety of plant, equipment and workplaces; in particular, the procedures concern:

- the maintenance, cleaning and periodic inspection of workplaces, facilities and equipment;
- general hygiene rules in working and operational areas;
- traffic routes and emergency exits;
- fire-fighting devices;
- the leakage of liquid and/or gaseous substances;
- first aid measures;
- the use and maintenance of PPE;
- the way products and goods are stored and archived;
- waste management, including waste from electronic equipment.

Maintenance and control activities must be documented and archived.
Procedures must be adopted to ensure the safety of workers with regard to exposure to specific risks including:

- video terminals;
- physical agents;
- chemical agents;
- biological agents;

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- carcinogens;
- asbestos;
- explosive atmospheres;
- manual handling of loads;
- waste management, including waste from computer equipment (e.g. toner).

All activity must be documented and tracked; the relevant documents must be properly preserved.

Emergency management (first aid, fire, etc.)

Intervention plans must be drawn up in the event of emergency situations and serious danger to workers (e.g. evacuation, first aid, fire management, etc.).

The management of first-aid boxes or first-aid kits must be specifically regulated, defining their roles.

First aid equipment must be allocated in known and easily accessible locations, and constantly replenished in such a way as to ensure its complete and effective availability at all times.

Adequate fire-fighting facilities are in place to prevent fires from occurring and in any case, if they do occur, to limit their consequences.

Fire-fighting equipment is subject to periodic checks and appropriate maintenance.

Evacuation plans are drawn up through the planning of interventions and the adoption of measures/instructions so that workers can, in the event of serious and immediate danger, promptly leave their work position and get to safety.

Evacuation tests are carried out periodically.

All steps and activities related to emergency management must be documented, tracked and retained.

Delegations, statutory appointments, budgets and expenses

The persons required by law are formally identified and officially vested with specific delegated powers and responsibilities in the field of workers' health and safety.

The professional suitability of these individuals is a fundamental prerequisite for their identification and appointment.

They are communicated through appropriate information systems to all the workers concerned, so that anyone is able to talk to them in order to request and provide information, report anomalies, etc.

Safety delegates carry out systematic data collection and reporting to the various functions concerned and, ultimately, to the employer.

The delegation system provides that the spending powers conferred are appropriate to the company's needs in the field of workers' health and safety. An annual budget is prepared for this purpose.

The system of powers and delegations envisages the modalities of intervention in terms of expenditure in the event of necessity and urgency, so as to be able to promptly cope with unforeseen cases involving

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imminent risks to persons and facilities, also in derogation of the ordinary powers and limits established by the budget, unless ratification is made against adequately documented grounds.
All documentation relating to the organisational health and safety system (delegations, proxies, appointments, reports, both routine and emergency actions) is systematically updated and properly stored.

Health surveillance
Periodic examinations and inspections are carried out, on the basis of a programme drawn up taking into account the indications of the law, in order to verify the state of health and suitability of workers to perform the assigned task, in particular for workers exposed to specific risks.
The employee is obliged to submit to such investigations, on pain of specific measures, including disciplinary sanctions.
In the event of ascertained unsuitability, or specific risk of the worker remaining in the job position held on the basis of his or her state of health, the worker is relieved from that job position; the Human Resources Department, in agreement with the operational functions, will deal with the case in accordance with the criteria that oversee personnel management, in compliance with the law and the code of ethics.
Regular meetings are held with the RSPP.
All activity relating to health surveillance is documented and properly stored, subject to observance of the necessary confidentiality in relation to sensitive data.

Information and training of employees of the company, workers of third companies and others
Specific training courses on workers' health and safety are organised periodically, depending on the needs identified, the possible entry of new employees, plant changes, etc.
The primary objectives of the courses are to develop workers' awareness of their own safety and that of their colleagues, to make them aware of the risks to which they are exposed and to provide them with the knowledge to prevent them, also by deepening the information currently received in the company.
Courses may be of a general nature or may be targeted at specific jobs or professionals, those entrusted with operational tasks and those in coordination roles.
The training courses, the results of which are to be evaluated and recorded, concern:

- the specific risks to which workers are exposed according to their tasks;
- the correct use of machinery, equipment and personal protective equipment;
- the prevention and protection measures adopted by the Company;
- production processes;
- organisational schemes;
- internal rules and operating procedures;
- emergency plans;

- the organisational structure of the Company, in particular with regard to security-related roles and the related tasks and responsibilities;
- the law, internal regulations and security-related procedures.

Methodologies for monitoring the results of the courses in terms of effectiveness with regard to the participants are foreseen, also with a view to planning subsequent training activities.
Particular attention is paid to the profile of the lecturers entrusted with the teaching activities of the courses.
Security training activities are documented and tracked; the relevant documentation is properly stored.

Contractors' workers are provided, in writing and with the requirements of traceability, with all information on the risks present in the area and sphere of activity in which their services are to be rendered, as well as on the safety measures envisaged and the necessary PPE.
Appropriate safety information is also provided, highlighting the risks relevant to the areas they access, to persons who occasionally or periodically visit the workplaces, such as: consultants, customers, suppliers, technicians from external inspection bodies, visitors in general. In the event of access to the facilities, these subjects are also provided with the necessary PPE (generally helmets).

All training and information activities must be documented and properly stored.

Verification and control activities
All persons coordinating the activities of other workers are responsible for systematically checking:
- the availability and adequacy of prevention and protection measures;
- providing workers with PPE appropriate to the task assigned;
- the correct use of PPE by workers;
- the adequacy over time of the intervention procedures/plans adopted for prevention purposes.

Reports made by the RLSs must be taken into account and given adequate feedback.
All supervision and control activity must be documented and properly stored for traceability purposes.

Activities entrusted to third parties (contractors, suppliers, collaborators, professionals, self-employed workers)
Entrustment is carried out, in compliance with corporate procedures and powers, subject to verification - in accordance with the law and company regulations - of the technical and professional suitability of the entrusted parties in relation to the activities to be entrusted.
Co-operation and co-ordination in the adoption of measures to prevent and protect against occupational risks, as well as against risks related to interference between workers of the different companies carrying out the work, and between them and the company's employees, are ensured.

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The DUVRI is drawn up, in which the measures adopted are indicated, aimed at eliminating or, if this is not possible, minimising the risks arising from interference. The DUVRI is attached to each contract for which interference risks have been identified. The relevant documentation is kept and properly filed.
Contracts to third parties expressly provide for the costs of security measures.

Ways of committing offences
The offences referred to in this section (manslaughter - grievous and very grievous bodily harm) are considered by the legislature to be particularly serious.
Since these are culpable offences, the way in which they are committed can be traced back to the failure of employees and/or supervisors to comply with safety rules and procedures; in the use of certain substances, but it is necessary to take account of technological developments (in the broad sense, and therefore also from a medical point of view), so that the use of certain substances or exposure to any agents which, although not yet banned by the legislator, are now considered universally risky by medical science must be avoided: in this regard, the example of asbestos is recalled, for exposure to which employers are sanctioned (depending on the case, criminally or civilly) even for periods prior to the legal ban, which dates from 1992.
Given that one only enters the sphere of 231 if the unlawful conduct is related to an interest or advantage for the company, it is evident that this advantage takes the form of an economic interest, consisting of savings in the non-purchase of devices and mechanisms, or in the non-modification of risky operating practices or parts of installations, or in their non-maintenance. In these cases, the decision-making phases related to such purchases or interventions, as well as the moment of purchase, and the phase of use, must be particularly monitored.
Another way of commission may be the failure to appoint the persons required by law, or the failure or inadequate drafting and dissemination of the documents also required by law.
Equally critical is the aspect relating to the actual provision and use of PPE by workers: the failure to monitor these fulfilments may lead, in the event of an event likely to have consequences in terms of death or serious injury of the worker, to the administrative offence being recognised against the company, where, for example, this failure to monitor is attributable to staff shortages in the coordination personnel.

Responsibilities and requirements
Occupational health and safety responsibilities are assigned to the following figures:

- employer;
- head of the prevention and protection service;
- competent doctor;
- executives;
- in charge.

Moreover, as mentioned several times, the relevant predicate offences may also be committed, perhaps in concert with the above-mentioned figures, by persons operating in other areas, such as:

- purchases of PPE and protective equipment in general that do not correspond to standards or are otherwise unsuitable;
- human resources, failure to pay attention to how the necessary information on the subject is disseminated, failure to organise the safety courses the need for which has become apparent;
- administration, always in case of undue savings, through pressure or hindrance on other operators, on mechanisms and devices necessary for safety.

The system of controls for the prevention of occupational health and safety offences is based first and foremost on the system expressly referred to, and on the procedures, rules, prescriptions and prohibitions contained therein.
The system, drawn up in compliance with current legal regulations, is systematically updated and supplemented, in its components, whenever the need arises on the basis of anomalous events that may have occurred, plant modifications, or legislative changes.
As mentioned, roles and responsibilities in the field of occupational health and safety are formally and officially assigned, and are made known to all stakeholders, both internal and external in the cases provided for (see ASL, DTL inspection service, etc.), by means of appropriate communication methods.
The documents required by the regulations (DVR, DUVRI, etc.) are drawn up and adequately disseminated.
Periodic reports on the development of accidents and incidents in the workplace are drawn up and communicated to those concerned, on the basis of which changes to procedures or preventive devices and measures are made if necessary.
All safety documentation is properly maintained and updated according to the general trend of accidents, injuries or organisational and production changes affecting occupational health and safety risks.

Cogency of the requirements contained in this section
The provisions contained in this section are mandatory for all addressees of the model.
Failure to comply with these prescriptions (whether they refer to the contents of the Model itself, or to provisions to which it refers - such as procedures - as part of the workers' health and safety management system) therefore constitutes a violation of the Model and is therefore sanctioned in accordance with the Model's disciplinary system.

Sanctioning system
Violations of the Protocols or of the procedures issued on the subject of workers' health and safety shall be sanctioned in accordance with the provisions of the sanctions system. Therefore, the latter must be read in conjunction with the indications contained in this section, in order to identify in detail the behavioural precepts, the violation of which gives rise to the application of a disciplinary sanction in accordance with the procedures laid down therein.

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Verifications by the Supervisory Board
The tasks of the Supervisory Board, the checks and the manner in which they are carried out are set out in the Board's Articles of Association, to which reference should be made.

Relations with the Supervisory Board (SB)
The Supervisory Board, without prejudice to the checks on the matter that it intends to carry out autonomously, is sent the company's safety rules, procedures and provisions; it is informed of the appointments of the persons entrusted with safety proxies or assignments and, promptly, of any changes thereof; it is sent, systematically and periodically, statistical situations on safety, with an indication of accidents, the most serious incidents, and any measures adopted. In the event of particularly significant events, the Supervisory Body is sent the relevant information as promptly as possible, even outside the established periodicity.

Reports must also be transmitted to the Supervisory Board by anyone who finds anomalies in the management of workers' health and safety that constitute violations of the Model, procedures, prescriptions and prohibitions on the subject.

Actions in the event of a situation of contagion, epidemic, pandemic
During the Covid 19 pandemic, the company put in place procedures and took measures to prevent the spread of infection among workers and to third parties.
These actions were taken in accordance with the regulatory provisions issued for the occasion, as well as on the basis of the indications given by the competent health authorities, taking into account the specific nature of the company's activity.
These measures will, where necessary, be updated, both in terms of strengthening and slowing down, according to changes in health standards and indications that will occur.
The bodies in charge of monitoring these measures have verified and are monitoring the application of these measures as long as they are in force.
Beyond the contingent situation, the company will pay the utmost attention to the possible and unfortunate hypothesis that situations of contagion, epidemics or pandemics may arise in the future; to this end, it has standard procedures and regulations in place to Garante an acceptable level of security, to be implemented if necessary, depending on the seriousness of the situation that arises.
In this process, the persons in charge of the preparation, implementation and control intervene, according to their competence, on the basis of the regulations in force, with particular reference to Legislative Decree No. 81 of 9 April 2008 (TUSL, the Consolidated Workplace Health and Safety Act) and, more generally, to Article 2082 of the Italian Civil Code.

Below are some rules that should always be kept in mind when managing security activities.

Legislative Decree 81/2008

Article 25. Obligations of the competent doctor

"The competent doctor:

a) collaborates with the employer and the Prevention and Protection Service in assessing risks, also for the purposes of planning, where necessary, health surveillance, in preparing the implementation of measures for the protection of the health and psycho-physical integrity of workers, in training and information activities for workers, for the part falling within its competence, and in organising the first aid service considering the particular types of work and exposure and the peculiar organisational methods of work. It also collaborates in the implementation and enhancement of voluntary "health promotion" programmes, according to the principles of social responsibility;

(b) plan and carry out the health surveillance referred to in Article 41 by means of health protocols defined according to the specific risks and taking into account the most advanced scientific guidelines;

(c) establish, update and keep, under his own responsibility, a health and risk record for each worker subject to health surveillance; this record shall be kept under professional secrecy and, except for the time strictly necessary for carrying out health surveillance and transcribing the results thereof, at the place of safekeeping agreed at the time of appointment of the competent doctor;

(d) hand over to the employer, on termination of the assignment, the health records in his possession, in compliance with the provisions of Legislative Decree No 196 of 30 June 2003 and with the preservation of professional secrecy;

e) deliver to the worker, upon termination of the employment relationship, a copy of the health and risk file, and provide him with the necessary information relating to its preservation; the original of the health and risk file must be kept, in accordance with the provisions of Legislative Decree No 196 of 30 June 2003, by the employer for at least ten years, unless a different period is provided for by other provisions of this decree;

(f): letter deleted by Article 15 of Legislative Decree No 106 of 3 August 2009)

(g) provide information to workers on the meaning of the health surveillance to which they are subject and, in the case of exposure to agents with long-term effects, on the need to undergo health surveillance even after cessation of the activity involving exposure to such agents. It shall also provide workers' safety representatives with similar information on request;

(h) inform any worker concerned of the results of the health surveillance referred to in Article 41 and, at the worker's request, issue him with a copy of the health records;

i) communicates in writing, at the meetings referred to in Article 35, to the employer, the person in charge of the risk prevention and protection service, and the workers' safety representatives, the anonymous collective results of the health surveillance carried out and provides information on the significance of these results for the implementation of measures for the protection of the health and psychophysical integrity of workers;

(l) visit the workplaces at least once a year or at a different frequency to be determined on the basis of the risk assessment; the indication of a frequency other than annual must be communicated to the employer for the purpose of its annotation in the risk assessment document;

(m) participates in the planning of worker exposure monitoring, the results of which are provided to him or her in a timely manner for the purposes of risk assessment and health surveillance;

n) communicates, by means of self-certification, the possession of the titles and requirements referred to in Article 38 to the Ministry of Labour, Health and Policies within a period of six months from the date of entry into force of this decree'.

Legislative Decree 81/2008

Article 33. Tasks of the prevention and protection service

"1.The Occupational Risk Prevention and Protection Service provides:

a) the identification of risk factors, risk assessment and the identification of measures for the safety and health of the work environment, in compliance with current legislation on the basis of specific knowledge of the company organisation;

(b) to develop, to the extent of its competence, the preventive and protective measures referred to in Article 28(2) and the systems for monitoring these measures;

(c) to draw up security procedures for the various company activities;

(d) to propose information and training programmes for workers;

(e) take part in consultations on health and safety at work and the periodic meeting referred to in Article 35;

(f) to provide workers with the information referred to in Article 36.

2. The members of the Prevention and Protection Service are bound to secrecy with regard to the work processes of which they become aware in the performance of their duties under this legislative decree.

3. The Prevention and Protection Service is used by the employer'.

Art. 36. Informing workers

1."The employer shall ensure that each worker receives adequate information:

(a) on occupational health and safety risks related to the company's activities in general;

b) on procedures concerning first aid, fire fighting, evacuation of workplaces;

(c) the names of the workers in charge of applying the measures referred to in Articles 45 and 46;

(d) the names of the person in charge of and those responsible for the prevention and protection service, and the competent doctor.

2. The employer shall also ensure that each worker receives adequate information:

a) the specific risks to which it is exposed in connection with its activity, safety regulations and the relevant company provisions;

(b) on the dangers associated with the use of dangerous substances and preparations on the basis of the safety data sheets required by current legislation and good engineering practice;

(c) on the protection and prevention measures and activities adopted.

3. The employer shall also provide the information referred to in subsection 1(a) and subsection 2(a), (b) and (c) to the workers referred to in Article 3(9).

4. The content of the information must be easy for workers to understand and must enable them to acquire the relevant knowledge.

Where the information concerns immigrant workers, it takes place after verification of understanding of the language used in the information pathway'.

The Head of the Prevention and Protection Service must periodically draw up the evidence sheets provided by the Supervisory Board, with which to provide sensitive information, in accordance with the forms and methods laid down by the Board.
All documentation must be made available, upon request, to the Chairman, the Board of Directors, the Board of Auditors and the Supervisory Board.

Article 300.

Amendments to Legislative Decree No. 231 of 8 June 2001

1. Article 25-septies of Legislative Decree no. 231 of 8 June 2001 is replaced by the following: "Article 25-septies *(Manslaughter or serious or very serious injury committed in breach of the rules on health and safety at work). 1.-* In relation to the offence referred to in Article 589 of the Criminal Code, committed in breach of Article 55, paragraph 2, of the Legislative Decree implementing the delegated power referred to in Law No. 123 of 3 August 2007 on workplace health and safety, a fine of 1,000 quotas shall be applied. In the event of conviction for the offence referred to in the preceding sentence, the disqualification sanctions referred to in Article 9(2) shall apply for a period of not less than three months and not exceeding one year.

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2. Without prejudice to the provisions of paragraph 1, in relation to the offence referred to in Article 589 of the Criminal Code, committed in breach of the rules on the protection of health and safety at work, a fine of no less than 250 quotas and no more than 500 quotas shall apply. In the event of conviction for the offence referred to in the preceding sentence, the disqualification sanctions referred to in Article 9(2) shall apply for a period of not less than three months and not exceeding one year.

3. In relation to the offence referred to in Article 590, third paragraph, of the Penal Code, committed in breach of the rules on the protection of health and safety at work, a fine not exceeding 250 quotas shall be applied. In the event of conviction for the offence referred to in the preceding sentence, the disqualification sanctions referred to in Article 9(2) shall apply for a period not exceeding six months.".

Article 30.
Organisation and management models

1. The organisation and management model capable of exempting legal persons, companies and associations, including those without legal personality, from administrative liability pursuant to Legislative Decree No. 231 of 8 June 2001, must be adopted and effectively implemented, ensuring a corporate system for the fulfilment of all legal obligations relating to:
***a)* compliance with the technical-structural standards of the law relating to equipment, plants, workplaces, chemical, physical and biological agents;**
***b)* risk assessment activities and the preparation of consequent prevention and protection measures;**
***c) activities of an* organisational nature, such as emergencies, first aid, contract management, periodic safety meetings, consultation of workers' safety representatives;**
***d)* health surveillance activities;**
***(e)* worker information and training activities;**
***(f)* supervisory activities with regard to workers' compliance with safe working procedures and instructions;**
***(g)* the acquisition of documents and certifications required by law;**
***(h)* periodic reviews of the application and effectiveness of the procedures adopted.**

2. The organisational and management model referred to in paragraph 1 must provide for appropriate systems for recording the performance of the activities referred to in paragraph 1.

3. The organisational model must in any case provide, as required by the nature and size of the organisation and the type of activity carried out, for an articulation of functions that ensures the technical competences and powers necessary for the verification, assessment, management and control of the risk, as well as a disciplinary system capable of sanctioning non-compliance with the measures indicated in the model.

4. The organisational model must also provide for an appropriate control system on the implementation of the same model and the maintenance over time of the conditions of suitability of the measures adopted.

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The review and possible amendment of the organisational model must be adopted when significant violations of the rules on accident prevention and occupational hygiene are discovered, or when changes in the organisation and activity in relation to scientific and technological progress occur.

5. Upon first application, company organisation models defined in accordance with the UNI-INAIL Guidelines for an occupational health and safety management system (SGSL) of 28 September 2001 or the British Standard OHSAS 18001:2007 are presumed to comply with the requirements of this article for the corresponding parts. For the same purposes, further organisation and management models may be indicated by the Commission referred to in Article 6.

5-bis. The permanent advisory commission for occupational health and safety develops simplified procedures for the adoption and effective implementation of safety organisation and management models in small and medium-sized enterprises. These procedures are transposed by decree of the Ministry of Labour, Health and Social Policies.

6. The adoption of the organisation and management model referred to in this Article in undertakings with up to 50 workers is one of the activities eligible for financing under Article 11.

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Environmental offences - 'Eco-crimes

These offences were introduced into the scope of application of Legislative Decree 231/2001 with Article 25-undecies, by Legislative Decree 121/2011, which transposed the following European directives: Directive No. 2008/99/EC on environmental offences, and Directive No. 2009/123/EC on ship-source pollution.
In addition, in 2015, the range of environmental offences was broadened with the introduction of what have been commonly referred to as 'ecocrimes', due to their general scope and impact on the ecosystem. This category of offences is dealt with in the second part of this section, while below is a list of the regulations relating to the main offences that existed prior to the aforementioned 2015 legislative intervention:

1. D. Legislative Decree 152/2006 (the so-called Consolidated Environmental Act) as amended and supplemented, and in particular:
   - Article 137 (unauthorised discharge of industrial waste water containing hazardous substances);
   - Article 256 (unauthorised waste management);
   - Article 257 (pollution of soil, subsoil, surface water and groundwater);
   - Article 258 (breach of obligations and falsification of certificates);
   - Article 259 (illegal trafficking in waste);
   - Article 260 (activities organised for the illegal trafficking of waste);
   - Article 260 bis (forgery offences relating to SISTRI, i.e. the computerised waste traceability control system);
   - Article 279 (air and atmosphere abatement violations - unauthorised operation of establishment);
2. Law No. 150 of 7 February 1992, as amended and supplemented (regulating offences relating to the application in Italy of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, signed in Washington on 3 March 1973, referred to in Law No. 874 of 19 December 1975, and EEC Regulation No. 3626/82, as amended, as well as rules for the marketing and possession of live specimens of mammals and reptiles that may constitute a danger to public health and safety);
3. Law No 549 of 28 December 1993 (Article 3(6): Measures to protect stratospheric ozone and the environment);
4. D. Legislative Decree No 202 of 6 November 2007, implementing Directive 2005/35/EC (intentional and culpable pollution of waters, animal or plant species caused by the spillage of polluting substances into the sea from ships);
5. Article 727 bis of the criminal code (killing, destruction, capture, taking, possession of specimens of protected wild animal or plant species);
6. Article 733 bis of the criminal code (destruction or deterioration of habitats within a protected site).

The type of company, its size and its complexity in terms of plant installations and production processes mean that, as with offences relating to safety in the workplace, the risk of environmental offences being committed is quite high and indeed intimately connected to the company's object and business activity.

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For this purpose, the company has adopted procedures and control systems in line with the most advanced international standards, to which this Model makes express reference. It follows that breaches of the said system are equivalent to breaches of the Model, in all respects.
The sensitive areas in environmental matters are, first and foremost, those relating to production activities, with regard to waste produced, discharges into water and air and, in general, into the environment; those relating to maintenance; those relating to plant modifications and the construction of new plants; those relating to the dismantling of plants and the reclamation of areas.
A special organisational area, called Ecology and Environment, is duly established, which is entrusted with the task of forecasting and controlling compliance with the relevant regulations through constant monitoring of activities and the suitability of facilities from an environmental point of view.
The matter is regulated by a set of procedures based on the best international standards, the dissemination, knowledge of and compliance with which is ensured by the operational functions, primarily production, maintenance and facilities (modification, installation, dismantling), which together with the Ecology and Environment function are the most sensitive areas, among those defined as 'functional', with reference to this type of offence.
Among the 'design' areas, those relating to the design and construction of plant-type activities are to be regarded as equally sensitive at this stage, since they could both lay the foundations for the future commission of the offences dealt with herein, e.g. by designing plants not equipped with the measures required by law, and could also give rise to unlawful conduct during their activity, with reference to the operational phases (e.g. irregular waste management during the dismantling of plants).
Given the vastness of the subject and of the relevant regulations, the size of the plants and workplaces to be monitored and the plurality of subjects whose activities may entail critical issues in the field, just as in the field of safety, reference is made, as regards the more specific aspects, to the set of rules that make up the safety system in the workplace (DVR, DUVRI, procedures), in the environmental field too reference is made to the system specifically set up to protect compliance with the regulations (procedures, etc.). It is reiterated that all these rules, insofar as they are referred to by the Model, have a degree of cogency equal to that of the prescriptions and prohibitions laid down by the Model itself; failure to comply with them, therefore, is equivalent to an infringement of the Model, with the related application of disciplinary sanctions provided for by the Disciplinary System.
This section defines the criteria governing the sensitive activities, the principles of conduct and the controls to be monitored, with which the aforementioned specific system of rules is consistent.
The types of conduct that may entail the risk of the predicate offences being committed are many, for the reasons just set out; in general, they can be divided into two categories: conduct of an omissive nature and conduct of a commissive nature.
In the Ecology and Environment organisational area, there are mainly risks of omissive conduct, consisting in: omission of controls, checks and analyses provided for by the law, procedures, and specific requirements of the authorities in charge (ASL); omission in the adoption of measures also provided for by the law, procedures, and specific requirements of the authorities in charge; omission in informing the operating bodies on the correct practices to be adopted for environmental protection purposes, with regard to waste

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disposal. Commissive conduct may consist in altering data relating to checks, controls, analyses, in order to conceal irregularities both within the internal system and towards external bodies.
Conversely, the risks present in the operational areas are mainly attributable to commissive conduct, consisting in the performance of manoeuvres and the adoption of operating practices that differ from those laid down in the procedures and that lead to irregularities in discharges, emissions, and waste management.
To prevent the occurrence of the aforementioned conduct, general prohibitions and prescriptions must first be observed, which are then translated into practice in individual operational processes through the relevant procedures.
Therefore, it is forbidden (both the Ecology and Environment function and the operational functions, to the extent of their competence) to:

- alter data and reports on discharges, emissions, waste;
- deactivate systems and mechanisms set up to protect the environment in terms of discharges and emissions;
- handle waste without complying with the legal requirements for the individual types.

It is obligatory (both the Ecology and Environment function and the operational functions, to the extent of their competence) to:

- carry out checks on the operation of environmental protection systems at the intervals laid down by law or by internal procedures, and in any case in the event of signs of malfunctioning;
- carry out measurements of discharges and emissions periodically in accordance with the law or internal procedures, and in any case in the event of indications of irregularities;
- cooperating with external bodies with inspection powers, truthfully representing situations and providing reliable data;
- drawing up reports on the results of checks, surveys and analyses and on the functioning of environmental protection systems, both with the frequency laid down by law and by procedures, and in the event of anomalies;
- in particular by the Ecology and Environment function, carry out spot and spot checks and inspections, even without giving prior notice to the operational functions.

From the point of view of objective controls, the progress of controls, analyses and findings is recorded by the Ecology and Environment function on the appropriate paper and/or computer supports, and is shared with the heads of the operational areas to which the data refer.
Any findings of anomalies, prescriptions and sanctions by the competent external bodies must be promptly brought to the attention of the Supervisory Board.
Third parties operating on the company's facilities must be made aware of the proper functioning of the environmental protection systems, and must undertake in the contractual documents, to the extent of their

competence in relation to the contractually agreed service, to observe the aforementioned prohibitions and prescriptions.
The risk of commission, both by Company personnel and by contractors, of offences relating to the protection of specimens belonging to protected wild animal species or protected wild plant species is considered rather low. This hypothesis is taken into consideration given the relative proximity of some company areas and plants to an area designated as a natural oasis; however, the distances are such as not to suggest that discharges and, above all, emissions into the atmosphere could constitute a real risk in this respect.

With regard to the disposal of waste from processing, the company adopts procedures in line with the *best practices in* use in the sector, and with the most up-to-date industrial procedures made available on the basis of technological evolution.

Finally, consideration is given to the disposal of waste from machinery, equipment and computer accessories; among other things, in addition to the relevance of these aspects in terms of environmental offences, consideration must also be given to their potential impact in terms of the risk of committing computer offences and offences against the individual (dealt with in the respective sections of the Model, to which reference should be made in this regard), with particular reference to the disposal of PCs, disks, etc.
As regards the reuse and recycling of waste electrical and electronic equipment (such as computers, printers, external hard disks, obsolete media, etc.), as well as the disposal of waste electrical and electronic equipment, the rules contained in the provision of the Garante"Waste Electrical and Electronic Equipment (WEEE) and personal data security measures" - 13 October 2008 - G.U. no. 287 of 9 December 2008, with particular reference to Attachment A) and Attachment B), to which reference is made, and to the subsequent interpretative provisions, as reported at the end of this section. **(*)**
Finally, with regard to the company's use of electronic equipment, all measures provided for by law are taken to monitor and contain the relevant emissions. In the event that such emissions exceed the permitted values, the company is obliged to intervene immediately, through the appropriate structures, working to put an end to the hazardous situation and providing for the required warnings. The connection of the aspects dealt with here with the section on safety in the workplace must also be taken into account, so that the same requirements apply to them, insofar as they are compatible.
These activities are also monitored and their results analysed and properly stored to ensure traceability.
It is worth recalling that the offences dealt with in this section would also constitute relevant offences for 231 purposes only if they were committed in the interest or to the advantage of the company. Also in this case, similarly to what has been said in relation to offences relating to safety in the workplace, the interest or advantage could be found in savings on the installation and/or use of mechanisms and systems to protect the environment, or on the classification of waste in relation to its disposal, or on its failure to maintain it in the event of breakdown, or in the streamlining of operating procedures and processing times, or even in the avoidance of external controls.

Ecocrimes

Article 1, paragraph 8 of Law no. 68 of 22 May 2015 introduced new environmental offences, the so-called 'ecological offences', into the scope of application 231, amending and supplementing Article 25-undecies of Legislative Decree no. 231/2001; the new wording of the article is given in the appendix, in the text of the decree. Given the relatively recent entry into force of the provision, no significant elements are yet available on the orientation of case law and doctrine; we report below both Article 1, paragraph 8 of Law 68/2015, and a brief description of the offences in question, recalling that, as things stand, even in order to prevent this type of offence, the prohibitions and prescriptions set out in this section must in any case be followed, even if for them there is a lower probability of occurrence, which can only be envisaged in cases of exceptional seriousness.

L. 68/2015 - Art. 1
(omissis)
8. Article 25-undecies of Legislative Decree No. 231 of 8 June 2001 is amended as follows:
a) in paragraph 1, subparagraphs a) and b) shall be replaced by the following: "a) for any breach of Article 452-bis, a monetary sanction ranging from two hundred and fifty to six hundred shares; b) for any breach of Article 452-quater, a monetary sanction ranging from four hundred to eight hundred shares; c) for any breach of Article 452-quinquies, a monetary sanction ranging from two hundred to five hundred shares; d) for any crime of aggravated criminal association pursuant to Article 452-octies, a monetary sanction ranging from three hundred to one thousand shares; e) for the crime of trafficking in and abandonment of highly radioactive material pursuant to Article 452-sexies, a monetary sanction ranging from two hundred and fifty to six hundred shares; f) for the breach of Article 727-bis, a monetary sanction up to two hundred and fifty shares; g) for the breach of Article 733-bis, a monetary sanction ranging from one hundred and fifty to two hundred and fifty shares";
b) the following paragraph shall be inserted after paragraph 1: "1-bis. In cases of conviction for the offences set forth in paragraph 1, letters a) and b) of this Article, the disqualification sanctions set forth in Article 9 shall be applied, in addition to the pecuniary sanctions set forth therein, for a period not exceeding one year for the offence set forth in the aforementioned letter a)".

Environmental pollution (Art. 452-bis Penal Code; Art. 25-undecies c.1 lett.a) Legislative Decree 231/01)
This offence is committed by anyone who unlawfully causes significant and measurable impairment or deterioration:
(1) water or air, or large or significant portions of the soil or subsoil;
2) of an ecosystem, biodiversity, including agricultural biodiversity, flora or fauna.
In the event of administrative liability of the Entity, the fine ranges from 250 to 600 quotas.
The application of the prohibitory sanctions listed in Article 9 of Legislative Decree 231/01 is expressly provided for, for a period not exceeding one year.

Environmental disaster (Art. 452-quater of the Criminal Code; Art. 25-undecies c.1 lett.b) Legislative Decree 231/01)

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This offence is committed by anyone who, outside the cases provided for in Article 434 of the criminal code, unlawfully causes an environmental disaster.

They alternatively constitute an environmental disaster:

1) the irreversible alteration of the balance of an ecosystem;

2) the alteration of the balance of an ecosystem whose elimination is particularly costly and can only be achieved by exceptional measures;

(3) the offence against public safety by reason of the importance of the act in terms of the extent of the impairment or its detrimental effects or the number of persons offended or exposed to danger.

The fine ranges from 400 to 800 quotas.

The application of the prohibitory sanctions listed in Article 9 of Legislative Decree 231/01 is expressly provided for.

Culpable offences against the environment (Article 452-quinquies of the Criminal Code; Article 25-undecies c.1 lett. c) Legislative Decree 231/2001)

The case of culpable offences against the environment, which are predicate offences (like the previous ones) for the entity's administrative liability, provides that if any of the facts referred to in the offences of 'environmental pollution' and 'environmental disaster' (Articles 452-bis and 452-quater of the Criminal Code respectively) are committed through negligence, the penalties for individuals are reduced.

If the commission of the above acts results in the danger of environmental pollution or environmental disaster, the penalties are further reduced.

In the event of administrative liability of the Entity, the fine ranges from 200 to 500 quotas.

Aggravated associative offences (Article 452-octies of the Criminal Code; Article 25-undecies c.1 lett.d) Legislative Decree 231/01)

The fine ranges from 300 to 1000 quotas.

Trafficking and abandonment of highly radioactive material (Art.452-sexies of the Penal Code; Art.25-undecies c.1 lett.e) Legislative Decree 231/01)

The offence punishes anyone who unlawfully disposes of, purchases, receives, transports, imports, exports, procures for others, holds, transfers, abandons or disposes of highly radioactive material. The regulation provides for some aggravated offences.

The fine ranges from 250 to 600 quotas.

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(*) 'Waste Electrical and Electronic Equipment (WEEE) and Data Security Measures - 13 October 2008

O.J. No. 287 of 9 December 2008

THE PERSONAL DATA PROTECTION AUTHORITY (“Garante”)

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Today's meeting was attended by Prof. Francesco Pizzetti, president, Dr Giuseppe Chiaravalloti, vice president, Dr Mauro Paissan and Dr Giuseppe Fortunato, members, and Dr Giovanni Buttarelli, secretary general;

HAVING REGARD TO the official documents concerning the issue of the discovery of personal data inside electrical and electronic equipment handed over to a reseller for disposal or sale or following repairs and replacements; having regard, furthermore, to recent press reports concerning the discovery by the purchaser of a used hard disk, marketed through an Internet site, of bank data relating to more than one million individuals contained in the same disk;

HAVING REGARD TO Legislative Decree no. 196 of 30 June 2003 (Personal Data Protection Code), with particular reference to Articles 31 et seq. and 154(1)(h), as well as Rules 21 and 22 of the technical specifications on minimum security measures annexed 'B' to the Code;

HAVING REGARD TO Legislative Decree no. 151 of 25 July 2005 (Implementation of Directives 2002/95/EC, 2002/96/EC and 2003/108/EC on the reduction of the use of hazardous substances in electrical and electronic equipment and the disposal of waste), which provides for measures and procedures aimed at preventing the production of waste electrical and electronic equipment and promoting the reuse, recycling and other forms of recovery of such waste so as to reduce the amount of waste to be sent for disposal (see Article 1, paragraph 1, letters a) and b));

CONSIDERED that the application of the rules contained in the aforesaid legislative decree no. 151/2005, aiming (inter alia) at favouring the recovery of components from waste electrical and electronic equipment (WEEE), also in the form of their reuse or recycling in goods subject to (new) marketing (see in particular Articles 1 and 3, paragraph 1, letters e) and f), legislative decree no. 151/2005), entails a high risk of "circulation" of "used" electronic components containing personal data, even if sensitive, that have not been properly erased, and consequent access thereto by unauthorised third parties. No. 151/2005), entails a high risk of "circulation" of "used" electronic components containing personal data, even sensitive data, which have not been properly erased, and of consequent access to them by unauthorised third parties (such as, for instance, those who carry out the aforesaid preparatory operations for re-use or who purchase the aforesaid equipment);

CONSIDERED that "reuse" consists of operations allowing the use of electrical and electronic waste or components thereof "for the same purpose for which the equipment was originally conceived, including the use of such equipment or components thereof after its delivery to collection facilities, distributors, recyclers or manufacturers" (Art. 3(1)(e), Legislative Decree No. 151/2005) and "recycling" is the "reprocessing in a production process of waste materials for their original function or for other purposes" (Art. 3(1)(e), Legislative Decree No. 151/2005);

CONSIDERED that risks of unauthorised access to stored data also exist in relation to waste electrical and electronic equipment sent for disposal (Article 3(1)(i) of Legislative Decree No 151/2005);

NOTING the need to draw the attention to such risks of legal persons, public administrations, other entities and natural persons who, having made use of such data in the performance of their activities, in particular industrial, commercial, professional or institutional activities (hereinafter briefly referred to as "data controllers": Art. 4(1)(f) of the Code), dispose of computer systems or, more generally, electrical and electronic equipment containing personal data (as well as of persons who, on an individual or collective basis, arrange for the reuse, recycling or disposal of the waste of such equipment);

Ministerial decree of 8 April 2008, concerning "Discipline of the collection centres for urban waste collected in a differentiated manner as provided for by art. 183, paragraph 1, letter cc) of the legislative decree of 3 April 2006, no. 152 and subsequent amendments") does not affect the obligations of the data controllers with regard to security measures in the processing of personal data (and the consequent liability);

NOTING that each data controller must therefore adopt appropriate organisational and technical measures aimed at ensuring the security of the personal data processed and their protection also against unauthorised access that may occur when the aforementioned electrical and electronic equipment is decommissioned (Articles 31 et seq. of the Code); this is also in view of the fact that, without prejudice to any agreements providing otherwise, manufacturers, distributors and service centres of electrical and electronic equipment do not appear to be subject, on the basis of the particular sector regulations, to specific obligations to destroy any personal data stored in the electrical and electronic equipment delivered to them;

NOTING that failure to comply with the security measures may result in the data controller incurring criminal liability (Article 169 of the Code) and, in the event of damage caused to third parties, civil liability (Article 15 of the Code and Article 2050 of the Civil Code);

NOTING that similar obligations concerning the destination of the data are incumbent on the data controller in the event that the decommissioning of the equipment coincides with the cessation of processing (Article 16 of the Code);

NOTING that the measures to be adopted when decommissioning electrical and electronic components liable to store personal data must consist in the effective deletion or transformation into an unintelligible form of the personal data contained therein, so as to prevent unauthorised persons who have the material availability of the media for various reasons from gaining knowledge thereof without having the right to do so (e.g. personal data stored on the hard disk of personal computers or in electronic mail folders, or stored in the address books of electronic communication terminals);

CONSIDERING that these measures are already provided for as minimum security measures for the processing of sensitive or judicial data, on the basis of rules 21 and 22 of the technical specifications on minimum security measures governing the custody and use of removable media on which the data are stored, which bind the reuse of the media to the effective deletion of the data or their transformation into non-intelligible form;

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CONSIDERING that the data controllers, when decommissioning the aforesaid electrical and electronic equipment, where they lack the necessary expertise and technical means to erase personal data, may resort to the assistance of or appoint technically qualified entities capable of putting in place the appropriate measures to effectively erase or render unintelligible the data, such as service centres, manufacturers and distributors of equipment who certify that such operations have been carried out or undertake to carry them out;

CONSIDERING that whoever reuses or recycles waste electrical and electronic equipment or its components must in any case ensure that personal data on the media do not exist or are rendered unintelligible, acquiring, where possible, authorisation to erase or render them unintelligible;

WHEREAS, without prejudice to the adoption of further appropriate precautions aimed at preventing the undue acquisition of personal information, even by chance, by third parties, the aforesaid measures, which may be updated in the light of technological developments, may in particular also consist, as appropriate, in the procedures set out in the attached documents, which form an integral part of this measure;

CONSIDERING the need to ensure that the public is made aware of the relevant rules on the processing of personal data and of the purposes thereof, as well as of the data security measures (Article 154(1)(h) of the Code), with reference to the decommissioning of electrical and electronic equipment, also by publishing this provision in the Official Gazette of the Italian Republic;

HAVING CONSIDERED the comments made by the Secretary-General pursuant to Article 15 of the Garante's Regulation No. 1/2000;

REPORTER Dr Giuseppe Fortunato;

ALL THE FOREGOING THE GARANTE

1. pursuant to Article 154(1)(h) of the Code, draws the attention of legal persons, public administrations, other entities and natural persons who, having used them in the performance of their activities, in particular industrial, commercial, professional or institutional activities, do not destroy, but dispose of media containing personal data, to the need to adopt suitable precautions and measures, also with the help of technically qualified third parties, aimed at preventing unauthorised access to personal data stored in electrical and electronic equipment intended to be:

   a. reused or recycled, including following the procedures in Annex A);

   b. disposed of, also following the procedures in Annex B).

These measures and precautions may also be implemented with the help of or by entrusting technically qualified third parties, such as service centres, manufacturers and distributors of equipment, who certify that the operations have been carried out or who undertake to carry them out.

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Whoever reuses or recycles waste electrical and electronic equipment or its components is in any case obliged to ensure that personal data on the media are erased or rendered unintelligible;

2. orders that a copy of this order be forwarded to the Ministry of Justice - Office for the Publication of Laws and Decrees, for publication in the Official Gazette of the Italian Republic.

Rome, 13 October 2008
THE PRESIDENT
Pizzetti
THE RELATOR
Fortunato
THE SECRETARY GENERAL
Buttarelli

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Annex A) to the Order of the Garante of 13 October 2008

Reuse and Recycling of Waste Electrical and Electronic Equipment

In the case of the reuse and recycling of waste electrical and electronic equipment, measures and precautions to prevent unauthorised access to the personal data contained therein, adopted in compliance with sector regulations, must allow for the effective deletion of the data or ensure that they are not intelligible. These measures, also in combination, must take into account existing technical standards and may consist, inter alia, of:

Preventive technical measures for the secure storage of data, applicable to electronic or IT devices:

1. Encryption of individual files or groups of files, from time to time protected with confidential keywords, known only to the user owning the data, who can use these to proceed to subsequent decryption. This mode requires the application of the encryption procedure each time it is necessary to protect a piece of data or a portion of data (files or collections of files), and entails the need for the user to keep track separately of the keywords used.

2. Storage of data on hard disks of personal computers or on other types of magnetic or optical media (cd-rom, dvd-r) in an automatically encrypted form at the time of writing, through the use of confidential keywords known only to the user. It can be performed on entire volumes of data recorded on one or more hard disk-type devices or on portions of them (partitions, logical drives, file-systems) by implementing the functions of a so-called cryptographic file-system (available on the main operating systems for computers, including personal computers, and electronic devices) capable of protecting, with a single confidential keyword, against the risks of undue acquisition of the recorded information. The single volume keyword will be automatically used for encryption and decryption operations, without modifying in any way the behaviour and use of the software programmes with which the data are processed.

Technical measures for secure data erasure, applicable to electronic or computer devices:
3. Secure deletion of information, which can be achieved by means of computer programmes (such as wiping programs or file shredders) that provide, once the user has deleted files from a disk drive or similar storage media with the normal tools provided by the various operating systems, to repeatedly write into the empty areas of the disk (previously occupied by the deleted information) random sequences of "binary" digits (zeros and ones) so as to minimise the probability of information recovery even by means of electronic data analysis and recovery tools.

The number of repetitions of the procedure considered sufficient to achieve reasonable security (to be related to the delicacy or importance of the information to be prevented) varies from seven to thirty-five and proportionally affects the application time of the procedures, which on high-capacity hard disks (over 100 gigabytes) may take several hours or several days), depending on the speed of the computer used.

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4. Low-level formatting of hard disk-type devices (low-level formatting-LLF), where applicable, following the instructions provided by the manufacturer of the device and taking into account the possible technical consequences on the device, up to its possible subsequent unusability;

5. Demagnetisation (degaussing) of memory devices based on magnetic or magneto-optical media (hard disks, floppy disks, magnetic tapes on open reels or in cassettes), capable of guaranteeing the rapid deletion of information even on devices that are no longer functional to which software deletion procedures (which require accessibility of the device by the system to which it is interconnected) may not be applicable.

Annex B) to the order of the Garante of 13 October 2008

Disposal of electrical and electronic waste.

In the case of the disposal of electrical and electronic waste, the effective erasure of personal data from the media contained in electrical and electronic equipment may also result from procedures that, in compliance with sector regulations, involve the destruction of optical or magneto-optical storage media in such a way as to prevent the undue acquisition of personal data.

Destruction of media involves the use of different procedures or tools depending on their type, such as:
punching or mechanical deformation systems;
physical destruction or disintegration (used for optical media such as cd-roms and dvds);
high intensity demagnetisation.'

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Employment of illegally staying third-country nationals

This type of offence is provided for in Article 25-duodecies of the decree (entitled 'Employment of third-country nationals whose stay is irregular').

It should be noted that Law No. 161/2017 introduced amendments to Article 25-duodecies that entail more restrictive measures and cases relating to the fight against organised crime, inserting paragraphs 1-bis, 1-ter and 1-quater.

The new text is reproduced below:

Article 25-duodecies

"1. In relation to the commission of the offence referred to in Article 22, paragraph 12-bis of Legislative Decree No. 286 of 25 July 1998, a pecuniary sanction of between one hundred and two hundred shares, within the limit of €150,000.00, shall be applied to the entity".

1-bis. In relation to the commission of the offences referred to in Article 12, paragraphs 3, 3-bis and 3-ter, of the Consolidated Act referred to in Legislative Decree No. 286 of 25 July 1998, and subsequent amendments, the pecuniary sanction of four hundred to one thousand shares shall apply to the entity.

1-ter. In relation to the commission of the offences set forth in Article 12, paragraph 5, of the Consolidated Act set forth in Legislative Decree No. 286 of 25 July 1998, and subsequent amendments, the pecuniary sanction of one hundred to two hundred shares shall apply to the entity.

1-quater. In cases of conviction for the offences referred to in paragraphs 1-bis and 1-ter of this Article, the disqualification sanctions provided for in Article 9(2) shall apply for a period of not less than one year."

In this regard, given the nature of the company, its corporate purpose, and the context in which it operates, it is considered that the protocols adopted, both specific and general, are also adequate to prevent the risk of infringement of the new rules, as part of measures to combat organised crime.

In any case, reference is made not only to the new text of Article 25-duodecies, but also to the relevant predicate offences, which are set out in the appendix and should be noted.

The offence in question is committed when, in contrast with the rules set out in Article 25-duodecies, including those newly introduced, the employment of a national who does not belong to a European Community country and whose residence permit is wholly or partly irregular, in accordance with the rules in force.

The areas of sensitive activities in which the conditions for the commission of this offence may arise are essentially:

- recruitment of personnel;
- the awarding of contracts. In this case, in fact, the company's failure to take preventive measures could also lead to liability if the unlawful employment is carried out by the contractor;
- the employment of workers through temporary employment agencies;
- control over the entry and employment of workers by contractors.

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In this regard, the following prescriptions and related controls are adopted and observed.

Direct recruitment by the company

The foreign workers in question must hold a valid residence permit, which has neither expired nor been revoked; if it has expired, an application for renewal must at least be pending.
Foreign nationals who are temporarily on Italian territory for reasons of tourism cannot be employed.
In the case of foreign workers already in Italy, they may be legitimately employed only if they are in possession of a valid residence permit entitling them to work; foreign citizens who are in Italy with a residence permit for study purposes may be employed only in the cases expressly provided for by law.
If the employer intends to employ as a subordinate worker a citizen residing in countries outside the European Union who is abroad, he must request the relevant nulla osta from the prefecture of the place of employment; this nulla osta will be forwarded to the worker, who will then be able to apply to the Italian consulate or embassy of the country in which he is located for an entry visa for work purposes.
The economic and regulatory treatment must be that provided for by the CCNL applied by the company and by the law.
If the residency permit expires before the end of the employment relationship, the employer must check that the worker has applied for its renewal within the legal deadline at a post office authorised to do so, requesting a receipt for this purpose.
Should the company find itself employing workers from third countries, the human resources function must take care of keeping a special list, record and monitor permit expiry dates, and remind the worker in a traceable form of the need to submit a renewal request within the time limits set by law.

Contracting or use of temporary work

In these cases, the respectively competent function (purchasing or human resources) will take care of requesting, respectively, from the contractor or the temporary employment company a declaration of responsibility certifying the commitment to comply with the rules in force for the employment of workers from third countries; an express termination clause must be included in the contracts if this commitment is not respected.
The supervisory service checks that the personnel of contractors entering the company are up to standard, based on the lists provided by the company.

Note the possible correlation of this offence with the one referred to in Article 25-quinquies of the decree following the introduction into the 231 scope of application of the so-called 'caporalato' crime (Article 603 bis of the criminal code). In this respect, see the preventive measures to be taken set out in the section "Selection, recruitment and management of human resources".

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Procurement of goods and services - Conferment of tasks and expertise

As regards the aspects relating to the risk of committing offences against the P.A., the subject has already been dealt with in the section on offences against the P.A., to which we refer.
However, the function is particularly sensitive because of the risk of other predicate offences, so an ad hoc treatment is appropriate in order to identify the specific precautions to be taken for the activities in this area.
In fact, the risks of commission may extend to the following offences, in addition to offences against the public administration:

- workplace safety offences;
- environmental offences;
- money laundering, receiving stolen goods, self-laundering;
- corruption between private individuals;
- organised crime offences.

The first two types of offences may be committed with the aim of saving costs, by purchasing materials related to personal protective equipment, safety systems, mechanisms and environmental protection equipment that are not in line with the standards laid down in the company's safety and environmental regulations, internal procedures and systems, or by contracting services to insufficiently qualified firms.

To this end, in purchasing, the person in charge of the function must respect all the parameters listed above, focusing on products that are above the minimum level of permitted tolerances; in the case of materials for which no objective quantitative parameters are available, he must place himself at appropriate quality levels based on experience, the supplier's qualification and and taking care not to be based exclusively on the minimum price level that can be obtained on the market.

With regard to tenders, it will first of all have to take into account the qualification of the company or subject, based on the documentation acquired, references, any previous use in the company, taking the economic consideration as a significant but not exclusive parameter.

The involvement of the user function in the phase of both the indication of the quality of the materials to be purchased or the service to be acquired, the identification of the supplier/professional and the (written and traceable) attestation of correspondence in qualitative and quantitative terms of the supply received or the service rendered is fundamental in terms of the principle of segregation of duties and responsibilities, also for the purposes of the payment phase, as examined in more detail in the section on administrative and financial aspects. To this end, the mechanographic system in use at the company (SAP) helps, which places automatic barriers to payment if the procedure lacks, in any of its phases, the necessary certifications and authorisations.

The other types of offences (money laundering, receiving stolen goods, self laundering, bribery between private individuals, organised crime offences) can be committed in the following ways:

- payment to the supplier of a price significantly lower than the market price, which may be an indicator of the purchase of material of dubious origin, attributable, depending on the specific case, to the offence of receiving stolen goods or that of money laundering;
- payment to the supplier of a price well below the market price, which could give rise to the suspicion that the remainder of the price was paid by irregular means, for the purpose of saving VAT: the savings thus made, if reused or reinvested by the company, would give rise to the offence of self laundering;
- payment to the supplier of a price significantly higher than the market price, which may give rise to the suspicion that the supplier was provided with funds for corrupt purposes to another person, either by the supplier himself or by a person in the company, through the return of part of the amount to the company.

The application of the following precautions is therefore essential for their prevention:

- acquisition, prior to inclusion in the supplier register, of all possible information on the supplier's reliability, paying particular attention to those indicators that define transparency, honesty, moral integrity of the owners, directors and managers (existence of disputes, insolvency proceedings, criminal record, etc.): this is also for the purpose of preventing offences relating to organised crime;
- inclusion in the supplier's register following the successful outcome of the search referred to in the previous point, giving a written account of it and archiving the results in the supplier's file;
- periodically updating the supplier's file, verifying that the above information is up-to-date;
- updating the supplier's file with the return information received, in written and traceable form, from the user function;
- congruence of the price with the products or services requested;
- qualitative-quantitative correspondence of the supply or service received with respect to the order, with relevant documentary evidence from the user function;
- cross-checking between purchasing function, user function and payment function.

If the same checks reveal any critical elements concerning the subject, this will be noted in the supplier register, and the subject will be placed on a *black list,* giving reasons.
Cases of recourse to new persons prior to the above-mentioned verifications for reasons of urgency are limited to the minimum, and are therefore exceptional in nature: in these cases, the above-mentioned

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verifications will be carried out as soon as possible and ratified by the head of the function, with the involvement of the user function.
As a general rule, direct awarding of contracts is reduced to a minimum and, as a rule, above the limits provided for by company regulations and in any case in the case of the awarding of particularly sensitive services, recourse must be made to tender procedures.
In cases where this is not the case, i.e. when small quantities are involved or when the reliability of the supplier, the delicacy of the service, the specialisation in the activity required, special confidentiality requirements, suggest a direct award, the reasons for the use of that particular party are set out, and a fairness assessment is always carried out on the consideration requested, in order to optimise the relationship between the quality of the service and the economic consideration. The decision is always taken and formalised on the basis of the power and delegation system.
The awarding of supplies or contracts to persons who are known to be close to public (or even private) persons, or who are approved by them, should be avoided, in order to avoid situations that could be interpreted as corrupt hypotheses; where it is nevertheless deemed appropriate to proceed, the awarding should be accompanied by a description of such situation and the reason why it is not considered an obstacle to the awarding of the contract, so that the person with signatory powers is aware of it and can make an assessment thereof.
As already specified above, the control of the adequacy of the services and their compliance with the contractual commitments is normally carried out by the user function, which is different from the one that drew up the order, in accordance with the principle of segregation of duties.
The function that endorses the services rendered by third parties is thereby automatically responsible for their compliance with contractual commitments.
All purchases and orders must be strictly related to the corporate purpose.

With regard to professional appointments and consultancies, the same protocols enumerated so far are applicable for the purposes of supplies and contracts, obviously accompanied by the criterion of *intuitus personae* given the special relationship of trust that is inevitably created between the professional and the function that conferred the appointment, which may or may not coincide with the user function.
Recourse to outsourcing will be allowed only in limited cases and after verifying the absence within the company of adequate skills or qualifications for the service required, which must in any case be inherent to the corporate purpose.
It is particularly important that the fee is congruent with the professional service required, and that payment is always made by traceable means, in order to avoid corruption-related offences.
To this end, given that the corruptive hypothesis may materialise even without the payment of money to the person whom it is intended to bribe, it being sufficient to confer appointments on a person acceptable to such person, any situations of connection or contiguity of the professional with public (or even private) persons endowed with powers of inspection or authorisation in respect of the company must be investigated (e.g. a relative of the director of a social security body or, in any event, endowed with powers of inspection such as a local health authority, etc.). If such situations exist and are not deemed to be an obstacle to the

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granting of the appointment, documentary evidence of the same must be provided in support of the decision to grant the appointment.

Finally, it is specified that, in general, all assignments - supplies, contracts, consultancies - must in any case be awarded in compliance with the provisions of the code of ethics, avoiding favouring certain subjects over others in the absence of objective economic and qualitative reasons.

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Selection, recruitment and management of human resources

The protocols provided for in this section are intended to prevent the commission of predicate offences, with particular reference to offences against the P.A. and bribery between private individuals.
In fact, any favouritism that might emerge from these activities could be linked to corrupt phenomena of external parties interested in the persons benefiting from such unlawful conduct. These protocols also aim to prevent the commission of both the predicate offence known as 'caporalato' (Article 25-quinquies of the decree, which includes Article 603 bis of the Criminal Code), and offences against the individual (see also the section on computer crimes), as well as breaches of the code of ethics, given the sensitivity of the matter; this is particularly important in the current phase of the company's adjustment, in which attention to fairness of conduct towards all employees is particularly keen.

Selection and recruitment

In the current situation, a distinction has to be made between the hiring of personnel by Lucchini S.p.A. in A.S. and the hiring of other resources.
In the first case, without prejudice of course to compliance with the law, the criteria to be followed are defined by the agreements reached on the matter between the two companies, with the trade unions and with the institutional entities that participated in the drafting and signing of these agreements.
Should these criteria be disregarded, however, an offence pursuant to Article 231 could only be committed in cases of exceptional seriousness and wilful misconduct involving, for example, the alteration of data and situations for the purpose of inverting priorities, the inclusion of persons who do not meet the requirements or the exclusion of others who do meet those requirements, the alteration of data and situations in order to invert priorities, to include persons who do not meet the requirements or to exclude others who do meet those requirements: in these cases, if carried out with the aim of favouring or disfavouring certain persons who are liked or disliked, on the assumption that this constitutes an advantage for the company, the offences against the P.A. could at most be recognised, if the institutional persons signing the agreements are to be regarded as public officials or persons in charge of a public service.
Outside these or similar hypotheses, recruitment or failure to recruit or delay in recruitment on the basis of criteria that differ from the agreements due to fault, error or negligence could constitute relevant cases under private law, but would not fall within the scope of Case 231.
In the event of the recruitment of other resources, which in the current situation may involve profiles with special professional requirements that cannot be found among Lucchini personnel, the following steps must be scrupulously followed (in order not to fall into the above cases):

- accurate definition of the need for resources according to the position(s) to be filled and, consequently, the personal requirements and professional *skills* of the resource(s) to be found, with express and motivated mention of the fact that neither in the company context nor in the subsidiary companies are there any resources present/available that meet the prescribed requirements, after careful research to that end;

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- Initiation of the *recruitment* process, possibly through traceable and formal forms (outplacement companies, 'headhunters', advertisements, direct search on the basis of management's knowledge of their own professional experience);
- selection by the human resources function directly or, where appropriate, always under the supervision of that function, by qualified external parties, always in a formal and traceable manner;
- the selection interviews are carried out by the human resources function, also with the involvement of the head of the function in which the resource is to be inserted or, if the insertion is envisaged in a first-level position, at least of the head of the function of the same level that has the greatest affinity with the position to be filled;
- the final stage consists of an interview of the candidate with the head of the company.

Persons who may have a conflict of interest must refrain from intervening throughout the process.
If the candidate is found, also as a result of information provided by him/her on the basis of a specific question formulated to him/her during the interviews, to be in any way connected to external persons, public or private, who have or may have relations with the company in various capacities, this must be expressly mentioned in the documents relating to the selection process; where it is considered that such relationships do not constitute a reason for a conflict of interest such as to make recruitment inappropriate, this must be duly justified, accompanied also by an express statement that the recruitment is not motivated by the existence of the aforementioned relationships.
The applications, *curricula*, minutes of interviews, assessments of the candidate, based on the compliance of personal and professional characteristics with the requirements, and the results of the selection are formalised, validated by the persons who took part in the procedure, and properly kept on file by the human resources function in the appropriate personnel file; applications and *curricula* sent in by other candidates are also kept on file by the company, as well as the reasons why they were not called for selection or, at the end of the selection, were not hired.
The documentation must show that the entire process meets the criteria of transparency and impartiality.
The letter of appointment is signed by the person who is empowered to do so under the company's system of delegated powers, once the above documents have been examined.

Career management, grading and incentives
Promotions in terms of assignment to a higher category are made in strict compliance with the provisions of the declarations and grading levels laid down by collective bargaining. They are accompanied by adequate written justification based on objective criteria, provided or shared by the head of the function, kept in the personnel file.

Any incentives of an individual nature (*one-off* bonuses, salary increases) are granted within the framework of the company's bonus system, at the times and intervals provided for therein, and are accompanied by

adequate written justification, provided or agreed upon by the head of the structure in which the person works.

If the company adopts a collective incentive system, it should be based, in relation to the categories to which it is directed, on objective criteria, linked to the achievement of clear and measurable objectives. The results achieved against the assigned targets should be certified by the functions in charge and shared with the heads of the function to which they refer; they should be controlled and endorsed by the human resources function and, ultimately, by the top management. The payment of any bonuses accrued shall therefore be justified on the basis of the above certifications and checks.

The stages of assigning objectives, measuring and certifying them and disbursing bonuses are divided between different functions according to company competences (subject to the necessary moments of confrontation and sharing), in accordance with the principle of segregation of duties and responsibilities.

All the relevant documentation will be kept, with due confidentiality, in a special file by the human resources department, to which the personnel file will be expressly referred to with an appropriate notation.

Human resources management in general
For the reasons expressed at the beginning of this section, human resources management in all aspects must be characterised by balance, fairness and impartiality.

Thus, e.g., assignment to certain positions must correspond to actual and objective organisational needs in relation to the professional requirements of the persons; the same applies to any transfers, which must never originate from punitive motives.

Similarly, disciplinary measures must be imposed on the basis of the objective correspondence between the offence and the sanction provided for by the CCNL (or by the Model's disciplinary system in the event of non-compliance with the Model itself), and must meet criteria of consistency between the various situations, so as not to constitute an expression of excessive leniency or punitive intent or, worse still, persecution.

In the management of human resources, conduct that may give rise to the risk of committing offences against the individual, as set out in Article 25-quinquies of the decree, must be prevented, including through the correct application of the provisions set out in the section 'Computer Crimes' and of the principles and rules of conduct set out in the Code of Ethics. In addition, all legal and contractual provisions, as well as those deriving from company agreements, concerning economic and regulatory treatment and contribution and insurance charges must be correctly applied. In these aspects too (as well as in the recruitment of personnel), particular attention must be paid to Article 25-quinquies of Legislative Decree no. 231/2001, as amended by Article 6 of Law no. 199 of 29.10.2016 (the so-called 'caporalato' law), which introduced into the text of that article the predicate offence referred to in Article 603-bis of the Criminal Code. The text of that Article is set out in the list of predicate offences in the appendix to this model, while the new wording of Article 25-quinquies is set out, again in the appendix, in the text of Legislative Decree no. 231/2001. In the recruitment

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of personnel and in the application of the relative treatment, the utmost respect must therefore be observed for the aforementioned rules, without taking advantage of any disadvantageous situations in which such personnel may find themselves.
The possible correlation of the so-called offence of 'caporalato' with the possible commission of the offence referred to in Article 25-duodecies, 'Employment of third-country nationals whose stay is irregular', should be highlighted, given the socially disadvantaged status of the latter.

Inducement to make false statements to judicial authorities
It should be recalled that, given the competence of the function with regard to litigation in criminal and labour law matters, and therefore the contacts with the judicial authorities (e.g. in the case of free questioning of the company representative in labour law disputes), with lawyers, with company employees who may act as witnesses, the risks of this offence being committed are high.
In this respect, the protocols set out in the section on offences against the P.A., to which reference should be made, must be applied. In general, however, contacts with the above-mentioned persons should be characterised by the utmost transparency and impartiality, reported in writing when they concern significant aspects or moments of the proceedings, and in the presence of at least one other person, possibly belonging to a function other than human resources.

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Racism and xenophobia - Art. 25-terdecies

With Art. 5 of Law No. 167 of 20 November 2017 (published in the Official Gazette of 27.11.2017 and entered into force on 12.12.2017), which transposes the European Law 2017, offences relating to racism and xenophobia become part of the "231" regulatory complex.
The text of the article is reproduced below:

Art. 25-terdecies - (Racism and xenophobia)

1. In relation to the commission of the offences referred to in Article 3, paragraph 3-bis of Law No. 654 of 13 October 1975, the pecuniary sanction of two hundred to eight hundred shares shall apply to the entity.
2. In cases of conviction for the offences referred to in paragraph 1, the disqualification sanctions provided for in Article 9(2) are applied to the entity for a period of not less than one year.
3. If the entity or one of its organisational units is permanently used for the sole or prevalent purpose of enabling or facilitating the commission of the offences indicated in paragraph 1, the sanction of definitive disqualification from carrying out activities pursuant to Article 16(3) shall apply.

By itself, the text of the article does not sufficiently clarify the tenor of the predicate offences; therefore, the criminal law provision providing for them is set out below:

Article 3(3-bis), Law No. 654 of 13 October 1975:
"the punishment of imprisonment from two to six years shall apply if the propaganda or incitement and incitement, committed in such a way as to give rise to a real danger of dissemination, is based in whole or in part on the **denial of the Shoah or of crimes of genocide, crimes against humanity and war crimes,** as defined in Articles 6, 7 and 8 of the Statute of the International Criminal Court, ratified pursuant to Law No 232 of 12 July 1999".

From a reading of the law, it is clear that the risk of committing these offences may be high, especially in associations, of various kinds, of a political-ideological inspiration, and is much less concrete in companies aimed at the production of goods or services.
In fact, the punishable conducts are not so much those referring to ethnic discrimination, but those more specifically referring to acts of propaganda, incitement and incitement on the subject of crimes against humanity, genocide, etc.
In any case, both the prescriptions and prohibitions laid down in Article 25-terdecies and those contained in the criminal law provisions defining the predicate offences must be borne in mind so that no person, in whatever capacity a recipient of the Model, becomes the author of actions that in any way conflict with said provisions and prohibitions.
On this subject, reference is also made to the provisions of the Code of Ethics, which on this matter, as on others, has a broader scope than the legal provisions strictly contained in the 231 system, recalling that failure to comply with the rules and prohibitions contained therein constitutes a breach of the Model and the Code of Ethics, and entails the application of the sanctions provided for in the Disciplinary System.

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Offences relating to fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices - Article 25-quaterdecies

Law No. 39 of 3 May 2019 implemented the Council of Europe Convention on the Manipulation of Sports Competitions, concluded in Magglingen on 18 September 2014.

Article 5 c. 1 of the aforementioned law, which came into force on 17 May 2019, introduced Article 25-quaterdecies into Legislative Decree No. 231 of 8 June 2001.

Given the nature of these predicate offences, their commission within the company is quite unlikely.

This does not detract from the fact that the functions in charge will also have to exercise their current control activities with respect to any conduct that is contrary to the rules under consideration, also from an IT perspective.

The text of Article 25-quaterdecies and of Law No. 39 of 3 May 2019 are reproduced below for ready reference, while the texts of the regulations providing for the relevant predicate offences (Articles 1 and 4 of Law No. 401 of 13 December 1989) are given in the Appendix.

Article 25- quaterdecies

(Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices)

1. In relation to the commission of the offences referred to in Articles 1 and 4 of Law No. 401 of 13 December 1989, the following pecuniary sanctions shall apply to the entity:
(a) for offences, a fine of up to five hundred shares;
(b) for infringements, a fine of up to two hundred and sixty shares.
2. In the event of conviction for one of the offences referred to in paragraph 1(a) of this Article, the disqualification sanctions provided for in Article 9(2) shall apply for a period of not less than one year.

Law No 39 of 3 May 2019 - Article 5

Offences relating to fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices

1. The following is inserted after Article 25-terdecies of Legislative Decree No. 231 of 8 June 2001:

"Art. 25-quaterdecies (Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices)
1. In relation to the commission of the offences referred to in Articles 1 and 4 of Law No. 401 of 13 December 1989, there is
apply the following pecuniary sanctions to the entity:

(a) for offences, a fine of up to five hundred shares;
(b) for infringements, a fine of up to two hundred and sixty shares.

2. In the event of conviction for one of the offences referred to in paragraph 1(a) of this Article, the disqualification sanctions provided for in Article 9(2) shall apply for a period of not less than one year.

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Tax offences - Art 25-quinquiesdecies Legislative Decree 231/2001

The new Article 25 quinquiesdecies, introduced by Article 39 of Law 157/2019 and whose predicate offences are contained in Legislative Decree 74/2000. inserts tax offences into Legislative Decree 231/2001, which were previously absent among the rules providing for the administrative liability of entities.

Moreover, with Legislative Decree 75/2020, the list of these offences was further increased.

Crimes committed in the context of cross-border fraudulent schemes and for the purpose of evading value added tax totalling no less than ten million euro were also added.

The risk profiles do not differ significantly from the previous version of the same article.

The conduct prohibited under the aforementioned rules, punctually set out in Article 25-quinquiesdecies, consists, in brief, in fraudulent declaration by issuing invoices for non-existent transactions or other devices, untrue declaration; omitted declaration; undue compensation; issuing invoices for non-existent transactions; destruction or concealment of accounting documents; fraudulent evasion of tax.
It is clear that the functions most involved are administration, purchasing and sales, without excluding other functions that are in any way responsible for services offered or received.

In order to prevent the commission of these offences, the following protocols must be applied

- the issuance of invoices and the related accounting transactions (receipts, payments) must always be preceded/accompanied by the certification of the actual provision of the service by the entity that provided/received it, and accompanied by the relevant documentation;
- the service user entity must have access, for verification purposes, to the relevant invoice;
- Activities relating to tax declarations must always be supported by documentation relating to invoicing and the accounting transactions that gave rise to it, with the relevant attestations, must be issued regularly in accordance with the specific regulations and the deadlines laid down, and must be truthful;
- cross-border transactions must be regular in terms of value added tax (for amounts of not less than EUR 10 million for the purposes of preventing the commission of the relevant predicate offences, but with no minimum limit for the purposes of compliance with the code of ethics).
- No undue offsetting must be made in tax returns and subsequent payments, e.g. on the basis of non-existent or higher than actual tax credits;
- superiors shall not require their employees to operate in derogation of the rules set out in the preceding two paragraphs.

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It should be noted that the legislator attributes particular gravity to this class of offences, so much so that in the event of their being committed with the liability of the entity, the prohibitory sanctions set out in Article 9(2)(c), (d) and (e) are applied.

It follows that the infringement of the above prohibitions relating to tax offences constitutes a serious breach of the Code of Ethics and the Model, for the purposes of the application of the sanctions set out in the Model's Disciplinary System.

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Offences relating to smuggling - Art. 25-sexiesdecies Legislative Decree 231/2001

This article, as well as the amendments to Articles 24, 25 and 25-quinquiesdecies, was also introduced by Legislative Decree No. 75 of 14 July 2020, which came into force on 30 July 2020, implementing Directive (EU) 2017/1371 on the fight against fraud to the detriment of the Union's financial interests by means of criminal law (PIF Directive, an acronym for Protection of the Financial Interests of the European Union).

The legislation on customs exchanges is contained in Presidential Decree No. 43 of 23 January 1973, also known as the 'Testo Unico Doganale (' Consolidated Customs Act') (TUD).

The goods protected by the legislation in question are customs duties, i.e. '*indirect taxes levied on the value of products imported and exported by the country imposing them*'. This is because customs duties are an economic resource of the European Union, forming part of the EU budget.

Articles 36 et seq. of the Consolidated Customs Act specify the prerequisites giving rise to the offence of smuggling, understood as '*the conduct of a person who brings into the territory of the State, in breach of customs provisions, goods that are subject to border duties*'.

The offence of smuggling in its various manifestations is set out in the following articles:

Art. 282 (Smuggling in the movement of goods across land borders and customs areas)
Art. 283 (Smuggling of goods in border lakes)
Art. 284 (Smuggling in the maritime movement of goods)
Art. 285 (Smuggling in the movement of goods by air)
Art. 286 (Smuggling in non-customs areas
Art. 287 (Smuggling by undue use of goods imported with customs facilities)
Art. 288 (Contraband in bonded warehouses)
Art. 289 (Smuggling in cabotage and traffic)
Art. 290 (Smuggling in the export of goods eligible for refund of duties)
Art. 291 (Smuggling in importation or temporary exportation)
Art. 291-bis (Smuggling of foreign tobacco products)
Art. 291-ter (Aggravating circumstances of the offence of smuggling foreign tobacco products)
Art. 291-quater (Criminal association for the purpose of smuggling foreign tobacco products)
Art. 292 (Other cases of smuggling)
Art. 294 (Penalty for smuggling in the case of failure to detect or incomplete detection of the object of the offence)
Infringements of Title VII Chapter II, i.e. the offences provided for therein, but only if they exceed EUR 10,000 in evaded border duties (Article 302 et seq.).

It is clear that the risk of the offences set out in Articles 291-bis, ter and quater being committed is quite unrelated to the company's corporate purpose.

As for the others, the relationship with the shippers and the role of the corporate functions in charge of it is crucial.

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Forwarding agents must be carefully selected, with the same care taken as for the selection of suppliers.
In addition, they must be made aware of the company policy that avoids any conduct that could in the abstract configure one of the aforementioned offences, and they must sign the same declaration of liability, with an express termination clause, provided for suppliers, at the foot of the Model.

The corporate functions in charge of relations with shippers must be expressly made aware of the absolute prohibition of adopting conduct that may constitute one or more of the predicate offences referred to above.

On the positive side, these functions must:

- prepare documentation for shippers adhering to the relevant standards;
- verify that the documentation prepared by forwarding agents adheres to the rules and corresponds to the characteristics of the export/import goods;

The company's procedures relating to import/export activities provide for control points aimed at preventing operators from engaging in conduct that would constitute the aforementioned offences.

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Crimes against cultural heritage - Art. 25-septiesdecies

As mentioned in the general part, this class of offences (it is emphasised, all offences and not contraventions), as well as those referred to in Article 25-duodicies below, was introduced by Law 22/2022, which came into force on 23 March 2022.
This law introduced amendments to the Criminal Code; in particular, as far as we are interested here, Article 2 inserted, after Title VIII of Book Two, Title VIII-bis, entitled 'Crimes against the cultural heritage', comprising Articles 518-bis to 518-undevicies.
Article 3 of the same law inserts Articles 25-septiesdecies and 25-duodevicies into Legislative Decree No. 231/2001, respectively entitled "Crimes against cultural heritage" and "Laundering of cultural assets and devastation and looting of cultural and landscape assets".

Please note that the legislation on cultural heritage and landscape is contained in Legislative Decree no. 42 of 22.1.2004, as amended and supplemented (Cultural Heritage and Landscape Code).

From the analysis carried out, due to the nature and purpose of the Company, this class of offences may entail a risk of commission, since it holds documents that are, or may be, considered cultural assets subject to protection.

Therefore, the reference standards must be known and complied with by all the recipients of the Model, which provides for specific protocols on the subject in this paragraph.

The text of Article 25-septiesdecies is reproduced below:

1. In relation to the commission of the offence set forth in Article 518-novies of the Penal Code, the entity is subject to a monetary sanction of between one hundred and four hundred shares.

2. In relation to the commission of the offences set forth in Articles 518-ter, 518-decies and 518-undecies of the Penal Code, a financial penalty of two hundred to five hundred shares shall be applied to the entity.

3. In relation to the commission of the offences set forth in Articles 518-duodecies and 518-quaterdecies of the Penal Code, a financial penalty of between three hundred and seven hundred shares shall be applied to the entity.

4. In relation to the commission of the offences set forth in Articles 518-bis, 518-quater and 518-octies of the Penal Code, a financial penalty of four hundred to nine hundred shares shall be applied to the entity.

5. In the event of conviction for the offences referred to in paragraphs 1 to 4, the disqualification sanctions provided for in Article 9, paragraph 2, are applied to the entity for a period not exceeding two years.

The protocols to be observed for the prevention of this category of offences are set out in the next section.

The full text of the predicate offences can be found in the appendix, to which reference is made.

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Laundering of cultural goods and devastation and looting of cultural and landscape heritage - Art. 25-duodevicies

Having said that even for these offences there is a risk of committing, even if of a lower degree of probability than those referred to in the previous paragraph, we must still comply with the following protocols; first of all, the text of the article is reproduced:
1. In relation to the commission of the offences set out in Articles 518-sexies and 518-terdecies of the Penal Code, a financial penalty of five hundred to one thousand shares shall be applied to the entity.

2. If the entity or one of its organisational units is permanently used for the sole or prevalent purpose of enabling or facilitating the commission of the offences indicated in paragraph 1, the penalty of definitive disqualification from carrying out the activity pursuant to Article 16(3) shall apply.

____

Below are the protocols to be observed for the prevention of the offences referred to in these two articles.

It should be noted that, in view of the complexity of the regulatory complex in question, it is nevertheless recommended to read and comply with the aforementioned rules, set out in the appendix, avoiding any conduct that might constitute one of the offences envisaged.

Without prejudice to the foregoing, particular attention must be paid to the two predicate offences set out in Articles 518-duodecies (*Destruction, dispersal, deterioration, defacement, embellishment and unlawful use of cultural and landscape heritage*) and 518-terdecies (*Destruction and looting of cultural and landscape heritage*).

In fact, the offence referred to in the first rule may be committed if the Company holds or guards assets subject to protection and causes, by wilful misconduct or even mere omission, their deterioration, defacement or destruction: for example, archives containing assets subject to protection, or protected areas; or in the second rule, in the event of devastation of the asset.

In general, the following rules must therefore be followed:

- First of all, check whether the company holds or guards assets subject to protection;

and if it holds or guards protected property:

- ensure the widest possible dissemination of the presence of restricted assets in the company, for the purpose of raising awareness at all decision-making and operational levels;
- set up an appropriate organisational and functional system for their management, identifying the relevant roles of responsibility;
- ensure the proper preservation of the protected assets, taking into account the nature of the assets and by placing them in a healthy and non-damaged environment, accessible only to authorised personnel and subject to control and constant maintenance of these conditions;

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- check whether the areas on which the Company's installations are located are subject to environmental constraints;
- in which case, refrain from unauthorised modifications in accordance with the regulations in force;
- ensuring the valorisation of assets through constant updating on relevant public issues;
- maintain constant and fruitful relations with the public bodies responsible for the protection and enhancement of assets;
- evaluate every possible form of public-private collaboration and synergy capable of enhancing the principles of conservation and enhancement.

It will therefore always be necessary:

- obtain the necessary authorisations, where foreseen, for any activities due for the management of the tied assets;
- exercise constant control over the proper storage of assets;
- facilitate controls by the authorities in charge.

Controls are put in place to ensure the following:

- traceability of any necessary authorisation processes;
- proper keeping and filing of any necessary authorisation documents;
- periodic report on the conservation of protected assets and the premises where they are kept, by the competent functions;
- list, periodically updated, of held assets subject to protection and the premises where they are kept;
- list, periodically updated, of restricted areas belonging to the Company;
- Any work on assets subject to protection or on restricted areas must be decided and carried out in compliance with the system of delegation of powers and the segregation of duties between operational and control functions.

With particular reference to the Company, it must be borne in mind that the documentary archive of the Piombino steelworks (now JSW Steel Italy Piombino S.p.A. - Piombino Logistics S.p.A. and GSI Lucchini S.p.A.), and named by the Municipality of Piombino as the "Documentary Archive of the Piombino Steelworks") has been declared, by a Decree of the Tuscan Archival Superintendence Office", to be of particularly important historical interest" (*Article 10, paragraph 3, letter b* of the Code of Cultural and Landscape Heritage).
This implies that all documents (including plans, technical drawings and the like) produced in the company during work activities must be managed according to the rules imposed by the aforementioned Code.

These documents are subdivided into:

- current archive (normally in use and frequently consulted and/or relating to 'active' files)

- deposit archive (relating to documents of 'closed' files and which need not be consulted frequently, but only exceptionally)
- historical archives (relating to files that are dated and/or have for various reasons lost their usefulness for current operations) by reference to what is provided for public archives, i.e. once they are more than 30 years old.

Furthermore, the rules of correct conservation require that, at the time when the Deposit Archive can take on the character of Historical Archive, the Company, if it does not intend to (or does not have space to) further conserve these documents, must notify the Superintendence (the so-called "Discard") who will carry out an inspection and may proceed to their release (even partially); as a consequence, the part that has been released shall be destroyed by means of a formal certified procedure, while the part that has not been released - therefore qualified as Historical Archive - shall be preserved, protected and enhanced, i.e. kept in suitable premises, not humid, at a constant temperature, with active fire-fighting systems, intact and dust-free, with timely and periodic checks on the possibility of its proper use.

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Whistleblowing - Art. 6 D. Legislative Decree 231/2001

The persons referred to in Article 5 of the Decree (°) who report offences or breaches of the Model or of the Code of Ethics of which they have become aware by reason of their office, enjoy the protections referred to in Law 179/2017 and Article 6 of Legislative Decree 231/2001, to whose provisions express reference is made, and provided for in this Model.
The company adopts channels (more than one, anyway), both traditional and computerised, that ensure the confidentiality of the reporter.
At least one of the above-mentioned channels has IT features that Garante the confidentiality of the reporter's identity. Traditional channels are in any case provided in order to make reporting possible for those who do not have workstations equipped with IT tools.
These channels are brought to the attention of the aforementioned persons, who are also made aware of the system of protections provided for by the Model itself and by Article 6 of the Decree.
The Supervisory Board is the natural, though not exclusive, recipient of the above-mentioned reports, which may be sent to it in the manner provided for and communicated to the addressees of the Model.
If the report is received by a recipient other than the Supervisory Board, the recipient must still forward it to the Supervisory Board.
The plurality of the above-mentioned channels ensures both against the possibility that reports received are kept hidden by the receiving party and the effectiveness of access to all possible reporters.
The whistleblower receives timely acknowledgement of receipt of the report from the person to whom he or she forwarded it. Failing this, he repeats the report by forwarding it to another channel set up by the company.
The report, without prejudice to the obligation to forward it, in any event, to the Supervisory Board, shall be handled, by the person receiving it, in agreement with the organisational structure of the company, provided that this allows the effectiveness of the safeguards envisaged for the reporter.
Given the safeguards adopted with regard to the confidentiality of the reporter's identity, the reporter is required to clearly identify himself/herself to the recipient of the report.
Any anonymous reports will in any case be dealt with in accordance with the general provisions of this Model.
The report must be circumstantiated and based on objective and reasonably grounded circumstances and facts (as well as 'precise and concordant', as expressly required by Article 6).
Reports that are manifestly and/or knowingly unfounded, or of a defamatory nature and intent, and/or forwarded for the purpose of taking advantage of the reporter, are strictly forbidden; they will be assessed in the same way as breaches of the Model and the Code of Ethics, in accordance with the criteria laid down therein.
It is forbidden to disregard the whistleblower's confidentiality protections.
It is forbidden, pursuant to Law 179/2017 and Article 6 of Legislative Decree 231/2001, to take retaliatory, discriminatory or otherwise detrimental actions against the whistleblower, all the more so if they are directly or indirectly a consequence of the whistleblowing. In this respect, the company adopts the appropriate preventive and control measures.
This is without prejudice to the adoption of possible disciplinary sanctions in the event of reports that are manifestly and knowingly unfounded, or of a defamatory nature and intent.
Failure to comply with the prescriptions and prohibitions contained in this section, as well as with the principles and rules in this respect contained in the Code of Ethics, shall be sanctioned pursuant to the Disciplinary System of this Model, in accordance with the criteria laid down therein.

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The adoption of retaliatory or discriminatory acts against the whistleblower constitutes, in any case, a serious offence under the Disciplinary System.

(°) a) persons entrusted with the representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy, as well as persons exercising, including de facto, the management and control thereof;
(b) persons subject to the direction or supervision of one of the persons referred to in (a).

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STATUTES AND RULES OF THE SUPERVISORY BODY

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Foreword

The Supervisory Board (hereinafter 'SB') is provided for and regulated in general terms, with regard to its tasks and functions, in Article 6 of Legislative Decree No. 231/2001.
In short, this body must verify the functioning, effectiveness, adequacy, effective application, updating and observance of the Model; if, in the course of its activity, it identifies deficiencies in this respect, it shall promptly, reasonably and circumstantially notify the company thereof.
These Articles of Association regulate in detail the establishment, activity and functioning of the Supervisory Board, defining its tasks, powers, attributions and responsibilities.
The practical modalities for the functioning of the Supervisory Board are instead defined in the specific Regulation, which the Supervisory Board adopts autonomously, in compliance with the principles of autonomy and independence that govern its activity, within the framework outlined by these Articles of Association.

Appointment, composition and requirements of the Supervisory Board
The Supervisory Board is appointed by the Board of Directors, which also fixes its remuneration, on the assumption that the onerousness of the service contributes to conferring on the body the requirements of autonomy and independence.
The company, in the current situation of transition and implementation that characterises the path towards the achievement of the full-scale structure, has decided to equip itself with a Supervisory Board in monocratic composition, and made up of an external professional, believing that this decision meets the requirements of autonomy, independence and professionalism that the Supervisory Board must possess.
However, it is worth pointing out that, in general, the members of the Supervisory Board (whether single or collective) may be either internal or external to the Company; they must, however, meet the requirements of autonomy and independence, and any internal members must therefore be prevented from playing operational roles.

Duration of assignment
The Supervisory Board of JSW Steel Italy Piombino remains in office for one year.
The appointment of the Supervisory Board is renewable.

Termination of office of the Supervisory Board and its member(s): causes and modalities
The causes for termination of the mandate of the Supervisory Board, both as a body and in relation to aspects concerning the individual member, are various.

<u>Expiry of mandate</u>
The appointment of the Supervisory Board as a body ceases at the natural expiry of the term of office, if it is not renewed, or at the expiry of the last renewal.

<u>Revocation of mandate</u>

The mandate may be revoked, by resolution of the Board of Directors, limited to the reasons set out below, given the requirements of autonomy and independence of the Supervisory Board.
The resolution to revoke the Supervisory Board may be adopted for just cause, in the event of its serious omission in the activities for which it is responsible, which may or may not have given rise to proceedings pursuant to Legislative Decree No. 231 against the Company.
The removal of the member as a person may also be adopted, in addition to just cause pursuant to the preceding paragraph, on the grounds of the failure to meet the individual's requirements, the occurrence of one of the causes of incompatibility or a significant conflict of interest, if the member does not renounce pursuant to the following paragraph.

Waiver of mandate

The termination may also take place through the resignation of the member of the Supervisory Board, to be transmitted in writing to the Board of Directors.

In the event of the termination of the above-mentioned mandate, the Board of Directors shall appoint a new member of the Supervisory Board.
In the event of termination, if the appointment of the new member is not simultaneous with the termination, the terminated member shall remain in office until the appointment of the new member, except in the case of revocation, manifest incompatibility or supervening impossibility.

Requirements of the Supervisory Board

Personal requirements of the member and grounds for incompatibility, ineligibility and disqualification

The member of the Supervisory Board must meet the following individual requirements:

- must be particularly qualified and have adequate experience in the legal field, control procedures and company organisation, as well as specific expertise in 231;
- must meet the honourability requirements provided for in Articles 2382 and 2399 of the Civil Code, as well as Article 109 of Legislative Decree No. 385 of 1 September 1993;
- must not have any kinship, affinity or marriage ties with members of corporate bodies or senior management;
- must not have significant economic ties or positions with the Company of such a stable nature as to influence its actions; this does not apply to the employment relationship in the case of an internal member;
- must not be, at the time of taking office, in a situation of conflict of interest such as to influence the activity or condition the tasks entrusted to him. In this regard, at the beginning of his term of office, he shall issue a declaration of absence of conflict of interest pursuant to this paragraph. Should any

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situations of conflict of interest arise during the term of office, the member of the Supervisory Board shall promptly notify the Board of Directors, for the appropriate assessments;

- must not be bankrupt, disqualified or incapacitated, or have been convicted of criminal offences, even if not final, for offences against property, for offences entailing the definitive or temporary disqualification from public office or for offences covered by Legislative Decree 231/2001.

Requirements of the body as a body

The Supervisory Board as a body must meet the following requirements:

- autonomy and independence;
- professionalism: this is the result of the individual requirements of the member of the SB referred to in the first paragraph above;
- respectability: this is the result of the individual requirements of the member of the Supervisory Board referred to in the second paragraph above.

In accordance with the principles of autonomy and independence, the Supervisory Board reports exclusively to the Board of Directors through the CEO or the Chairman; there is no subordination or hierarchical subordination to corporate bodies, top management or other corporate structures.

The Supervisory Board is endowed with independence and autonomy also in economic and financial terms; for this purpose, it is endowed with an annual budget of an amount defined by the same body in proportion to the needs arising from the forecast of its activities, obviously taking into account the general economic compatibility verified in agreement with the competent corporate structures. The amount thus defined is included, under a specific item, by the company in its annual budget. The body shall dispose of this sum according to its unquestionable assessment of the need it has identified; the competent corporate structures shall therefore proceed within their sphere of competence (issue of orders or assignments, payment) according to the powers of signature in force, at the request of the body, without exercising any assessment of merit and guaranteeing due confidentiality.

The reasons why the Supervisory Board may need to draw on its budget are, by way of example and not exhaustively:

- carrying out checks with the support of external specialists;
- recourse to external specialists in the event of any need for specialist input for the purposes of updating the Model;
- meetings with SBs from other companies requiring relocation costs;
- self-education/information needs in order to better fulfil their function in the interest of the company (participation in meetings, conventions, purchase of material for documentation purposes, etc.).

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Rules of the Supervisory Board

The Supervisory Board has its own regulations, which set out how the body operates.
The Regulation therefore regulates the following aspects:

- scheduling of formal sessions;
- methods of taking minutes, keeping minutes, keeping records of relevance and interest to the Supervisory Board;
- ways of carrying out verifications;
- ways of dealing with and managing the reports received;
- ways of requesting and obtaining information and documentation;
- ways of communicating the need to update the Model;
- modes of information/training on the Model;
- *reporting* modalities to the corporate bodies, provided that they comply with the criteria and cadences established in the Model.

In drafting the regulations, the SB is autonomous.
Moreover, although the regulation is an expression of the autonomy and independence of the Supervisory Board, it must in no way conflict with these statute or the other parts of the model.

Functions, tasks and powers of the Supervisory Board

The role of the supervisory body is first envisaged by Legislative Decree No. 231/2001; subsequently, it gradually became more precise, through the guidelines issued by the main employers' associations, and first and foremost by Confindustria, the elaborations of doctrine and the evolution of case law.
It is therefore entrusted with the task of supervising the suitability of the Model, its effective implementation and application, and its observance by the addressees; the Supervisory Body of JSW Steel Italy Piombino is also entrusted with the task of updating the Model, in accordance with organisational or plant changes, legislative changes affecting the scope of application of the decree, findings of Model shortcomings in terms of provision or application, and infringements of the Model.
The Supervisory Board performs its function through three types of activities:
1. verification activities;
2. proposal activities and updating of the Model;
3. information and reporting activities.

1. <u>Verification activities</u>.
1.1 First of all, the Supervisory Board verifies the suitability of the Model for the prevention of offences pursuant to 231, in the following respects:

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- correctness and completeness of the identification of risks;
- Adherence of the Model to the company's activity and mission, as well as to its organisational structure;
- completeness and suitability of its constituent parts (first and foremost protocols, code of ethics, disciplinary system) to the Model's own prevention function and, in the event of the commission of predicate offences, to its suitability in terms of exempting or mitigating the company's administrative liability;
- in particular: the effectiveness of control procedures, the suitability of the organisational structure, with particular reference to the separation between operational activities and control activities, the adequacy of the system of external powers and internal delegations, and its consistency with the organisational structure and the responsibilities defined therein.

1.2 Furthermore, it verifies its effective implementation in the following respects:

- dissemination of the Model and information on its contents to all recipients, internal and external to the company;
- appropriate staff training;
- verification of the application of the provisions of the Model by the addressees;
- suitability of the information provided to the Supervisory Board by the company structures
- effective possibility for anyone interested to send reports to the SB, by defining the relevant procedures and informing the addressees thereof, subject to the necessary guarantees and safeguards in terms of confidentiality.

1.3 The Supervisory Board also verifies the updating of the model, with respect to:

- changes in the regulatory framework, which entail the inclusion of new predicate offences or changes in those already provided for in scope 231;
- significant changes in the corporate structure, organisational or plant structure, or corporate purpose.

Verification activities take place both in a systematic and planned manner and in a targeted manner in specific situations.
The former are carried out on the basis of an annual programme drawn up by the Supervisory Board, based on criteria such as:

- particular riskiness of certain activities;

- legislative changes, such as the introduction of new predicate offences or changes to existing ones, affecting certain areas;
- time elapsed since the last check on certain areas;
- the need to follow up on reports made by the Supervisory Board in previous audits.

Checks may also be carried out outside the above schedule in the case of:

- organisational changes or changes to the production or plant structure that occur during the year and require, due to their extent, a timely check on the tightness of the system of controls provided for by the Model;
- reports received by the Supervisory Board on infringements of the Model or on its deficiencies, in terms of both the safeguards provided for and their application;
- information or reasoned requests by the organs of the company.

Audits may also be carried out without prior notice, in cases where this is deemed appropriate or necessary by the Supervisory Board.
They can be carried out:

- directly by the member of the Supervisory Board;
- by corporate structures that are competent according to the subject of the audit, provided that the audit is not carried out on their activity; in such cases, the availability of the corporate structure in question shall be verified jointly with the head of that structure and with senior management;
- external parties, in cases where, due to the particular complexity of the audit or by virtue of the specific technical-specialist skills it requires, it cannot be carried out personally by the member of the SB or, again for reasons of technical competence, organisational availability or particular confidentiality, cannot be entrusted to company structures. In these cases, the remuneration of the appointed external person is taken from the budget of the SB.

In any case, the corporate structures must make themselves available to the Supervisory Body, allowing access to the documentation required for verification and, if necessary, delivery thereof, as well as providing the Supervisory Body with all the information in their possession, with completeness and truthfulness.

In conducting its own checks, the Supervisory Board may hear the persons it deems appropriate for the purposes of the successful outcome of the check, whatever category and function they belong to and regardless of their organisational position; in the case of reports received, it may hear the author of the report and any person against whom the report was made, as well as any other person who may provide information deemed useful, always guaranteeing the necessary confidentiality.

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Particularly important in the company's reality are the verification activities in the field of workers' health and safety, aimed at ascertaining compliance with the provisions of the relevant regulations in force, both in terms of the adequacy of the relevant procedures and their compliance; To this end, it maintains systematic relations with the persons in charge of such activities according to the law and the company organisation, who will provide the Supervisory Body with systematic reports on the significant aspects on the subject and will promptly report any violation of the rules and/or procedures on safety and prevention at work, as well as any episodes relating to accidents and incidents of significance.

2. Model proposal and updating activities

The Supervisory Board, on the basis of its verification activities, or on the basis of the information flows directed to it, or of its own professional knowledge and updating activities, proposes to the company actions on the various relevant aspects of 231, such as

- suggest improvements in information/communication methods;
- indicate the advisability of carrying out training on the Model, e.g. in the event of changes to the Model itself, or the introduction of new personnel into the company's workforce;
- highlight any need for further fine-tuning in the way the Model is implemented;
- highlighting and reporting to the company the need to update the Model or parts thereof, on the basis of significant organisational or plant changes or changes in production activities, deficiencies found in the Model or breaches thereof, or legislative changes affecting the scope of application 231; in this case, on the basis of the provisions of these Statute, it proceeds directly with the activities necessary for the updating, making use, where appropriate, of company expertise or external parties (in this case drawing on its own budget), if the updating activity is particularly complex or requires particular technical-specialist skills.

These actions are carried out with adequate timeliness, in order to avoid temporary reductions in the degree of effectiveness of the Model

3. Information and reporting activities.

At the end of the financial year, the Supervisory Board reports to the Board of Directors on the activities carried out during the year, also providing indications on the lines that will constitute the programme for the following year; it also provides the Board of Auditors with similar information on an equal basis.
In the event of significant occurrences during the year (such as any reports of breaches of the Model), the Supervisory Board shall promptly report to the Board of Directors, for the purpose of the necessary knowledge and timely adoption of any measures by the same. It provides the Board of Auditors with similar information.
Within the framework of this type of activity, the Supervisory Board maintains periodic relations with the Board of Statutory Auditors and the Auditing Firm, in order to carry out a reciprocal review of the areas of their respective competences, the interrelationships between them and any anomalies encountered.

It reports to the Board of Directors on the results of the audits carried out, highlighting any need for action on the situations detected during them.
It shall promptly report to the Board of Directors violations of the model that it has found in its own verification activities or as a result of reports received, also pointing out, where it deems it appropriate, the opportunity to take the measures provided for by the disciplinary system.
It informs the competent external bodies in cases where such an obligation is imposed by law, such as in the event of conduct or situations liable to constitute the offence of money laundering or otherwise related to it (suspicious transactions).

Functioning of the SB - prerogatives of the body

Notwithstanding the fact that the body shall have regulations for its own functioning (see the relevant section above), the following prerequisites, which are essential for the proper performance of the function entrusted to it, are nevertheless laid down in these Statute:

- the Supervisory Board may request, if necessary, logistical support from company resources, such as summoning people, setting meetings, editing or computer activities, filing and keeping minutes and other documents;
- may proceed, either within the framework of its own audits or as a result of reports, to the hearing of personnel of all qualifications, and where appropriate of senior management and members of corporate bodies, by acquiring their availability;
- may, where there is no objective possibility of proceeding directly, make use of company or external resources to carry out its own checks;
- has access, upon request, to company documentation useful for the performance of its tasks;
- receives in the normal way the company documents deemed useful or necessary for the fulfilment of its mandate, namely, but not limited to:
    - service orders, organisational charts and in general documentation relating to organisational changes;
    - variations in the system of powers and delegations;
    - extracts of Board resolutions;
    - personnel and staffing changes;
    - applying for and obtaining public funding;
    - reports and statistics on safety and prevention at work;
    - environmental reports and statistics;

- changes in the quality assurance system, as well as in the systems designed to protect the health and safety of workers and environmental protection;
- inspections, audits and measures against the company by external bodies with powers of inspection, control and sanction;
- criminal proceedings against employees or other persons in any way related to the company of which they are aware;
- legal proceedings in which the company is a party in civil, labour or administrative matters;
- disciplinary proceedings initiated for infringements related to the model's requirements.

If it deems it appropriate, it may request to receive systematically or *on a one-off basis* other company documentation useful for the performance of its activities, by means of a written request to be forwarded to the competent structures via the Board of Directors;

- receives reports of alleged violations of the model; all persons to whom the model or parts thereof (such as the Code of Ethics) are addressed, without distinction, are required to make and forward such reports. To this end, the telephone and fax numbers and e-mail addresses at which the Supervisory Board may be contacted are made known and publicised. Reports may in any case be sent in writing, by internal mail or by ordinary mail, to the Supervisory Board, at the address of the Company's head office;
- uses the expenditure budget at its disposal, under the terms and in the manner set out in the section above entitled "requirements of the body as a collegiate body".

Principles and Criteria for the Conduct of the Supervisory Board

All the activities of the Supervisory Board are inspired by criteria of confidentiality and discretion.
The Supervisory Board uses the information and reports received with the utmost confidentiality, in order to protect the persons to whom the information relates, in compliance with the rules in force.
In compliance with the relevant provisions of Article 6 of the decree and the Model, the Supervisory Board uses particular caution for the purposes of confidentiality with respect to the authors of reports of offences or infringements of the Model itself, also taking care that they are not exposed to retaliatory or discriminatory actions or in any case to unfairly prejudicial reactions against them on account of the reports made.
Equal caution is exercised with regard to those who are the subject of reports as alleged perpetrators of breaches of the model or conduct in conflict with it or parts of it, or the commission of offences under 231.
If it receives reports of alleged breaches of the model, the Supervisory Board promptly initiates the relevant checks, in order to ascertain as soon as possible the reliability of the reports themselves and to allow the consequent actions aimed at preventing, ceasing or sanctioning conduct that is in conflict with the provisions

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of the model; in this regard, it suggests the adoption of sanctions provided for by the Model's disciplinary system, the imposition of which will be carried out by the competent Human Resources Department.
In any case, in compliance with the above precautions, it shall promptly inform the Board of Directors and, if the report concerns a member of that body, the Board of Auditors.
In general, the Supervisory Board carries out its activities with due professional scruples, with loyalty and with respect for the dignity of the individual.

The Supervisory Board operates, in accordance with the provisions of Legislative Decree 231/2001, with continuity of action: this means that the body performs the tasks and functions entrusted to it, not only by law, but also by these Articles of Association, systematically and assiduously, as well as promptly in cases where this is necessary, such as in the case of breaches of the Model that come to its knowledge on the basis of reports or checks carried out independently.
The Supervisory Board has no operational tasks, nor can it perform or carry out activities delegated to company structures.
Moreover, in order to perform its tasks, it can avail itself of the cooperation of the company structures, which must make themselves available for this purpose in terms of timeliness, commitment and professionalism.

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FOREWORD AND GENERAL ASPECTS

Purpose and scope

This Code of Ethics is an integral part of the Organisation, Management and Control Model adopted by the company pursuant to Legislative Decree No. 231/2001, as amended and supplemented.

The Code of Ethics summarises the ethical principles and rules of conduct which, without prejudice to the obligation to comply with external (laws and other provisions having the force of law, regulations, orders, etc.) and internal (Model, procedures, service orders, organisational charts) mandatory sources, inspire the company's activities and which must be complied with by all persons operating in the name of and on behalf of the company and/or in its interest, who collaborate with it or in any case interact with it.

These subjects are defined, in Anglo-Saxon terms, as stakeholders, and include, by way of example, the following subjects the shareholder, members of the corporate bodies, managers, employees, collaborators, customers both public and private, suppliers, consultants, *partners* in any partnership operations, joint ventures, business associations, consortia, banking institutions, the state and local authorities, the Public Administration in general, bodies, national, EU or international authorities, including those vested with supervisory and control powers, subsidiaries, associated and investee companies. Stakeholders (or interlocutors) are in any case to be considered all those who, for whatever reason, interact with the company by virtue of the activities it carries out within the scope of its corporate purpose.
This Code of Ethics is therefore intended for the following subjects, called "addressees" according to the meaning attributed to that term in the General Section, to which reference should be made in this regard: members of corporate bodies, managers, other employees, collaborators, consultants, *partners* in the meaning given above, customers, suppliers.

All the company's activities are consistent with the principles and rules of conduct contained in the Code; likewise, the company requires that the activities and actions of the addressees be inspired by the same principles and rules, in order to establish and maintain a system of relations that guarantees a reliability of conduct throughout the industrial, economic and social context in which it operates.

This set of principles and rules, in addition to representing a value in itself, is intended to make an essential contribution to the prevention of the predicate offences envisaged by Legislative Decree 231/2001, since, by proposing to guide the subjective element of individual conduct, it constitutes an essential complement to the prescriptions and obligations and to the controls of an objective nature that make up the protocols provided for in the Special Section of the Model.

Binding effect of the Code

The principles and rules of conduct set out in this Code are binding on all the addressees of this Code; in particular, compliance with them constitutes a contractual obligation with regard to persons having contractual relations with the company.
First and foremost, this applies to employees, including managers, pursuant to Article 2104 of the Civil Code (Diligence of the employee), which reads as follows: 'The employee must use the diligence required by the nature of the work to be performed, the interests of the business (...omissis...). He must also observe the

instructions for the performance and discipline of work given by the employer and his collaborators on whom he is hierarchically dependent.

For these persons, non-compliance with the rules of the Code may therefore constitute, in addition to any other liability profiles, a disciplinary offence and be sanctioned under the Model's Disciplinary System. Also in these cases, non-compliance with the Code is expressly sanctioned by the Model's Disciplinary System.

The binding effect also applies to suppliers and collaborators in the broader sense (including contractors, consultants, professionals), whose relationship is governed by ad hoc contracts, within which this obligation is expressly provided for and whose non-observance entails contractual and compensatory consequences that are expressly provided for.
As mentioned, all the addressees of the Code are required to comply with it: this therefore also applies to members of corporate bodies and to persons holding those positions that Legislative Decree 231/2001 defines as 'apical', any failure to comply with which is likewise governed by the sanctions system contained in the Model's Disciplinary System.

A separate discourse must be made for customers, whose relations with whom the particular nature of the contractual relationship and their respective positions must in any case be taken into account. This is all the more so in cases where the customers are foreign, in which case situations may arise in which there are objective differences not only in legal regulations, but also in ethical views that do not concern fundamental aspects. Granted that the company, in application of the ethical principles by which its action is inspired, is not willing to derogate from them in the name of economic convenience, it will nevertheless also require its customers to comply with the principles and rules contained in the Code of Ethics and will monitor compliance with them in the various pre-contractual, contractual and post-contractual stages, proceeding, in the event of violation (not voluntary but due, precisely, to ethical-regulatory differences), to the actions necessary to restore the correct situation and to eliminate the effects of the violation, up to and including, in default, the termination of the contractual relationship, in accordance with the clauses governing it.

It should be noted that in all cases, in addition to disciplinary sanctions and/or consequences of a contractual nature, compensation for damages, if any, shall always be due.

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PART ONE - GENERAL PRINCIPLES

The company, in the exercise of its activity and for the achievement of its objectives, is inspired by the general ethical principles listed below, aligning to them the conduct of all the subjects operating in its name and on its behalf; by virtue of this, it considers conduct corresponding to these principles to be required of all the addressees of the Code of Ethics: correspondence that it therefore reserves the right to verify in the various manifestations and actions of the addressees, taking the initiatives within its competence, provided for in the Model, in the event of discrepancies.

Respect for standards - Legality

First and foremost, compliance with national and regional laws, regulations and in any case all regulatory sources with binding force (compliance) is required; this also applies to international regulations, when the company operates in foreign countries or in situations that require compliance with foreign regulations (e.g. in the case of product exports).

Within this framework, particular attention is paid to compliance with EU rules, with particular though not exclusive reference to competition rules.

Therefore, the addressees of the Code and the company's interlocutors must comply with all regulations having the force of law or, in any case, binding effect in force in Italy and in the foreign countries in which or with which they operate. In this regard, it is recalled that since 25 December 2020, tax offences have also become part of the predicate offences provided for by the decree, further increased by Legislative Decree no. 75/2020, which also introduced among the predicate offences the offences relating to smuggling (see the relevant section of the Special Section).

Not only that, with Legislative Decree 75/2020, the principle of protecting the interests of the European Union became part of the 231 system, whereby the concept of legality and compliance must be extended to European regulations, insofar as they are transposed by national legislation.

Conduct, behaviour and acts in violation of these rules are not tolerated, neither for personal gain nor for the purpose of benefiting the company, in which case, if the rules violated lead to the commission of a predicate offence pursuant to 231, there may be a risk of administrative offence against the company itself.

Confidentiality and protection of privacy

First of all, compliance with data protection regulations is guaranteed.

In any case, information of which the addressees become aware in the course of their work shall be handled with due confidentiality; such information may not be used for unlawful purposes, nor may it be used for personal advantage or to benefit the company.

Occupational health and safety protection

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The safety and health of workers working on behalf of the company, whether they are the company's own employees/collaborators or those of third parties, as well as of third parties who have access to the company's premises, are considered primary assets by the company and anyone acting on its behalf.

Integrity, dignity and valorisation of the person and human resources

The psychophysical integrity of the person is a primary and indispensable value. The entire safety system adopted by the company and endorsed by the Model is inspired by this principle, and the conduct of all persons operating within, in the name of or on behalf of the company is standardised. The same applies to environmental protection measures to protect the physical integrity of workers, collaborators and the population living in the areas adjacent to the company.

Working conditions and environments are therefore designed with the safety of those who work in them in mind.

Particular attention is also paid to respect for the dignity of employees and all other persons with whom the company has relations, as well as for the sphere of moral and cultural values of the individual.

Respect for the dignity of the person is also expressed by practising treatment in accordance with the law and contractual rules.

Discriminatory behaviour due to physical condition, political or religious views, gender differences, race, ethnicity, trade union affiliation is banned.

The organisation of work, the environment, working practices and career paths are inspired by the principle of valorising workers both professionally and personally, through their motivation and involvement, also paying due attention to their contribution in terms of advice and suggestions.

All conduct that may be harmful to the individual personality and that results in pornography, child pornography, searching for and displaying pornographic material and similar conduct is prohibited.

Fairness, diligence, spirit of service

The conduct of the addressees shall always be characterised by fairness in relations, including those of a contractual nature; any conduct tending to mislead the interlocutor or to provide him with incorrect or untrue data and information for the purpose of unduly acquiring, during talks or negotiations, advantages for oneself or for the company is not allowed.

Managers, employees and collaborators of the company are required to perform their duties with diligence, paying due attention and continuity in their work, avoiding carelessness, distractions and omissions, and not putting personal interests before those of the company.

All forms of conduct, carried out in the workplace or in any case within the scope of the work activity, unrelated to the same, including those that may constitute offences relating to fraud in sporting

competitions, unlawful gaming or betting and gambling by means of prohibited devices, referred to in Article 25-quaterdecies of the decree, are prohibited.

Impartiality

The addressees shall base their relations with their interlocutors on the utmost impartiality, avoiding favouritism of any kind, whether in the interest of third parties, the addressees themselves or the company.

The company's interlocutors must always be put on an equal footing in any situation that may have competitive characteristics (competitions, selections and the like).

All forms of discrimination, whatever they may be, and in particular those related to age, gender, health, marital status, ethnicity, political opinions and religious beliefs are prohibited.

Honesty, integrity and loyalty

Relations with the company's stakeholders are characterised by fairness, cooperation, loyalty and mutual respect.

All the addressees of the Code and the Model perform their duties to achieve the company's objectives with honesty and integrity of intent and conduct towards all stakeholders and the company itself.

Transparency and completeness of information

Information to the company's interlocutors is provided on the basis of criteria of truthfulness, transparency and completeness, always seeking, where necessary, the best balance with any confidentiality requirements.

Responsibility towards the community

In carrying out their activities, the recipients take into account the needs of the community(ies) in which they operate in their various aspects: environmental, social, cultural, striving for overall improvement within the framework of the corporate mission.

Quality

The company applies a quality assurance system that extends not only to its products and production and maintenance systems, but also to the protection of the health and safety of its employees and those working on its behalf, to the protection of the environment and in general to all the processes involved in making and executing decisions.

The concept of quality is interpreted dynamically, whereby all addressees strive for quality improvement in their respective fields of competence on the basis of technological progress, in all fields and especially in safety and environmental protection, as well as market and social developments.

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Environmental Protection

The company is fully aware of the fact that, in exercising its activity, it must pay particular attention to the protection and safeguarding of the environment, in all cases in which its activity may have an impact on the environment itself: processing cycles, type of plant, product characteristics, etc.

To this end, it has adopted a system based on full compliance with the relevant regulations, adopting stringent procedures and a careful system of controls, the operation of which the entire company structure is called upon to contribute to, in accordance with their respective responsibilities.

Preservation, protection and respect for cultural and landscape heritage

In view of the recent inclusion in Decree 231 of the relevant offences, the Company, to the extent of its competence, assumes among its values, along with the protection of the environment, also the protection of cultural assets and the landscape, implementing the necessary measures should such a need arise.

Prevention of offences and breaches of the Model (Protection of whistleblowing - Art. 6 Legislative Decree 231/2001)

The prevention of the commission of offences or breaches of the Model and the Code of Ethics that in any case involve the company is a common value for all the recipients of the Model.

The reporting of such offences or infringements is therefore required of every addressee of the Model, even in cases where this does not constitute an obligation established by law.

The company, for its part, considers the protection of whistleblowers to be an essential value, in terms of both confidentiality and abstention from retaliatory or discriminatory acts against them by anyone, and adopts the consequent preventive measures.

Equality and equality among all human beings

The company, the members of its management and supervisory bodies, its employees and its collaborators take as fundamental values the equality and parity between all human beings, regardless of gender, ethnicity, social and economic conditions, political or religious beliefs.
Their every act, action and behaviour are inspired by these values.
Similarly, they shall demand equal respect for these values from those with whom they interact by reason of their office, avoiding all forms of commercial, economic and institutional relations that are not inspired by them or that conflict with them.

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PART TWO - RULES OF CONDUCT

Against the general principles set out above, which define the company's policy from an ethical point of view and which must therefore inspire the conduct of all the addressees of the Code, the conduct to be concretely carried out in application of these principles and in line with them is envisaged.

Principles of Conduct in Business Management

The company guarantees to its member:

- transparency;
- access to company information;
- truthfulness and completeness in the information relating to commercial and financial transactions, in order to allow for a correct assessment of the convenience and correctness of such transactions.

Recipients are obliged to conduct themselves and their behaviour in line with the general principles listed above; this applies to all fields of activity; in particular, precise rules of conduct are laid down for the following aspects, given their delicacy:

- accounting records
- declarations for tax purposes
- compliance with customs regulations
- control activities
- confidentiality of data and information
- anti-corruption
- Receiving stolen goods, anti-money laundering and self laundering
- embezzlement
- organised crime and counter-terrorism
- conflict of interest
- gifts and giveaways
- contracting
- protection of company assets
- information systems
- relations with employees
- relations with customers
- relations with suppliers, partners, external collaborators and consultants
- relations with the P.A. and the authorities
- relations with political parties and movements, trade unions and associations
- relations with subsidiaries, investees or associates

- media relations
- safety in the workplace
- environmental protection
- preservation, protection and respect for cultural and landscape heritage.

Accounting records

In order to Garante truthfulness, completeness and correctness of information, all economically significant operations are promptly recorded in the company accounting system, in compliance with the applicable legal criteria and accounting principles; these operations must be accompanied by all supporting documentation, and in particular with evidence of the envisaged authorisations and their consistency with the system of powers and proxies, their adequacy and their correspondence to the source from which they originated (contracts, laws, notices, etc.), so as to ensure traceability of the process and make it easy, if necessary, to reconstruct the various stages.), so as to ensure the traceability of the process and make it easy, if necessary, to reconstruct its various stages.

No payment on behalf of the company may be made in the absence of the required supporting documentation and authorisation, nor in excess of the existing system of powers and delegations of authority in the company.

Any addressee who, in the course of his or her activities on behalf of the company, becomes aware of irregularities or non-compliance with the conduct as regulated above, shall report the circumstance to the Supervisory Board and to his or her superior.

The addressees of the Code who, due to their role, have relations with the control bodies (Board of Statutory Auditors, independent auditors, Supervisory Board) must operate, as far as they are concerned, with transparency, availability and spirit of cooperation; in particular, they are required to provide all information and documentation due or requested in a correct, complete and timely manner, avoiding any omissions and refraining from obstructing them in any way.

Declarations for tax purposes

Conduct that contravenes current tax laws, and in particular fraudulent declaration by issuing invoices for non-existent transactions or other contrivances, issuing invoices for non-existent transactions, destroying or concealing accounting documents, and fraudulent evasion of tax are prohibited.

It is forbidden for superiors to request their employees to operate in derogation of the tax rules in force, and in particular of the prohibitions set out in the preceding paragraph.

Users of the service are likewise prohibited from requesting the administrative functions, and vice versa, to operate in derogation of the tax rules in force, and in particular the prohibitions set out in the first paragraph.

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Infringement of the aforementioned prohibitions relating to tax offences constitutes a serious breach of the Code of Ethics and the Model, for the purposes of the application of the sanctions set out in the Model's Disciplinary System.

Compliance with customs regulations

In the context of respecting the interests of the European Union, the rules on customs duties and fees must be respected.

The company figures involved in the import/export processes and the figures outside the company who work on its behalf in this field must refrain from any activity that contravenes the relevant regulations, ensuring instead that they are complied with, and ensuring the correspondence between the documentation and the goods covered by it.

Embezzlement

There must be no dealings with persons belonging to the public administration from which peculation offences may be committed against them; all the more so, if such offences may benefit the company, e.g. if the proceeds of the offence should or could be reinvested or re-invested in the company itself.

Control activities

The company adopts a system of controls aimed at monitoring all activities from the point of view of compliance with the law and, in any case, with the rules issued by sources having binding force, with procedures, with the protection of the company's assets and with proper management in general; the system also aims to prevent risks in terms of both harm, whether economic or otherwise, to the company and its employees, and the commission of offences, with particular reference to those relevant under Legislative Decree No. 231/2001.

The addressees are therefore obliged to contribute, in accordance with their role and responsibilities, to the implementation, application and improvement of the control system.

Confidentiality of data and information

The company adopts a policy on the confidentiality of information in general, and the protection of sensitive data in particular, that is not only compliant with the law but also, more generally, inspired by the ethical principles underlying this Code.

Therefore, without prejudice to full compliance with Legislative Decree No. 196/2003, confidentiality is guaranteed with regard to the processing, management and communication not only of personal data, but also of any privileged and/or confidential information, also in order to avoid market manipulative conduct in the light of the provisions in this regard (market rigging or insider trading) of Legislative Decree No. 231/2001 and, consequently, of the Model.

Recipients who are in possession of such information (especially directors, top management, executives holding top positions) are therefore required not to use and/or disclose to third parties, except when it is

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inherent to the performance of their duties, privileged information and/or information covered by confidentiality agreements of which they have become aware by virtue of their role in the company.

Anticorruption

Corruptive phenomena may concern both public and private parties; in both cases, such conduct is relevant pursuant to Legislative Decree 231/2001.

The Model, in the Special Part, provides for the type of conduct that may constitute predicate offences in this area, identifies the sensitive areas and prescribes the relevant controls to guard against them.

The Code, from an ethical point of view, in any case requires the addressees to refrain from any conduct with corruptive content in their relations with public and private parties by promising, giving or even receiving (directly or through third parties) money or other benefits, whether such conduct is carried out in their personal interest (thus outside the scope of 231) or in the interest of the company.

This abstention also extends to the hypothesis that one of the addressees witnesses or is involved in a corrupt transaction; in this case, the person is not only required to abstain, but also to oppose such conduct and report it to his/her superior and to the Supervisory Board.

Receiving stolen goods, anti-money laundering and self-money laundering

It is the company's policy that all financial transactions and payments receivable and payable are carried out in compliance with legal limits on the use of cash and, above those limits, by traceable means.

In any case, prior to the payment phases, all the stages of censuring, also from the point of view of moral integrity and reputation, the interlocutors and counterparties in economic and financial transactions are carried out, avoiding initiating or maintaining relations with parties that do not provide the necessary guarantees in this regard.

Steps are also taken in advance to check the fairness of the prices of the products purchased, in order to avoid the purchase of products of illegal or dubious origin.

On the subject of self money laundering, conduct tending towards the creation of concealed sums or the unlawful allocation of sums, even if in the clear, must be avoided, for example through tax evasion or avoidance mechanisms, through the undervaluation of assets or revenues or the overvaluation of liability items: if such sums are reutilised or reinvested, the offence of self money laundering may be committed. Given that this offence is committed if the concealment of sums is carried out by means of non-culpable conduct, it should be noted that the company takes steps to ensure that culpable conduct that results in a failure to fulfil tax obligations does not take place either.

Organised crime and counter-terrorism

The company avoids the possibility that persons acting on its behalf may, voluntarily or through negligence, incur situations in which it is involved in relations with persons dedicated to terrorism or belonging to criminal associations.

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To this end, the recipients and especially the persons operating directly or indirectly in the commercial and purchasing functions, as well as senior management, acquire specific and targeted information on the counterparties prior to the establishment of each relationship, giving evidence thereof. Should such information leave any uncertainty as to the moral quality of the subjects, they shall refrain from establishing or continuing the relationship, without prejudice to further investigation.

The rules laid down on the employment of workers from third countries are also relevant for the purposes of this paragraph, in that no conduct in conflict with them may be engaged in, even less so if in the context of unlawful relations with criminal organisations.

Conflict of interest

Situations in which members of the corporate bodies, executives, employees, consultants and collaborators operate in a situation of conflict of interest are not tolerated, meaning situations in which such persons hold pecuniary or non-pecuniary interests that collide with those of the company.

Recipients, if they find themselves in one of the aforementioned situations, must first of all refrain from carrying out activities pursuing a direct pecuniary interest of their own, even if potentially in conflict with the interests of the Company; they must also promptly inform the company of the situation.

In particular, employees are required to avoid conflicts of interest between the tasks entrusted to them in the company and any personal activities.

By way of example and without limitation, a conflict of interest arises in the following cases:

- if directors, managers, other employees, consultants or collaborators of the company, or their family members or partners, pose as suppliers, customers or competitors of the company;
- if the aforementioned persons use information they have come into possession of by reason of their position within the company to their own advantage or to the advantage of third parties, to the detriment of the interests of the company;
- if the above persons carry out professional or work activities of any kind with or for customers, suppliers, competitors;
- if contacts or negotiations are initiated or finalised with counterparties consisting of family members or associates of the addressees, or in which the addressees otherwise have roles or interests (shareholdings, etc.).

It is forbidden to take advantage in economic transactions of information acquired by virtue of one's role in the company.

Directors, executives, employees, consultants and collaborators are required to assess possible conflict of interest situations before accepting assignments with other parties, and to notify the company in any case for the purposes of appropriate assessments.

Managers or employees of the company who hold corporate offices in subsidiaries or investee companies must verify in advance any situations of conflict of interest in connection with resolutions involving the company as a counterparty.

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Members of corporate bodies who find themselves the bearer of interests in their own right or of third parties related to them (family members, shareholders, etc.), must inform the Board of Directors in advance and act accordingly, abstaining from voting or taking other positions in accordance with the law.

Gifts and giveaways

Recipients of this Code are only permitted to pay gifts to third parties in the following cases and under the following conditions:

- gifts must be of modest value, non-binding and not such as to constitute an influence on the recipient;
- may not consist of sums of money;
- must be authorised in advance by those who are empowered to do so under the delegation system;
- are normally paid only on holidays and festivities, according to custom;
- it must be avoided that the gift can be put in temporal or causal correlation with acts performed by or requested of the recipient and deemed favourable to society.

However, it is preferable, in cases where the recipient is deemed to be able to appreciate it, to resort to alternative forms of greater ethical value, such as cards stating that, instead of the gift, forms of charity or support for the needy have been provided.

Any forms of hospitality in the context of business relations must also be authorised in advance, must be of an occasional nature and must be limited in cost.

The relevant expenditure must be documented, and the related decision-making and implementation process must be traceable.

In any case, it is not permitted to make gifts or offer forms of hospitality for the purpose of compensating acts performed or influencing the performance of acts by the recipients.

Only gifts of modest value, received on holidays or anniversaries, which unequivocally constitute mere acts of courtesy, may be accepted by managers or employees of the company.

Except in this case, company managers and employees must not accept gifts, even less as a function of acts performed in the performance of the activities entrusted to them on the basis of their role in the company. Should there be any offers of gifts that may fall within this type, the persons in question must promptly inform the company (through the head of the department in which they work and/or the Human Resources Department).

In this respect, external parties acting on behalf of the company (consultants, collaborators, professionals, agents, etc.) must observe the principles and rules of conduct contained in the Code.

Contracts

The company inserts contractual clauses in all its contractual relationships with the aim of providing counterparts with knowledge of the adoption of the Model and the Code of Ethics and guaranteeing their effectiveness, through a commitment to their observance by counterparts.
This also applies to all import/export transactions.

Relations with employees and other stakeholders s within the working environment

The company considers respect for the person in all its aspects (physical, moral, cultural, intellectual, professional) to be a primary value. All the behaviour of those working on behalf of the company is inspired by this principle.
The first application of this principle entails the utmost care and attention to the psycho-physical integrity of employees; workers, regardless of their role, also take care of their own personal integrity and that of their colleagues, intervening to prevent, remove or report dangerous situations.

Employees are guaranteed working conditions that respect personal dignity.

Within the company organisation, all employees are placed in conditions that Garante them equal opportunities in terms of manifestation and development of their professional skills. Any discriminatory behaviour towards employees, depending on gender, ethnicity, religious beliefs, political affiliation, union affiliation, expressions of thought and opinions, is expressly forbidden and sanctioned.

Mutual respect is guaranteed and required in working relations between those in coordination roles and employees, and between workers in general, so as to create and maintain a serene working environment free from personal and relational tensions, prevarication, retaliation and conditioning.

Expressions of violence, threats, defamation or in any case damaging the honour and respectability of colleagues, superiors, employees and, in general, of persons working on behalf of the company, whatever their role and position in the company organisation, are not tolerated; discussions on work-related aspects must always be characterised by fairness, politeness and respect for the interlocutor.
You are requested to report to your superiors and/or to the Human Resources Department, or to the Supervisory Board, conduct that is in clear conflict with the rules of conduct established herein, without this entailing negative consequences or acts of retaliation against the whistleblowers.

All employees are required to provide their work services with fairness, loyalty and diligence, respecting their assigned roles in the company organisation.

In labour relations, the strictest compliance with the provisions of the law and those deriving from collective bargaining at national and company level is guaranteed and required, to which the normative, remuneration and contribution treatments conform. No exceptions are allowed in this regard, even less so with regard to staff in possible situations of social disadvantage.

In application of the general principles, all conduct, in the workplace or in any case within the scope of the work activity, unconnected with the same, including conduct that may constitute offences relating to fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices, as referred to in Article 25-quaterdecies of the decree, is prohibited.

The assignment of tasks and professional development and salary improvement paths meet criteria of professionalism and merit based on objective and measurable criteria and parameters. The relevant procedures are all justified and documented, respecting due confidentiality.

No employment relationships may be established, either by the company or by persons working on its behalf, with persons without a residence permit; anyone who perceives such situations, or even only the risk of them occurring, is required to promptly report them to their hierarchical superior, the supervisory service or the Human Resources Department.

Situations of contagion, epidemic, pandemic

The company pays the utmost attention to the possible and unfortunate hypothesis that situations of contagion, epidemics or pandemics may arise; to this end, it has standard procedures and regulations in place to Garante an acceptable level of security, to be implemented if necessary, depending on the seriousness of the situation that arises.

In this process, the persons in charge of the preparation, implementation and control intervene, according to their competence, on the basis of the regulations in force, with particular reference to Legislative Decree No. 81 of 9 April 2008 (TUSL, the Consolidated Workplace Health and Safety Act) and, more generally, to Article 2082 of the Italian Civil Code.

Harassment

Labour relations must be free from conduct that may constitute harassment of the person; therefore, there must be no

- intimidation, explicit or implicit manifestations, all the more so if repeated, of hostility or ridicule, persecutory attitudes;
- marginalisation or incitement to isolation against individuals or groups of individuals;
- expression of disparaging judgments, all the more so if repeated, against other persons, on physical characteristics or personal conduct or on the quality of work performance;
- concealment of merits or false attribution of blame to others, due either to a desire to prevaricate or to belittle the abilities of others.

Sexual harassment in the workplace is not allowed.

No person shall use his or her hierarchical position in the company for the purpose of obtaining or accepting sexual favours; similarly, the hierarchical position held may not constitute grounds for other persons to offer sexual favours for the purpose of salary or career advancement.

A fortiori, the offer or request of sexual favours in the context of work relationships must not be insistent or repeated in the face of expressions of unwillingness on the part of the other party.

Managers and persons assigned to co-ordination roles must promote the rules of conduct laid down herein, starting with the example set by their behaviour.

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Anyone who is subjected to harassment of any kind, or who verifies that it is being carried out against others, shall report it to their direct superior or to the Human Resources Department; any form of retaliation against such reports is strictly forbidden, and shall be sanctioned in accordance with the Disciplinary System, without prejudice to other possible liability profiles.

Environmental Protection

The company pays the utmost attention to the protection and safeguarding of the environment, in all cases where its activities may have an impact on the environment itself: processing cycles, type of plant, product characteristics, etc.

It therefore pays particular attention to the production and management of waste, atmospheric emissions, discharges into water and soil, consumption of energy, water, paper, etc., both with design and innovation activities (assessment of environmental impact in the design and installation of new plants, exclusion of polluting activities), and with the activities of customers and suppliers (sale or purchase of polluting products and semi-products, etc.).

To this end, the company systematically monitors technological developments in the field, adopting measures to improve the environmental impact of its activities and optimise energy consumption.

Preservation, protection and respect for cultural and landscape heritage

All operators, at any level, whenever they find themselves in situations where there is a risk of defacing cultural assets that even occasionally fall within their sphere of competence, shall take steps to ensure that such defacement does not occur; all the more so, they undertake not to engage in any conduct that would deface or even worse destroy such assets. The same applies to any situation in which there is a risk of defacing landscape assets.

In any case, reference is made to the protocols specifically provided for in the relevant section of the Special Section.

Occupational health and safety protection

The safety and health of workers working on behalf of the company, whether they are its own employees/collaborators or those of third parties, are considered primary assets by the company and anyone acting on its behalf.

The working conditions and environment must be such as to safeguard the psychophysical integrity of workers.

To this end, the company promotes the information of all parties on the relevant legislation and monitors its application.

It also promotes the utmost sensitivity in this regard on the part of anyone acting on its behalf.

The rules, prescriptions, prohibitions and procedures that make up the company's safety system, expressly referred to in the Model, are considered mandatory by the company; conduct in conflict with them constitutes a serious violation of the Code of Ethics and the Model, and shall be sanctioned pursuant to the Disciplinary System.

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All the tools, mechanisms and measures, in line with the most advanced technologies and the most advanced research results in the field of occupational medicine, are adopted and implemented to prevent accidents, injuries, occupational diseases and to protect workers from any personal injury.
Anyone must promptly report to superiors and/or those in charge of safety any shortcomings in this regard or any conduct in breach of safety rules and regulations of which he/she becomes aware; he/she must also immediately report incidents, accidents or dangerous situations, also intervening personally, without putting his/her own safety at risk, to remove them or eliminate or mitigate their consequences.

Workers must comply with the safety provisions, use the facilities, equipment, means of transport and personal protective equipment made available to them correctly; in general, they must take care of their own safety and that of their colleagues, avoiding behaviour that may cause risks or damage to themselves or others.

It is forbidden to remove, modify or tamper with the devices installed for safety, signalling or control purposes, as well as to carry out operations or manoeuvres that are outside one's position or competence, or that may in any case entail risks for oneself or others.

Workers must undergo the prescribed medical examinations.

The provisions and procedures contained in the security system adopted by the company are mandatory; they must be known and strictly applied by all the recipients of this Code and the Model, which expressly refers to them.

Violence

Violent conduct, whether physical or moral, intended or directed to harm the psychophysical integrity or in any case the personal or patrimonial sphere of other persons, whether or not belonging to the company, is not permitted in the workplace or in connection with work activity.

Such conduct is sanctioned under the Model's Disciplinary System.

It is forbidden, except for persons expressly authorised to do so, to use or bring into the workplace weapons of any kind, whether own or improper, or in any case offensive objects.

Smoking, drugs , alcoholic substances

Smoking in workplaces is prohibited. All persons are obliged to comply with this prohibition, whatever hierarchical position they occupy, and any elevated positions in the company organisation may not be abused to disregard this prohibition.

In this respect, everyone must respect the right of others not to be subjected to second-hand smoke, for the protection of their own health.

Without prejudice to the relevant legal provisions, the use and introduction of drugs in the workplace during work is prohibited.

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The abuse of alcoholic substances is also forbidden (abuse being considered an infringement of the law in force), beyond ordinary use such as normal consumption during mealtimes.

It is an aggravating circumstance of conduct causing or not preventing, through wilful intent or negligence, accidents or injuries at work, the use of drugs or the abuse of alcoholic substances.

Confidentiality and data protection

Without prejudice to the full application of the provisions of the GDPR 679/2016 on the protection of personal data, as transposed by Legislative Decree 101/2018, the company adopts a policy on the protection of personal data (commonly referred to as *privacy*) that fully respects the legitimate confidentiality needs of employees, collaborators and all subjects whose data the company comes to know, manage and process.

This conduct shall be adopted by all the addressees of the Code, and in particular by the persons in charge of processing personal data, or who, in any case, have knowledge thereof by reason of their work activity; the persons concerned shall be provided with information on the processing of their personal data.

Confidential acts and documents must be kept on the company's premises; they may be taken outside only in the cases provided for by law or in any case for legitimate purposes and subject to written authorisation by the persons authorised to do so under the system of powers and delegations in force in the company.

Those who work for or within the company, and all the more so the persons in charge of managing relations with external bodies, must refrain from disclosing news concerning the company of which they have become aware in the course of their work, unless expressly authorised by the persons empowered to do so under the power and delegation system.

Diligence and good faith of employees and collaborators

Articles 2104 and 2105 of the Civil Code place an obligation on employees to perform their work according to the principles of diligence, fairness and good faith.

Collaborators (in the general sense of consultants, professionals, etc.) perform their contractual obligations in accordance with the general principle of fairness and good faith.

Therefore, the persons entrusted with control and coordination functions require that the performance of employees and the work of external subjects be marked by these principles, having as an objective parameter the respect of the system of powers and delegations, of the roles assigned by the corporate organisation, of the protocols contained in the Model, of the principles and rules of conduct laid down in the Code of Ethics, of the procedures, service orders and personnel communications. Said persons shall also refrain from issuing unlawful instructions to their collaborators or in any case instructions that do not fall within their sphere of responsibility.

For their part, employees and collaborators (in the meaning given above) must base their activities and relations with both internal and external (public and private) parties with the principles of diligence and good

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faith, first and foremost by complying with the set of rules listed above, knowledge of which the company ensures by implementing appropriate information tools.

Selection and recruitment

At the present stage, the company is managing this activity in two ways:

- gradual absorption of personnel from Lucchini, based on the agreements signed in this regard and the progress of the industrial project;
- selection of personnel on the market, in order to fill any uncovered key positions for which suitable profiles cannot be found among Lucchini's own personnel.

With regard to the first aspect, the company strictly applies the criteria laid down in the agreements, and recruits staff through objective parameters, based on the professionalism of the workers in relation to the needs dictated by the implementation of the programme, avoiding favouritism and discrimination of any kind. The company is available to provide explanations on the matter to the parties entitled to do so (workers themselves, representatives and trade union organisations).

As far as other positions are concerned, and in general as a company policy to be practised even when the company is fully operational, the search for and selection of personnel is carried out with mechanisms suited to the type of figures to be found, but always on the basis of criteria of transparency and impartiality; any form of discrimination or favouritism, even in the form of patronage or nepotism, is excluded.

The selection process is conducted by persons authorised to do so within the company organisation, endowed with the necessary professional skills and able to provide adequate guarantees in terms of reliability and fairness. Depending on the figures to be identified, some phases may be entrusted to external subjects, subject to verification of the necessary experience and specialisation, and professional and moral reliability and seriousness, and always under the coordination and control of the competent corporate figures.

The selection process is based, in all its stages up to recruitment, on criteria of professionalism, competence and experience in relation to the requirements for the roles to be filled; on a personal level, the moral qualities of the individuals, their availability and their interpersonal skills are taken into account, so as to include personnel that correspond to the ethical and behavioural principles applied in the company.

Recruitment and treatment of personnel outside the strictest observance of the rules deriving from the law and collective bargaining, let alone taking advantage of the possible disadvantaged status of those recruited, is not permitted.

Candidates are always placed on an equal terms with each other.

Individuals involved in the search, selection and recruitment process must be free from conflicts of interest of any kind (economic, family, professional); should any of them be in such a condition, they are required to make this known to the relevant company departments and refrain from participating.

Protection of corporate assets

The company's corporate assets consist of both tangible assets, such as cash, plant, machinery, means of transport, real estate, infrastructure, computer equipment, and intangible assets, such as patents, designs, product technology, *know-how*, technical and commercial information, and documents.

The company, with a view to safeguarding its primary interests, has among its main objectives the protection and conservation of these assets, as well as their valorisation.

All persons acting on behalf of the company must take care, within the scope of their assigned responsibilities, of the protection and preservation of these assets, which must be used according to their nature and purpose, exclusively in the interest of the company; they must take care to avoid or prevent their misappropriation, damage or illegitimate or improper use.

Damage, misappropriation, improper or unlawful use of company property, whether tangible or intangible, or conduct that knowingly encourages or enables such conduct shall be punishable under the Disciplinary System, without prejudice to the application of the law and the CCNL, and compensation for damages.

The above conduct must be promptly reported to the competent corporate functions by anyone who becomes aware of it.

Information systems

The company adopts security systems to prevent undue access to its computer systems and databases.
It also adopts *disaster recovery* systems to prevent the total or partial destruction of its databases.

Users are provided with credentials for the use of the systems as far as they are concerned and for access to the Internet, for the use and confidentiality of which users are responsible.

Restrictions are envisaged and put in place for users of information systems, access to potentially risky Internet sites also for the commission of offences such as pornographic or child pornography sites.

These measures are implemented, verified and maintained over time by the resources in charge.

In any case, users are made responsible with respect to the use of computer systems, databases and the Internet, which must be carried out in compliance with the principles of fairness and honesty, with the legislation in force and with the provisions of the Model.

Access to sites with pornographic or child pornographic content is prohibited, as is the possession, dissemination and display of pornographic or child pornographic material.

Unauthorised access to protected computer systems, damaging information, data and computer programmes, obtaining or disseminating access credentials without the necessary authorisations is prohibited.

It is also prohibited to use computer systems or tools for the purpose of engaging in conduct connected with betting in the sporting or other fields, all the more so if in conflict with the provisions of Article 25-quaterdecies of the decree (fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices) .

Customer relations

Customer relations are particularly sensitive, given their significant economic content.

To this end, the special part of the Model regulates relations with customers according to whether they are public or private.

As a general rule, relations of a commercial nature are only conducted by personnel expressly delegated to do so, on the basis of the company organisation and contractual relations with third parties (e.g. agency relations).

The correspondence between the quality and type of products and the relevant certificates is always guaranteed.

These relationships, both in negotiations and in contractual relations and participation in tenders, are characterised by strict compliance with the fundamental principles contained in this Code of Ethics, which form the basis of the company's policy: transparency, reliability, truthfulness of information, loyalty.

Behaviour aimed at influencing the other party through the payment of money, gifts and other benefits, or through threats or other unlawful means is not permitted.

Behaviour towards competitors, while in the interest of the company, is inspired by principles of healthy and fair competition, with the exclusion of acts tending to put competitors in a bad light and/or to credit customers with untruthful or defamatory information.

The acquisition of orders through negotiations or participation in tenders is therefore based on the quality of the products and services offered and the economic conditions practised, with the exclusion of any conduct that is not inspired by the general principles listed above.

With particular reference to relations with customers of a public nature, in reaffirming the obligation to also apply to them the principles and rules of conduct listed above, it should be noted that such relations fall within the broader category of relations with the public administration, governed by the specific section of the special section, to which reference should therefore be made.

It should also be recalled that particular attention must be paid in business relations with public customers in foreign countries, since there may be even significant differences in both the respective laws and customs, with particular reference to the payment of gifts to exponents or officials involved in the contract awarding process. In this respect, it is reaffirmed that the principles and rules of conduct laid down in this Code, as well as the prescriptions and prohibitions contained in the Model's protocols, are in any case mandatory.

Therefore, even in the case of foreign customers (as well as in the case of domestic customers), the unlawful and/or undue disbursement of any sums of money or other benefits (such as sponsorships, appointments, consultancies) in favour of the aforementioned exponents and officers or persons acceptable to them, carried out directly or indirectly by or on behalf of persons acting on behalf of the company, are in any case considered acts of corruption, as is the giving of gifts of significant value, regardless of the customs in force in those countries.

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For the rest, please refer to the section of this Code dealing with the management of gifts and gratuities.

Relations with suppliers, partners, external collaborators and consultants

Relations with suppliers (in the broadest sense, including contractors), *partners*, external collaborators and consultants (including registered professionals) are inspired by principles of transparency, fairness, equal opportunities, loyalty and free competition.

First and foremost, in the process of managing the relationships in question, the application of applicable laws and company procedures is observed, and required, with particular though not exclusive reference to those concerning safety, environmental protection, quality, and means of payment.

Compliance with and punctual application of the contractual clauses, in terms of correspondence of the subject matter of the service, delivery or execution time, economic consideration, time and manner of payment, are guaranteed by the company.

In the process of selecting and assigning orders and tasks, only criteria relating to cost-effectiveness, quality of the service, experience, proven professionalism, as well as honourableness and reputation are used. The adequacy of the subjects in terms of technical and financial means, facilities, resources, personnel with respect to the requested service shall be carefully assessed in advance.

In cases where the service required is intimately linked to the professional and personal characteristics of the subject, the criterion of intuitus personae is also allowed, provided it is used in good faith and without favouritism or prejudice of any kind.

The inclusion of suppliers (in the broadest sense) in the relevant register only takes place following a thorough search and evaluation in the light of the above-mentioned criteria.

In assignment processes, whether by tender or by direct negotiation according to company rules, the parties concerned are placed on an equal footing.

As a general rule, the assignment is in any case preceded by a comparative evaluation among at least three parties, except in cases where a different procedure is expressly provided for, where the criteria relating to experience, professionalism or specialisation required are decisive and such as to deem it sufficient and economical to turn to a specific party. In such cases, the reasons for such a decision must be documented and properly filed, so as to meet the requirement of traceability.

The granting of orders or assignments for the purpose of favouring the person to whom the order or assignment is addressed or persons close to or favoured by him/her, in order to obtain in exchange advantages for the company or of a personal nature or, in the case of public persons, acts connected with their official duties, is not permitted.

It is not permissible to give orders or appointments to make the recipient a vehicle for the transit of sums of money, goods, favours or other benefits to other persons, public or private, for the purpose of obtaining advantages from them or, in the case of public persons, acts connected with their official duties.

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The service requested and rendered must be inherent to the corporate purpose of the company. The consideration must be congruous with respect to the service requested; where possible, it must correspond to objective parameters such as, depending on the subject matter, product price lists or professional parameters or rates. In other cases, it must in any event be referable to parameters that are as verifiable as possible such as current market valuations, criteria of experience, comparative criteria and the like.

Any conduct aimed at getting third parties to sign collaboration, supply or procurement contracts with the company at prices that are clearly significantly lower than market prices, with the promise of subsequent orders at advantageous prices, is prohibited.

Relations with the P.A., with the authorities with or without powers of inspection, supervision, control and sanction, with national and foreign, EU and non-EU institutions, and with the judicial authorities

These reports are kept exclusively by persons linked to the company by organic relationships or, in the cases expressly provided for, by external persons (such as lawyers or accountants), expressly delegated to do so.

They are first and foremost characterised by loyalty, a spirit of cooperation, fairness and legality.

The company's interest is protected exclusively by lawful means: complete and truthful information is provided, access is granted to the information and data in the company's possession to the extent permitted by law, the company refrains from concealing relevant situations in its dealings with the competent authorities, and from placing obstacles or hindrances of any kind in the way of audits, inspections and investigations.

In such relations, one shall also refrain from any manifestation that may constitute undue pressure, bribery or attempted bribery, conditioning through promises, threats or violence or untruthful statements in order to obtain acts and conduct contrary to one's official duties or economic advantages, in one's personal interest or that of the company.

Duty and customs regulations must be scrupulously observed.

Full and scrupulous observance is given to the rules dictated by the competent authorities for compliance with the regulations in force and with the provisions of the law (by way of example but not limited to, the rules on the treatment of employees, the rules on contributions and insurance, and the rules on tax and fiscal matters).

In cases where it is considered that the instructions given or the sanctions imposed are not fair or justified, they shall be opposed exclusively in the manner laid down by law, avoiding conduct designed to circumvent or disregard them outside of the manner laid down.

It is forbidden to induce persons called upon to make statements before the judicial authorities in various capacities (witnesses, company representatives, persons informed on the facts) to make false statements or to conceal facts and circumstances known to them.

Relations with political parties and movements, trade unions and associations

It is forbidden to make contributions of any kind, either directly or indirectly, either overtly or covertly, to political parties and movements, organisations or committees with political aims (overtly or covertly, even when they are disguised as cultural organisations or movements and the like), trade unions, or to their representatives or candidates or in any case to persons associated with or favoured by them.

The above applies to both Italian and foreign parties, with no regard, in the latter case, to any different usage in foreign countries.

Undue influence or pressure on political or trade union subjects and exponents for the purpose of obtaining advantages of any kind, whether personal or in favour of the company, is not permitted.

The prohibition of making contributions of any kind and in any form also applies to other associations with interests (such as trade associations, environmental associations, etc.) to which such contributions could take on the nature of support in favour of certain categories rather than others, or of undue pressure in order to obtain benevolent attitudes towards the company's activities (in the case of environmental associations, in the event of possible pollution problems or concerning protected animal species).

Relations with trade union representatives and organisations are managed by the persons expressly delegated to do so within the company organisation, and are characterised by fairness and loyalty, within the framework of the provisions of the law and collective bargaining.

The addressees of this Code may not engage in political activities in the company or in any case during working hours, nor make use for such purposes of goods, equipment and tools, including IT tools, made available by the company.

If they are found, outside the above cases, to express political opinions, it must be made clear that they are expressed in a strictly personal capacity and do not commit the company in any way.

Relations with subsidiaries, investees or associates

These relations are inspired by the general principles set out in this Code, and are marked by: loyalty, transparency in communications, truthfulness and completeness of information and data, respect for roles, a balanced balance between management autonomy and control powers, all in compliance with the rules laid down in the Civil Code and special laws, European Union and international laws on the subject.

Relations with the information media

The management of relations with the media is based on criteria of fairness and loyalty; impartiality towards the various media is ensured, avoiding forms of favouritism or discrimination.

Without prejudice to the truthfulness of the information provided, persons who have relations with media bodies must take into account, alongside the information needs of those bodies and public opinion, the company's confidentiality requirements; they must therefore avoid providing information that could prejudice the company commercially or in other respects.

The reports in question are kept exclusively by the persons authorised to do so within the company organisation.

No person other than those expressly delegated to do so is authorised to provide the media with news about the company.

Behaviour of heads of directorates, managers, heads of functions

Individuals entrusted with coordination functions, in addition to complying with the Code of Ethics and the Model, are also required to:

- promote knowledge of and compliance with the Model and the Code of Ethics among its employees, making them understand that such compliance is an integral part of their work performance, also through the example set by their own conduct;
- where possible and within their respective spheres of competence, use as a criterion for selecting employees and collaborators and for assigning tasks to them also their reliability with regard to compliance with the Code of Ethics, in terms of experience, references, etc;
- promptly and punctually report to their hierarchical superior or to the Supervisory Board violations of the Model and/or the Code of Ethics of which they have become aware through employees or external collaborators;
- intervene promptly if they find conduct that does not comply with the Model and/or the Code of Ethics;
- avoid and prevent retaliation or other negative effects against employees or collaborators who have reported violations of the Model and/or the Code of Ethics, also protecting their confidentiality.

Whistleblowing protections - Art. 6 D. Legislative Decree 231/2001

Without prejudice to the provisions of the last paragraph above, we set out below the rules of conduct with which the addressees of the Model must comply, depending on their role and their relationship with the company.

Any person who, by reason of his or her office, becomes aware of offences or breaches of the Model committed within the company's sphere of activity is requested to report them through the channels made available for this purpose by the company.

If the report is not made directly to the Supervisory Board, the recipient is nevertheless required to forward it to the Supervisory Board.

The whistleblower has the right, on the part of the recipient of the report and of anyone who becomes aware of it, to confidentiality as provided for by law and by the Model.

This right of the whistleblower is matched by an obligation on the part of the person receiving the report, as well as any other person who becomes aware of it, including the whistleblower's supervisors according to the hierarchical ladder provided for by the corporate organisation, to protect the whistleblower's confidentiality by making it effective.

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The person receiving the report, as well as any other person who becomes aware of it, including the reporting person's managers according to the hierarchical scale provided for by the corporate organisation, are prohibited from taking or having taken any retaliatory, discriminatory or otherwise detrimental measures against the reporting person.
The whistleblower must take it upon himself to verify the validity of the facts and circumstances that are the subject of his report, which must always respect the principle of good faith.
Reports that are manifestly and/or knowingly unfounded, or made for the purpose of harming others, and/or for the purpose of taking advantage of the reporter, are strictly prohibited.
Failure to comply with the rules and prohibitions set out in this paragraph constitute breaches of the Model and/or the Code of Ethics, and shall be sanctioned in accordance with the provisions of the Disciplinary System of this Model, having regard also to the provisions of the Special Part thereof.

Racism and xenophobia
The conduct that the addressees of the Model adopt in the activities in any case related to their relationship with the company is marked by the utmost respect for the values of equality and parity among all human beings, as defined in the general principles in this Code of Ethics.
Acts, actions, behaviour of a discriminatory nature on grounds of sexual, ethnic, social, political or religious differences are prohibited.
Failure to comply with the aforementioned prohibitions constitutes a serious breach of the Code of Ethics and, consequently, of this Model, which contains it, and entails the application of the sanctions laid down in the Disciplinary System.
Recipients of the Model who become aware of conduct, within the company's sphere of competence, that is in conflict with the aforementioned principles, rules and prohibitions, must report them according to the channels made available by the company, in the knowledge that their confidentiality will be adequately protected, as will that due in the case of any other report of an offence or breach of the Model, pursuant to the provisions of this Model on whistleblowing (see in particular the special section on whistleblowing, as well as the provisions of the Articles of Association and Discipline of the SB and the Code of Ethics in this regard). In particular, the relevant section of the Special Section, as well as the relevant provisions of the Statute and Discipline of the Supervisory Board and the Code of Ethics).

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PART THREE - COMMUNICATION, TRAINING AND INFORMATION , VIOLATIONS AND SANCTIONS

Communication, training and information

The company shall ensure that this Code and the Model are brought to the attention of all addressees.

They are therefore made available in hard copy and/or electronic format, depending on logistical situations, so that access to them is possible and easy for all addressees who, in turn, declare that they have read them, that they have a copy (hard copy or electronic format) and undertake to comply with them.

Appropriate information and training actions will be put in place to enable, in addition to knowledge, the full understanding of the Code and the Model by all addressees.

On the occasion of changes in the corporate bodies and new hirings, new members and new employees are provided with a copy of the Model including the Code of Ethics, with a declaration by them that they have read and complied with it.

A copy of the Model, including the Code of Ethics, is posted on the company's website. The company's interlocutors (*stakeholders*) (collaborators, suppliers, customers and third parties in general) are informed of this, and may therefore read it.

As for collaborators, consultants and suppliers, there are specific contractual clauses committing them to respect and comply with the Model and the Code of Ethics.

Penalty system

Conduct in violation of the provisions of this Code and the Model constitutes an offence under the Model's Disciplinary System. With regard to employees, such violations constitute a disciplinary offence pursuant to the national collective labour agreement to which they belong and Article 7 of Law no. 300/70; with regard to collaborators, consultants and suppliers, such violations constitute a breach of contract, given the clauses included in the respective contracts committing such persons to compliance with the Model, and may give rise to the sanctions provided for in the Model's Disciplinary System, as well as repercussions on the contractual level, up to and including termination of the contract, without prejudice to compensation for damages.

Reports of breaches of the Code of Ethics

Any addressee who becomes aware of breaches of this Code, whether committed to his or her detriment or not, is obliged to report them to the persons qualified to do so, who are identified as:

- direct superior;
- Human Resources Management;
- OdV.

If the report is addressed to one of the first two subjects, they are in any case obliged to report it to the Supervisory Board which, since the Code of Ethics, according to the philosophy of JSW Steel Italy Piombino S.p.A., is an integral part of the Model, has full jurisdiction over violations of the Code itself.

The Supervisory Board deals with such reports in accordance with the provisions of the Supervisory Board Charter and Discipline, contained in the Model; the Supervisory Board carries out the necessary investigations - guaranteeing, in application and within the limits of the law, due confidentiality with regard to both the reporting party in order to protect it from possible retaliatory actions, and the subject of the report and the company itself, should the report prove to be unfounded - and reports the outcome to the Board of Directors, with the possible proposal of measures pursuant to the Disciplinary System.

In investigations conducted by the Supervisory Board, the persons questioned have a duty to Garante full cooperation, to provide complete and truthful information, and to make available all the documentation requested by the Supervisory Board and in any case necessary for the purposes of the investigation itself.

The company shall inform the Supervisory Board of the manner in which reports of violations of the Code and the Model are forwarded.

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DISCIPLINARY SYSTEM

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General part

This Disciplinary System sanctions violations of the provisions of the Organisation, Management and Control Model adopted by the company, as well as of the Code of Ethics contained therein and forming an integral part thereof.

In particular, all conduct, whether intentional or negligent, carried out in conflict with the prescriptions and prohibitions contained in the Model and in the Code of Ethics, or in any case without complying with them, shall be sanctioned.

The Disciplinary System constitutes a supplementary regulatory source with respect to the law and, with reference to managers and employees of the company, to the respective CCNLs (National Collective Labour Agreement for managers of companies producing goods and services, and National Collective Labour Agreement for the metalworking sector for workers employed in the private metalworking and plant installation industry) to which reference is expressly made and which therefore maintain, insofar as applicable, their full effectiveness.

All persons covered by the Model, in whatever position they work and whatever their relationship with the Company, are liable to incur the sanctions provided for in the Disciplinary System.

These subjects are classified as follows:

- members of corporate bodies;
- persons in top positions;
- executives;
- non-managerial employees;
- third parties, in turn divided into suppliers, collaborators, agents, consultants, partners, customers.

The conduct relevant for the purposes of this Disciplinary System, i.e. such as to be considered an offence under it, is any conduct by the persons referred to in the preceding sentence, within their respective sphere of responsibility, in contrast with or in breach of the provisions of the Model, parts thereof (such as the Code of Ethics) and the protocols contained therein.

The sanctions provided for in this Disciplinary System are proportionate to the offence committed, and graduated according to the following criteria:

- gravity;
- recurrence and repetitiveness;
- recidivism;

- type of relationship between the subject and the company.

For the purposes of severity, the following aspects are taken into account:

- assessment of the subjective element, verifying whether the infringement is committed through **negligence** (e.g. negligence in carrying out one's activities and/or in performing the controls provided for according to one's role, or in reporting facts and conduct relevant to 231, with an assessment of whether or not it is serious negligence), or **wilful misconduct** (i.e. deliberate intent to contravene the Model and its provisions);
- whether the infringement constitutes one of the predicate offences under 231;
- whether it is likely to facilitate or has facilitated the commission of one of those offences;
- whether the infringement is such as to prevent or render difficult the detection of the commission of such offences or their prevention;
- possible multiple offences committed with the same conduct;
- possible concurrence of more than one person in the commission of the infringement, without prejudice to the assessment of the gravity of the conduct of each individual person;
- the extent of the consequences to the Company resulting from the commission of the offence.

As a general criterion, an aggravating circumstance is also considered to be the fact that the infringement refers to rules, protocols and procedures on health and safety in the workplace, environmental protection and the protection of personal dignity, given the damaging potential of such infringements against the psycho-physical integrity of the person.

Serious infringements are also considered to be those in breach of Article 6(2a) et seq. on *whistleblowing* (protection of the confidentiality of whistleblowers and prohibition of retaliatory action against them).

However, all infringements expressly defined as such in the Model are considered serious infringements.

For the purposes of recurrence and repetition, regard shall be had to the fact that the infringement occurred more than once within the same organisational area, or within a specific function, or within a category of activities: this is for the purpose of assessing the degree of liability both of the person who committed the infringement and of those who, by virtue of their role, would have had the task of preventing it;

As regards recidivism, a distinction must be made between specific and general recidivism; generally, and without prejudice to the assessment of each individual breach, the former entails more serious sanctions than the latter, since it is a repetition of the same conduct in breach of the Model. As regards the criteria of a temporal nature for the purposes of recidivism, those provided for in Article 7, Law no. 300/1970 are used for employees.

Failing this, and in any case as far as all other persons are concerned, persons who, at the time of the commission of the offence, have already previously committed conduct sanctioned on the basis of this Disciplinary System, or who have been the subject of a final criminal conviction for offences relevant to 231, shall be considered repeat offenders.

The type of relationship between the company and the offending party is also relevant under the provisions of Articles 5, 6 and 7 of Legislative Decree No. 231/2001.

Account will therefore be taken of whether the breach of the Model was committed by a person in a senior position or by persons subject to the direction of others.

From its nature as a supplementary source of the Disciplinary System, it follows that:

- it applies irrespective of whether or not the persons charged with the offence are subject to criminal proceedings on account of the same conduct that led to the commencement of the disciplinary proceedings, and irrespective of the outcome thereof;
- its application leaves intact the rights and faculties - also with reference to the means and methods of appeal - provided for by laws, regulations, collective agreements, agreements and company rules;
- to the extent that it is not governed by it, the law, regulations, collective agreements, agreements and company rules shall apply.

In the event of a breach of the Model, the procedure for contesting the charges may originate:

- a report by the Supervisory Board forwarded to the Board of Directors;
- direct knowledge of the facts by corporate bodies or company structures;
- a report by a third party, addressed to the Supervisory Board or to the company structures.

Recipients of the Model who become aware of a breach thereof shall promptly inform the Supervisory Board, which in turn shall promptly inform the company, either directly to the Board of Directors or through the competent structures, as the case may be.

The reporting persons referred to in Article 5 of Legislative Decree No. 231/2001 are subject to the protections provided for in Article 6 of the decree; the non-application of such protections constitutes in turn a serious infringement sanctioned under this Disciplinary System.
Similarly, it is an offence under the Disciplinary System to make, with intent or gross negligence, reports that turn out to be unfounded.

The SB carries out its assessments, first of all verifying whether the subject of the report constitutes an actual breach of the Model; if so, it carries out its own investigations according to the procedures set out in the section "Statute and Discipline of the SB". At the outcome of the investigation, the SB communicates its

assessments to the company, if necessary proposing with adequate justification the adoption of a sanction on the basis of the provisions of the Disciplinary System. The phases relating to the disciplinary procedure, adoption, communication and imposition of the sanction are directly taken care of by the company functions competent according to the person who committed the violation, and according to the system of powers and delegations.

Dissemination of the Disciplinary System

The Disciplinary System, as an integral part of the Model, has the same dissemination as the latter, in hard copy and/or computerised form according to logistical requirements.

The company shall ensure that it is known to all addressees.

As for the part concerning disciplinary sanctions against employees, it is also posted on the appropriate company notice boards.

As for the parts concerning sanctions against third parties, these are expressly referred to in (or annexed to) the contractual agreements.

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Special Part

Members of corporate bodies

Violation of the Model, including the Code of Ethics, by directors and auditors of the company gives rise to the application of the following sanctions:

- written recall;
- written warning against further violations of the Model;
- curtailment of remuneration up to a maximum of 50% of the emoluments still to be received at the time of the dispute;
- revocation of the assignment.

The above sanctions shall be applied in a graduated manner according to the criteria set out in the general part of this Disciplinary System, namely the seriousness, recurrence and recidivism of the breach.

They are adopted on the basis of the powers vested in them by law and by resolutions of the shareholders' and board meetings.

The procedure for contesting the charges and imposing and enforcing sanctions is as follows.

Once the breach has been ascertained on the basis of verifications carried out independently or of reports on the matter received from corporate bodies, corporate structures or third parties, the Supervisory Board shall promptly notify the Board of Directors, through the Chairman and/or the Managing Director, and the Chairman of the Board of Auditors.

The communication, duly accompanied by supporting documentation, shall contain a description of the breach, as well as the facts and circumstances in which it occurred, the identification of the perpetrator(s), an indication of the part(s) of the Model that is the subject of the breach, the possible proposal of disciplinary sanction, justified in terms of its extent in the light of the criteria set out in the general part of this Disciplinary System; this proposal, although not binding, shall be taken into account by the body that will have to make the relevant decision.

The Board of Directors shall meet to deliberate on the matter in accordance with the procedures laid down by law, with an emergency procedure if the nature of the breach and/or the role played by the perpetrator so require, and in any case no later than thirty calendar days from receipt of the communication sent by the Supervisory Board pursuant to the preceding sentence, also placing on the agenda the summoning of the person or persons indicated by the Supervisory Board and the relevant reasons.

The summons is, at the same time as the Board of Directors' meeting, sent in writing to the persons subject to it; it contains the reasons for the summons and the contested charges, with an invitation to avail

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themselves of the right to present their version of the facts and any counter-arguments to the charges, either verbally or in writing.

The Supervisory Board may be invited to take part in the meeting by means of a written communication at the same time as the convocation containing the agenda.

During the meeting, the interested party/parties shall be heard and their statements shall be recorded, and any observations and counter-arguments formulated in writing shall be filed; if the elements available are deemed sufficient, the Board of Directors shall decide on the possible adoption of measures pursuant to this Disciplinary System, taking into account the opinion, albeit non-binding, expressed by the Supervisory Board.

Should it be deemed necessary, the Board of Directors shall order an additional preliminary investigation by acquiring further elements and/or conducting further investigations, in which case it shall keep the session underway open or adjourn to a new session to be held as soon as possible.

If the sanction consists in the reduction of the remuneration or the revocation of the mandate, the Board of Directors shall promptly convene the Shareholders' Meeting, which shall decide on the matter upon the proposal of the Board of Directors.

The sanction measure adopted is communicated in writing to the persons concerned by the Board of Directors, which also arranges for it to be enforced.

The Supervisory Board, present at the Board meeting or, if absent, informed by the Chairman thereof or by the CEO, verifies the application of the sanction adopted.

Persons in top positions

At present, on the basis of the current corporate and organisational structure, the Chairman and the members of the Board of Directors are certainly to be considered persons in an apical position, according to the definition given in Article 5(1)(a) of Legislative Decree No. 231/2001.

Other persons with power of attorney (also coinciding with first-rank executives) may also be regarded as senior management, in the exercise of the powers conferred on them therein.

For the purposes of this Disciplinary System, therefore, the provisions of the previous section concerning the members of the corporate bodies apply to the Chairman and the members of the Board of Directors, while the following section, concerning executives, applies to the other persons.

Managers

Given the peculiarity of the category, the provisions of the national collective labour agreement for executives of companies producing goods and services, to which reference is therefore expressly made, apply for the purposes of the procedure of contestation of charges and the adoption and application of sanctions.

In the event of an infringement detected directly by the Supervisory Board or of a report received by it, the body verifies its reliability and proceeds with the relevant investigations.

If the investigation reveals that the detection or report is well-founded, the Supervisory Board activates the procedure by sending the Board of Directors a report containing its assessment of the infringement, the relative extent and the proposal of any disciplinary sanctions; the Board of Directors activates, for this purpose, the competent company structures through the Chairman.

The competent structures shall proceed, in accordance with the law and the contract, to any disciplinary sanctions to be imposed on the basis of what has been established in the previous phase, in compliance with the system of powers and delegations.

Non-managerial employees

This includes all personnel with a fixed-term or open-ended employment contract, employed by the company and to whom the National Collective Bargaining Agreement for the metalworking sector for workers in the private metalworking and plant installation industry applies, therefore excluding managerial personnel, dealt with in the preceding paragraph.

Activation of the procedure takes place in the manner described in the previous section.

The procedure for notifying the charges, the nature of the sanctions and the process of infliction and application of the sanction are (within the more general framework of Article 7 of Law No. 300/1970) those set out in the national collective labour agreement for the private metalworking and plant installation industry applied by the company, to which express reference is therefore also made for the purposes of the sanctions, which are as follows:

- verbal warning;
- written warning;
- fine not exceeding three hours' hourly pay calculated on the minimum wage;
- suspension from work and pay for up to three days;
- dismissal for misconduct pursuant to Article 10, below.

Art. 10 - Dismissals for misconduct

A) Dismissal with notice

An employee who commits breaches of work discipline and diligence which, although more serious than those referred to in Article 9, are not so serious as to render applicable the sanction referred to in subparagraph B). By way of illustration, these infringements include:

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(a) insubordination to superiors;

(b) culpable damage to plant equipment or processing material;

(c) carrying out work on the holding on one's own account or on behalf of third parties without permission, of minor importance without using material from the holding;

(d) brawling in the plant outside the processing departments;

(e) abandonment of the workplace by personnel specifically entrusted with surveillance, custody or control duties, other than in the cases provided for in point (e) of subparagraph (B) below;

(f) unjustified absences lasting more than four consecutive days or repeated absences three times in a year on the day following a holiday or holiday;

(g) sentence of imprisonment imposed on the employee by a final judgment, for an act committed not in connection with the performance of the employment relationship, which affects the moral character of the employee;

h) recidivism in any of the offences referred to in Article 9, when two suspension measures referred to in Article 9 have been imposed, without prejudice to the last paragraph of Article 8.

B) Dismissal Without Notice

This measure is imposed on an employee who causes serious moral or material harm to the company or who, in connection with the conduct of the employment relationship, performs actions that constitute an offence under the law.

By way of illustration, these infringements include:

(a) serious insubordination to superiors;

(b) theft in the company;

(c) theft of sketches or drawings of machines and tools or other objects, or company documents;

(d) deliberate damage to company equipment or processing material;

(e) abandoning the workplace in such a way as to endanger the safety of persons or the safety of plant, or in any event carrying out actions entailing the same damage;

f) smoking where this may cause harm to the safety of persons or the safety of installations;

(g) carrying out without permission work in the company on one's own account or on behalf of third parties that is not of minor importance and/or with the use of material from the company;

(h) brawling within processing departments.

Third parties

As a general rule, and without prejudice to the express exceptions set out below, third parties (meaning, by way of example but not limited to: consultants, suppliers, attorneys, proxies, agents, commercial *partners*, and in general all those persons authorised to act in the name and on behalf of the company) are required to comply with the Code of Ethics and the Model for the parts pertaining to them; therefore, they are subject to this Disciplinary System for conduct in violation of or in contrast with the principles and rules of conduct contained herein.

Sanctions

The sanctions provided for against third parties are as follows:

- written reprimand, to be communicated by letter;
- warning against further breaches of the Code of Ethics or the relevant parts of the Model;
- reduction of the contractually agreed consideration for the service by the application of a penalty, also to the extent expressly provided for in the contract or letter of assignment;
- termination of the contract.

These sanctions are set out in an appendix to the contract or to the letter of appointment (see annexes to the Model), in which the third party undertakes to comply with the Code of Ethics and the Model insofar as relevant; these documents are attached in copy to the contract or, in any case, notice is given of their availability on the company's website.

Procedure for contesting charges, and for the imposition and application of sanctions

The procedure starts as indicated in the general part of this Disciplinary System.
Upon receipt of the Supervisory Board's report, accompanied by supporting documentation and containing the proposal for possible sanctions, the Board of Directors shall promptly forward it to the competent corporate structures.

The company shall therefore, through the competent structures and with due timeliness, compatibly with any further investigations that may be necessary, notify the third party in writing of the charges made, inviting him, if he deems it necessary, to provide any clarifications or counter-deductions.

The decision as to the sanction to be adopted, taking into account the opinion expressed by the Supervisory Board, albeit non-binding, is taken on the basis of the powers existing within the company under the power and delegation system.

Following the decision taken, the third party is notified of the measures taken in terms of the adoption and application of one of the above sanctions.

The company shall inform the Supervisory Board of any sanctions that may have been adopted.

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APPENDIX

- D. Legislative Decree No. 231 of 8 June 2001 (updated **23 March 2022**)
- Catalogue of administrative offences and predicate offences (updated **23 March 2022**)
- Declaration of responsibility and absence of conflicts of interest
- Declaration and express termination clause in relations with third parties

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