



Organisation,
management and
control model
in accordance with
Legislative Decree
no. 231 of 8 June
2001

General Section

ABSTRACT

Board of Directors meeting of 5 September 2019

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Definitions

Sensitive Activities

are those activities of the Company in which it is deemed that the relevant crimes referred to in the Decree may be committed or those activities that are relevant to the management of the Company's financial resources

NATIONAL COLLECTIVE LABOUR AGREEMENT

National Collective Labour Agreement

Code of Conduct

"Code of Conduct - Guidelines and Standards of Integrity and Transparency" adopted by the Company and the document "Transparency Guidelines" to which the Code of Conduct itself refers.

Employees

persons on permanent or temporary employment contracts with the Company as well as temporary staff

Legislative Decree 231/2001 or Decree:

Legislative Decree no. 231 of 8 June 2001.

Confindustria Guidelines

Confindustria document (approved on 7 March 2002 and updated to March 2014) for the preparation of the organisation, management and control models referred to in Legislative Decree no. 231/2001. 231/2001

Model

Organisation, management and control model adopted by the Company pursuant to Legislative Decree No. 231/2001

Supervisory Body or SB

Body referred to in Article 6 of Legislative Decree 231/2001, whose duty is to supervise the functioning of and compliance with the Model and to ensure that it is kept up-to-date

PA

Public Administration, by which we mean collectively:

- Public entities: entities set up by the Government to meet its organisational or functional needs, such as, for example, municipalities and

provinces, consortia for land reclamation or irrigation, the Chambers of Commerce, ENAC, INPS, INAIL and IPSEMA;

- Public officials: persons having a public, legislative, judicial or administrative role who can determine or express the will of the Public Administration by exercising their authority or their powers of endorsement such as, for example, members of Government and local administrations, supranational administrations (e.g., the European Union), law-enforcement agencies, the Italian Finance Police, Chambers of Commerce, Building Commissions, judges, law officers, the auxiliary bodies of the administration of justice (e.g., receivers in bankruptcy), the administrators and employees of public bodies, private individuals with powers to determine or express the will of the Public Administration;

- persons responsible for public services: persons who, for whatever reason, provide a public service understood as an activity regulated in the same way as a public function, but without the powers specific to the latter, with the exception of those who are simply responsible for maintaining law and order and for carrying out only manual work. A private individual or an employee of a private company may also be regarded as a public official when carrying out activities in the pursuit of a public objective and the protection of a public interest.

Procedures

Company procedures, policies and provisions, site instructions and other regulations, measures and documents of the Company or of the Techint Group, including the set of procedures adopted in accordance with standards such as ISO 9001, ISO 14001, ISO 45001.

Tenova or Company:

TENOVA S.p.A.

Structure of this document

This document consists of a General Section and a Special Section, consisting of the Protocols governing Sensitive Activities.

The General Section deals with the following topics:

- the regulations referred to in Legislative Decree no. 231/2001 231/2001.
- corporate governance;
- the method for preparing the Model;
- the persons to whom the Model applies;
- the make-up and functioning of the Supervisory Body;
- the system of disciplinary measures in the event that there are violations of the Model;
- circulation of the Model and training of personnel.

The Special Section, on the other hand, contains the rules governing Sensitive Activities and the control measures aimed at or in any case suitable for reducing the risk of committing the offences referred to in the Decree. These controls are contained and are applied in the Procedures.

The following are also an integral part of the Model:

- the document "*Control & Risk Self Assessment and Gap Analysis pursuant to Legislative Decree No.. 231/2001*" that formalises the results of the *Control and Risk self-assessment* activity aimed at identifying Sensitive Activities;
- the Code of Conduct that defines the principles and the rules governing the behaviour of the Company;
- the Procedures.

These documents may be obtained in accordance with the procedures established for their circulation to the staff of the Company.

General Section

1. Legislative Decree no. 231 of 8 June 2001

1.1. Criminal liability of entities

Legislative Decree no. 231 of 8 June 2001 introduces and regulates the administrative liability arising from an offence committed by group entities. This form of liability combines aspects of the criminal and administrative disciplinary systems. According to the Decree, in fact, the entity is punished with an administrative penalty, as it is liable for an administrative offence, but the disciplinary system is based on the criminal trial: the competent authority that brings the charge is the Public Prosecutor and the criminal judge imposes the penalty. The liability of entities is officially of an administrative nature, but essentially it is a criminal liability.

Moreover, it is separate and independent of the liability of a natural person who commits the offence, so much so that it exists even when the offender has not been identified or when the offence is no longer punishable for a reason other than amnesty. In any case, the liability of the entity is added to, and does not replace, that of the natural person who committed the offence.

The scope of the Decree is very broad and covers all entities with legal personality (including, of course, companies), associations including those without legal personality and public economic entities. The legislation in question is not applicable to the State, to local public bodies, to non-economic public bodies and to bodies that perform constitutional functions (such as, for example, political parties and trade unions).

1.2. Categories of so-called underlying offences

The entity may only be held liable for offences - so-called underlying offences - indicated as a source of liability by the Decree or, in any case, by a law that came into force before the act constituting the offence was committed.

On the date of approval of this document, the underlying offences belong to the categories indicated below:

- offences against the Public Administration (Articles 24 and 25);
- cybercrime and unlawful data processing (Article 24-bis);
- organised crime offences (Article 24-ter);
- counterfeiting coins, public credit cards, revenue stamps and instruments or distinctive marks (Article 25-bis)
- crimes against industry and commerce (Article 25-bis.1)
- corporate crimes (Article 25-ter)

- Terrorism crimes and terrorist-related offences or subversion of the democratic system (Article 25-*quater*);
- practices of female genital mutilation (Article 25-*quater*.1);
- offences against the individual (Article 25-*quinquies*);
- market abuse offences (Article 25-*sexies*);
- manslaughter or actual or grievous bodily harm, committed in violation of the regulations governing health and safety in the workplace (Article 25-*septies*)
- receiving, laundering and using money, goods or benefits of illicit origin as well as self laundering (Article 25-*octies*)
- crimes relating to copyright infringement (Article 25-*novies*)
- inducement not to make statements or to make false statements to the judicial authorities (Article 25-*decies*)
- environmental crimes (Article 25-*undecies*)
- employment of illegal third-country nationals (Article 25-*duodecies*);
- racism and xenophobia (Article 25-*terdecies*);
- fraud in sport competitions, abuse of gaming or betting and gambling by means of prohibited devices (Article 25-*quaterdecies*);
- transnational crimes (Article 10, Law 16 March 2006, no. 146)¹.

¹ The amendments to the types of offences referred to in the Decree were made by the following legislative acts: Decree Law no. 350 of 25 September 2001, which introduced Article 25-bis "Counterfeiting coins, public credit cards and revenue stamps", as subsequently amended and recorded as "crimes relating to the counterfeiting of coins, public credit cards, revenue stamps and instruments or distinctive marks" by Law no. 99 of 23 July 2009. Legislative Decree no. 61 of 11 April 2002, which introduced Article 25-ter "Corporate Offences", subsequently amended by Law no. 262 of 28 December 2005, Law no. 190 of 6 November 2012, and Law no. 69 of 30 May 2015 and Legislative Decree no. 38 of 15 March 2017; Law no. 7 of 14 January 2003 which introduced Article 25-*quater* "Terrorism crimes and terrorist-related offences or subversion of the democratic system"; Law no. 228 of 11 August 2003, which introduced Article 25-*quinquies* "Crimes against the individual", subsequently amended by Law no. 199 of 29 October 2016; Law no. 62 of 18 April 2005, which introduced Article 25-*sexies* "Market abuse"; Law no. 7 of 9 January 2006, which introduced Article 25-*quater*.1 "Practices of female genital mutilation"; Law no. 146 of 16 March 2006, which provides for the liability of entities for transnational crimes; Law no. 123 of 3 August 2007, which introduced Article 25-*septies* "Manslaughter and actual or grievous bodily harm, committed in violation of accident prevention regulations and those governing health and safety in the workplace", later amended and recorded "Manslaughter or actual or grievous bodily harm, committed in violation of the regulations on the protection of health and safety in the workplace" by Legislative Decree no.81 of 9 April 2008; Legislative Decree no. 231 of 21 November 2007, which introduced Article 25-*octies* "Receiving, laundering and use of money, goods or benefits of illicit origin", later extended and recorded as "Receiving, laundering and using money,

The entity may also be called upon to answer before the Italian court for underlying offences committed abroad under the following conditions:

- the general conditions for prosecutable offences provided for by Articles 7, 8, 9 and 10 of the Criminal Code for prosecuting an offence committed abroad in Italy are met;
- the entity's head office is based in Italy;
- the offence is committed abroad by a person working on behalf of the company;
- the country in which the offence was committed does not take action against the entity.

1.3. The criteria for attributing liability to the entity; exemption of liability

In addition to committing one of the underlying offences, in order for the entity to be punishable under Legislative Decree no. 231/2001, other regulatory requirements need to be included. The additional criteria for the liability of entities can be identified as "objective" and "subjective".

The first objective criterion applies when the offence is committed by a person associated with the entity in a professional capacity. A distinction is made between:

- "top-level managers", i.e. who hold positions of representation, administration or management of the entity, such as, for example, directors, general managers or directors of an independent organisational unit and, in general, the persons who manage, in fact, the entity itself or one of its independent organisational units;
- "employees", i.e. all those who are managed and supervised by top-level managers. This category includes employees and persons who, although they are not employees, are managed and supervised by top-level managers.

The identification of the persons referred to above does not depend on the type of contractual relationship that they have with the organisation; in fact, these must also include persons who are not

goods or benefits of illicit origin as well as self-laundering " by Law no. 186 of 15 December 2014, Law no. 48 of 18 March 2008, which introduced Article 24-bis "cyber-crime and unlawful data processing"; Law no. 94 of 15 July 2009, which introduced Article 24-ter "Organised crime offences"; Law no. 99/2009 - already cited - which introduced Article 25-bis.1 Crimes against industry and commerce" and Article 25-novies "Crimes relating to copyright infringement"; Law no. 116 of 3 August 2009, which introduced Article 25-novies (later renumbered Article 25-decies by Legislative Decree no. 121 of 7 July 2011) "Inducement not to make statements or to make false statements to the Judicial Authorities"; Legislative Decree no. 121/2011 - already mentioned - which introduced Article 25-undecies "Environmental crimes", later amended by Law no. 68 of 22 May 2015; Law no.109 of 16 July 2012, which introduced Article 25-duodecies "Employment of illegal third-country nationals", later amended by Law no. 161 of 17 October 2017, L. 190/2012 - already mentioned - which amended Article 25; Law no. 167 of 20 November 2017, which introduced Article 25-terdecies "Racism and xenophobia"; Law no. 3 of 9 January 2019, which amended Article 25"; Law n. 39 of 3 May 2019, which introduced Article 25-quaterdecies "fraud in sport competitions, abuse of gaming or betting and gambling by means of prohibited devices".

part of the staff of the organisation, but act in the name, on behalf or in the interest of the organisation itself.

Another objective criterion applies when the offence is committed in the interest or to the advantage of the entity; the existence of at least one of these two conditions, which are different from each other, is sufficient (in this sense, see Cass. Pen. no. 3615, 20 December 2005):

- it is in the interest of the entity when the perpetrator of the offence has acted with the intention of favouring the entity, whether or not the objective has been achieved;
- it is to the advantage of the entity when the entity has obtained - or could have obtained - a positive result from the offence, whether economic or otherwise.

With regard to the subjective criteria for attributing liability to the entity, these refer to the preventive measures adopted in order to prevent one of the underlying offences from being committed in the performance of its business activities.

In fact, the Decree, in the event of an offence being committed by a top-level manager, provides for the exemption from liability for the entity if it proves that:

- before the offence was committed, the management body adopted and effectively implemented organisation, management and control models suitable for preventing offences of the type committed;
- the duty to supervise the functioning of and compliance with the models and their updating has been assigned to a body of the entity with independent powers of initiative and control;
- a top-level manager committed the offence by fraudulently circumventing the management models;
- the body failed to supervise or supervised insufficiently.

In the case of offences committed by employees, the entity can instead be called to account only if it is proven that the offence was facilitated by failing to comply with the obligations of management or supervision, in any case excluded if, prior to the offence, the entity has adopted organisation, management and control models suitable for preventing offences of the type committed.

With reference to the liability under the Decree in the context of corporate groups, case law (for all, see Cass. Pen, sentence no. 24583/2011) establishes that the parent company or holding company is liable for an offence which is committed when conducting the subsidiary's business:

- was committed in the immediate and direct interest or advantage not only of the subsidiary but also of the parent company (or holding company);
- has been committed with a significant contribution, effectively and specifically proven, of natural persons working on behalf of the parent company.

1.4. Provisions of the Decree regarding the characteristics of the organisation, management and control model

The Decree shall only regulate certain general principles regarding the organisation, management and control model, providing for the following minimum content:

- identifying the entity's activities in which offences may be committed;
- providing specific protocols in order to plan and implement the entity's decisions in relation to the prevention of offences;
- identifying methods of managing financial resources suitable for preventing offences;
- adopting a disciplinary system suitable for punishing non-compliance with the measures indicated in the model;
- identifying information flows regarding the Supervisory Body;
- providing, in relation to the size and type of organisation, as well as to the type of activity carried out, for appropriate measures to ensure that the activity is carried out in compliance with the law and to promptly detect and eliminate risks.

The Decree shall establish that the model is subject to regular checking and updating, both in the event of serious violations of the provisions, and in the event of significant changes in the organisation or activity of the entity.

1.5. Penalties

The disciplinary system provided for by Legislative Decree 231/2001 is divided into four types of penalties which the entity may be subject to in the event of sentence pursuant to the Decree:

- *fine*: this is always applied when the judge holds the entity liable and is calculated through a system based on quotas, determined by the judge in number and amount; the number of quotas, to be applied between a minimum and a maximum which vary depending on the case, the seriousness of the crime, the degree of liability of the entity, the activity carried out to eliminate or mitigate the consequences of the offence or to prevent other offences; the amount of the single quota must be established, however, between a minimum of € 258.00 and a maximum of € 1,549.00, depending on the economic and financial conditions of the entity;
- *disqualification*: in addition to a fine, a *disqualification* may be applied if expressly indicated for the offence the entity is liable for and if at least one of the following conditions is met:
 - the entity has made a significant profit from the offence and the offence was committed by a senior manager, or by an employee if the offence was facilitated by serious organisational shortcomings;
 - in the event of repeat offences.

The disqualifications referred to in the Decree are:

- Disqualification from conducting their business;
- suspension or revocation of authorisations, licences or concessions that were instrumental to the offence being committed;
- prohibition from negotiating with public administration entities, except for contracts relating to public services;
- exclusion from subsidies, financing, contributions or concessions and the possible revocation of any subsidy already granted;
- prohibition from advertising goods or services.

Disqualifications are temporary - only definitive in exceptional circumstances - and vary from three months to two years depending on the specific activity of the entity to which the offence refers. They may also be applied as a precautionary measure, at the request of the Public Prosecutor, if there are serious indications of the entity's liability as well as valid and specific elements that suggest that there is a real danger of further offences being committed similar to the one being heard;

- *confiscation*: upon conviction proceeds or profits from the offence or goods or other benefits of the same value are always confiscated.
- *publication of the sentence*: when the entity is sentenced it may be punished by means of a disqualification which consists of the publication of the sentence, at the expense of the entity, in part or in full, in one or more newspapers indicated by the judge as part of the sentence as well as by posting notices in the municipality of the entity's head office.

Administrative penalties against the entity are applied within five years from the date of the criminal act on which the administrative offence is based.

The final sentence given to the entity is entered in the national registry of administrative penalties for offences.

The Decree shall also determine the degree of liability of the entity in the event that it is transformed, merged or demerged or if its ownership is transferred.

In the event of a transformation of the entity, the liability for offences committed before the date on which the change took effect remains unaffected. The new entity will then be the recipient of penalties applicable to the original entity for offences committed before the transformation.

In the event of a merger, the entity resulting from the merger itself, even by incorporation, is liable for offences for which the entities that took part in the merger were liable.

In the case of a demerger, the liability of the demerged entity for offences committed before the date when the demerger took effect remains unaffected and the entities benefiting from the demerger are jointly obliged to pay any fines imposed on the demerged entity within the values of the net assets transferred to each individual entity, except in the event that the entity to which the branch of activity within which the offence was committed has also been transferred in part; disqualifications are applied to the entity (or entities) in which the branch of activity within which the offence was committed remained or was merged.

In the event of transfer or change of ownership of the company in which the offence was committed, except for the benefit of the prior enforcement of the transferor, the transferee is jointly obliged with the transferor to pay the fine, in proportion to the value of the transferred company and in proportion to the value of the fines listed in the accounts or owed for offences of which the transferee was in any case aware.

2. Tenova S.p.A.: the Company and its corporate governance and internal control system

2.1. The Company and the Group

Tenova S.p.A., a company of the Techint Group, is a company specialising in the design and development of technological solutions aimed at supporting companies operating in a range of activities in the metal and mining industry.

In the mining sector, Tenova provides integrated solutions on a global scale, from the processing and handling of materials, to solutions for industries specialising in the processing and enrichment of minerals, to the supply of components, services and special support. In the metal sector, Tenova works both upstream and downstream, with constant innovative solutions in the production of metals, hot and cold rolling, treatments and processes, technologies for aluminium processing and providing components, services and support. Tenova is based in Castellanza, Italy, while Leipzig, Germany, is its main technological centre for the development of solutions for the mining industry.

2.2. *Corporate governance*

The Company's *corporate governance* is currently structured as follows:

- Board of Directors: vested with the broadest powers for achieving the Company's objectives and for the ordinary and extraordinary management of the Company, with the only exception of those activities which, in accordance with the law and the Articles of Association, fall within the remit of the Shareholders' Meeting;
- Board of Statutory Auditors: the management of the company is controlled by a collegiate body consisting of three acting members and two alternate members;

- Independent auditors: the Company is audited by an independent auditor registered with the Ministry of Justice.

The Company's *corporate governance* includes the Model and Procedures, aimed not only at preventing the offences referred to in the Decree, but also at providing the most efficient control system.

The basis of the Model is the Code of Conduct, which describes the ethical principles and values that inspire its business activities.

The Code of Conduct is an integral and essential part of the Model and recognises the legal applicability and validity of the ethical principles and standards of conduct described in it, also with a view to preventing corporate offences, and lays the foundations for compliance with current regulations.

2.3. Internal control system

In pursuing the objectives identified in the Articles of Association, Tenova has paid particular attention to the development and subsequent implementation of an adequate internal control system, consistent with national and international *best practices*.

Internal controls are all necessary or useful tools for directing, managing or monitoring company activities; their purpose is to ensure compliance with company regulations and procedures, to manage activities efficiently and to set up a precise and complete accounting system.

The responsibility for implementing an efficient internal control system lies with all levels of the organisation, so all Company employees, within their respective roles, are responsible for the identification and correct functioning of the internal controls.

In line with national and international *best practices*, the internal control system is developed on three separate levels of control with the aim of assigning responsibility for carrying out controls to each user and ensuring adequate risk control:

- a first level that defines and manages the line controls inherent in its operational processes (e.g. *operational management, process owners*);
- a second level that oversees the risk management and control process, ensuring that it is consistent with company objectives and satisfies organisational separation criteria in a sufficient manner to allow effective monitoring (e.g. *managing director, project control, cost control*);
- a third level that provides independent *assurance* on the design and functioning of the Internal Control System (e.g. *internal audit*).

Therefore, in line with national and international *best practices*, the Internal Audit department carries out independent and objective *assurance* and consultancy activities, aimed at improving the

effectiveness and efficiency of the organisation and supports the organisation in pursuing its objectives through a professional and systematic approach.

Tenova's internal control system, with particular reference to Sensitive Activities and in line with the provisions of the Confindustria Guidelines, is based on the following principles:

- clear identification of the roles, tasks and responsibilities of the persons involved in the implementation of the company's activities (internal or external to the organisation);
- separation of duties between those who carry out an activity operationally, those who control it, those who authorise it and those who record it (where applicable);
- verifiable and documented *ex post* operations: the relevant activities carried out (especially in the context of Sensitive Activities) are suitably described, with particular reference to the documentation prepared during their implementation. The documentation produced and/or available in paper or electronic format is archived by the Departments / persons involved;
- identification of preventive controls and *ex post*, manual and automatic checks: manual and/or automatic controls are provided to prevent any offences or to detect *ex post* irregularities that could conflict with the purposes of the Model. These controls are more frequent, complex and sophisticated in the context of Sensitive Activities where there is a higher risk of committing an offence.

The elements of the internal control system can be traced back to the following:

- system of ethical principles aimed at preventing the offences referred to in the Decree;
- Clearly described organisational system;
- a system of authorisation and signatory powers consistent with the organisational and management responsibilities identified;
- management control system capable of providing timely notification of the presence and occurrence of critical aspects;
- system of staff communication and training regarding the elements of the Model;
- appropriate disciplinary system to punish non-compliance with the rules of the Model;
- a system of operating procedures, whether manual or computer-based, aimed at regulating company activities in areas at risk and relevant control measures;
- information system for carrying out operational or control activities as part of or in support of Sensitive Activities.

With reference to the system of ethical principles, communication and training system and disciplinary system, reference is made to the Code of Conduct, as well as to the provisions of paragraphs 6 and 7 of this General Section.

The Company's organisational system is defined through the preparation of an organisational chart and a job description system that regulates the duties and areas of responsibility of the main positions within the organisation.

The authorisation and decision-making system consists of an articulated and coherent system of powers and proxies and of the so-called Power Maps which identify, for each category of powers, the relevant individuals, with either single or combined signature, the maximum amounts, and the cases in which it is possible to delegate.

This authorisation and decision-making system shall be based on the following principles:

- the powers of attorney combine each power with the relevant responsibility and adequate position in the organisation chart, and are updated as a result of organisational changes;
- each power of attorney defines and describes in a specific and unambiguous manner the powers of the authorised proxy and the person to whom he/she reports hierarchically/functionally;
- the powers assigned through the powers of attorney and their implementation are consistent with the company's objectives;
- the authorised proxy must have spending powers in line with this/her level of responsibility;
- powers of attorney are granted exclusively to authorised persons or on a specific assignment and provide for the extension of the powers of representation and, if necessary, spending limits.

The management control system adopted by Tenova is divided into the various phases of drawing up the annual *budget*, regularly analysing the financial statements and drawing up forecasts.

The system ensures:

- several individuals are involved, in order to appropriately separate the roles for the processing and circulation of information;
- we can provide timely reporting on the presence and occurrence of critical situations by means of an adequate and timely information flow and *reporting* process.

Article 6, paragraph 2, letter *c*) of the Decree also clearly states that the Model must "*identify methods of managing financial resources that are suitable for preventing offences*".

To this end, the management of financial resources is defined on the basis of principles based on a reasonable separation of roles, such as to ensure that all payments are requested, carried out and controlled by independent departments or as far as possible by separate individuals, to which, moreover, no other responsibilities are assigned so as to identify potential conflicts of interest.

Article 6, paragraph 2, letter *b*) of the Decree explicitly states that the Model must *"provide for specific protocols aimed at planning the decision-making process and the implementation of the decisions of the entity in relation to the offences to be prevented"*.

To this end, the Company has adopted Procedures that will enable us to regulate Sensitive Activities and therefore to guide and guarantee their implementation as well as the implementation of the control measures provided for by the Model. More specifically, the Procedures shall ensure that the following principles are applied:

- clear identification of roles, responsibilities, methods and timeframe for the implementation of the applicable operational and control activities;
- representation and regulation of the separation of duties between the person who takes the decision (decisional input), the person who authorises its implementation, the person who carries out the activities and the person assigned to oversee it;
- traceability and identification of each activity relating to the process referred to in the procedure in order to ensure the subsequent traceability of what has been achieved and the evidence of the principles and control activities applied;
- an adequate system for archiving the relevant documentation.

In order to safeguard the company's documentary and information assets, adequate security measures are also put in place to reduce the risk of loss and/or alteration to documents relating to Sensitive Activities or unauthorised access to data/files.

In order to monitor the integrity of the data and the effectiveness of the information systems and/or computer applications used to carry out operational or control activities in the context of Sensitive Activities, or in support of these, we guarantee the use and operation of:

- user profiling systems in relation to access to modules or rooms;
- rules for the correct use of company IT systems and devices (*hardware* and *software* supports);
- automated access control systems;
- automated blocking or inhibition systems;
- automated workflow authorisation management systems.

3. Methodology for the preparation of the Model; changing and updating the Model

For the purposes of preparing this document, in line with the provisions of the Decree, and in line with the Confindustria Guidelines and guidelines which can be inferred from case law, the Company has pursued a preventive activity of so-called *control and risk self assessment*.

Control and risk self assessment activities were carried out and coordinated by a Project Team made up of external consultants, with the direct involvement of the Company's *Management*.

In particular, these activities were divided into the following phases:

- acquisition and analysis of documentation relating to *governance* and the company/group internal control system (e.g. organisation charts, codes of conduct, structure of powers of attorney and proxies, internal procedures, reports and minutes);
- preliminary identification of the Sensitive Activities for which the various organisational units involved are responsible, with particular reference to those most affected by the scope of the Legislative Decree. 231/2001, also considering the identification of potential new crime risks;
- identification of the *key officers* to involve in the interviews;
- conducting interviews for the purpose of:
 - identifying/confirming Sensitive Activities, the way they are organised and the persons involved;
 - identifying the potential (inherent) risks of committing any offences relating to each Sensitive Activity;
 - analysing and evaluating existing control systems/devices intended to mitigate the above risks and identifying possible areas for improvement;
- sharing with the Management the evidence that has emerged and describing it in a summary report ("*Control & Risk Self Assessment and Gap analysis pursuant to Legislative Decree No. 231/2001*") which forms an integral part of this document.

This activity led to the identification of adequate controls to be implemented in the control system in order to make it possible to reduce the risk of offences being committed, as well as the effective implementation of the above controls in the control system by the individual *key officers* involved from time to time.

The Company adopted this version of its Organisation, Management and Control Model by resolution of the Board of Directors of 17 April 2019.

The Model must be promptly amended or supplemented, exclusively by resolution of the Board of Directors, in the event that:

- significant changes have occurred in the applicable legislation (e.g. introduction of new underlying offences into the Decree), as well as in the Company's organisation or activities;
- violation or circumvention of the provisions contained therein have been found, proving that they are not effective in preventing the offences;
- in all other cases where it is necessary or useful to amend the Model.

Any amendments to the Procedures required for the implementation of the Model are made by the Heads of the Departments concerned. The Supervisory Body is constantly informed of the updating and implementation of the new Procedures.

4. Recipients of the Model and regulating relations with third parties

The Model applies:

- to the Directors, including de facto Directors, and to the Company's Board of Statutory Auditors;
- to Company employees, including employees who carry out activities abroad on secondment;
- to anyone working by order of and/or on behalf of the Company (e.g. on a contract, such as consultants, or by specific power of attorney, such as a public defender); these individuals are bound to comply with the Model by means of specific contractual clauses.

In addition, any contract entered into by the Company with suppliers of goods or services must include, on the part of the supplier, a commitment or, where the supplier is a legal person, a guarantee that its directors and employees will:

- comply with the applicable legislation and not commit any offences;
- comply with the principles of the Code of Conduct (which will be brought to the attention of the supplier in the manner deemed most appropriate by the Company, for example, by publication on its website);
- comply with any requests for information from the SB of the Company itself,

as well as recognising the right of the Company to proceed with the implementation of protective measures (e.g., termination of the contract, application of penalties, etc.), when a violation of these commitments and guarantees is detected.

5. The Supervisory Body

5.1. Function

In compliance with the Decree, the Company shall establish an autonomous, independent and competent Supervisory Body to monitor the risks connected with the specific activity carried out by the Company and the relevant legal entities.

The Supervisory Body has the task of regularly monitoring:

- compliance with the Model by the entities to whom the Model applies, as identified in the previous paragraph, and the implementation of the provisions of the Model itself in the performance of the Company's activities;
- effectiveness of the Model in preventing the offences referred to in the Decree from being committed;
- updating of the Model.

5.2. Requirements and structure of the Supervisory Body

With regard to Legislative Decree 231/2001, In accordance with the law and with *best practice*, the following requirements of the Supervisory Body are essential:

- *autonomy and independence*: the concepts of autonomy and independence do not have a valid definition in an absolute sense, but must be listed and framed within the operational complex in which they are applied. Since the Supervisory Body is tasked with verifying compliance of the company's performance with the control measures applied, its role within the body must ensure its independence from any interference and influence by any member of the body and, in particular, by current top-level managers, especially considering that the function performed is also expressed in the supervision of the activities carried out by top-level managers. Therefore, in the performance of its functions, the Supervisory Body is only responsible to the Board of Directors.

Moreover, in order to better guarantee the autonomy of the Supervisory Body, the Board of Directors makes available to it company resources in numbers and skills proportionate to the duties assigned to it, and approves, in the context of the preparation of the company budget, an adequate supply of financial resources, proposed by the SB, which the latter may use when necessary for the proper performance of such duties (e.g., specialist advice, travel, etc.).

The autonomy and independence of an individual member of the Supervisory Body must be determined on the basis of the function performed and the duties assigned, identifying from whom and from what this must be autonomous and independent to be able to perform such duties. Consequently, in the event that the SB is also made up of members who have decision-making, operational and/or management roles within the Company, such members must abstain from participating in the discussion and/or voting, in cases where the actual

decision-making, operational and management activity exercised by them in favour of the Company is such that it compromises their autonomy and independence with reference to the case in question or their acceptance within the SB. In any case, the requirements of autonomy and independence presuppose that the members have no conflict of interest, not even potentially, with the Company.

Furthermore, the members of the Supervisory Body shall not:

- hold active positions within the Company;
- be a spouse, relative or have a kinship up to the fourth degree with any of the Company's directors;
- find themselves in any situation of real or potential conflict of interest;

- *professionalism*: the Supervisory Body shall have the technical and professional skills suitable for the functions it is appointed to perform. Therefore, it is necessary that within the SB there are persons with adequate experience in economic and legal matters and that have the ability to analyse, control and manage business risks. In particular, the Supervisory Body must possess the specialist technical skills necessary to carry out control and consultancy activities.

In order to guarantee the professional skills required for the activities of the Supervisory Body and the professionalism of the Body (as well as, as already mentioned, its autonomy), the Supervisory Body has access to a specific spending *budget*, enabling it to outsource, when required, additional skills to its existing ones. In this way, the Supervisory Body can, also by using external consultants, avail itself of competent resources, for example in legal matters, business management, accounting, internal controls, finance, health & safety in the workplace, etc.;

- *continuity of action*: the Supervisory Body shall carry out its activities on a continuous basis.

Continuity of action should not be understood as "constant operations", since such an interpretation would necessarily require a Supervisory Body to exist exclusively within the entity, when, on the contrary, such a circumstance would lead to a reduction in the indispensable autonomy that should characterise the SB itself. Continuity of action means that the activity of the SB should not be limited to regular meetings of its members, but should be organised on the basis of a schedule of activities and the constant monitoring and analysing of the entity's preventive control system.

In order to facilitate the achievement of this requirement, it seems almost necessary that at least one of the members of the Supervisory Body is also physically based within the company or in any case permanently closely connected to the Sensitive Activities, so as to have immediate feedback on the effectiveness of the control system adopted and expressed in the organisational model.

In compliance with the above principles, and taking into account Tenova's structure and operations, the Supervisory Body of the Company itself consists of a collective body of no less than three and no more than five members, at least one of whom is not a member of the staff of the Company or of another company of the Techint Group, on the basis of the following principles and in compliance with the following personal characteristics:

- the person external to the Company and the Techint Group must have proven experience and be proficient in legal matters or matters relating to the company's organisation or controls;
- at least one member should be identified from among those who have control functions for the Company or for the Techint Group;
- the other members may be identified among consultants inside or outside the Company or the Techint Group.

5.3. Eligibility requirements for members of the Supervisory Body

The role of member of the Supervisory Body cannot be assigned to a person who:

- Is under investigation or has been convicted, even with a sentence that is not yet final or with a conditionally suspended sentence, except in the case of rehabilitation:
 - for one or more of the offences provided for by the Legislative Decree 231/2001;
 - for some kind of unintentional crime;
- is legally incapacitated, impeded, bankrupt or sentenced, even with a sentence that is not yet final, to a penalty involving disqualification, even temporarily, from public office or prohibited from carrying out management roles;
- is subject to or was subjected to preventive measures pursuant to Legislative Decree no. 159 of 6 September 2011 ("*Code of anti-mafia laws and preventive measures, as well as new provisions on anti-mafia documentation, pursuant to Articles 1 and 2 of Law no. 136 of 13 August 2010*");
- is subject to administrative penalties as per Article 187-quater of Legislative Decree no. 58 of 24 February 1998;
- has held the position of member of the Supervisory Body of companies which have been given the penalties referred to in Article 9 of the Legislative Decree 231/2001, unless five years have elapsed since the final penalty was applied.

5.4. Appointment, revocation, replacement, forfeiture and withdrawal

The Board of Directors appoints the Supervisory Body, justifying the choice of each member, after having verified the existence of the requirements set out in the preceding paragraphs, basing this decision not only on their *curriculum vitae* but also on the official and specific statements collected directly from the candidates. In addition, the Board of Directors receives from each candidate a

declaration in which they confirm that there are no reasons why they should be considered ineligible as stated in the previous paragraph.

After the formal acceptance of the persons appointed, the appointment is communicated to all levels of the company, by internal communication.

The Supervisory Body has its own Rules of Operation, drafting them and submitting them to the Board of Directors.

The SB remains in office for three years. Members of the SB may be re-elected at the end of their term of office.

Members can only be removed from the SB by a resolution of the Board of Directors for one of the following reasons:

- he/she no longer meets the requirements referred to in the previous paragraphs;
- failure to comply with the obligations inherent in the task entrusted to them;
- lack of good faith and diligence in the performance of their duties;
- non-cooperation with other members of the SB;
- the unjustified absence from more than two SB meetings.

Each member of the SB is required to notify the Board of Directors, through the Chairman of the SB, if he/she no longer meets the requirements referred to in the previous paragraphs.

The Board of Directors revokes the appointment of the member of the SB who is no longer suitable and, having provided an adequate justification for doing so, immediately replaces him/her.

Before the expiry of the term of office, any inability or impossibility to exercise the office shall constitute a cause for forfeiture of the office.

Each member of the SB may withdraw at any time from the office, in accordance with the procedures that will be established in the rules of the Supervisory Body itself.

In the event of forfeiture or withdrawal by one of the members of the SB, the Board of Directors shall promptly replace the member who has become unsuitable.

5.5. Activities and powers

The Supervisory Body meets at least four times a year and whenever one of the members has asked the Chairman to convene a meeting, justifying the reasons for holding the meeting. It may also delegate specific functions to the Chairman. The minutes of every SB meeting must be taken.

In order to carry out the tasks it has been assigned, the Supervisory Body is vested with all the decision-making and monitoring powers over all company activities and staffing levels and reports exclusively to the Board of Directors, to which it reports through its Chairman.

The tasks and powers of the SB and its members may not be assigned by any other corporate body or structure, it being understood that the Board of Directors may check that the actual activity carried out by the Body is consistent with its mandate. In addition, the SB, except for prevailing legal provisions, has free access - without the need for any prior consent - to all the Departments and Entities of the Company, in order to obtain any information or data deemed necessary for the performance of its duties.

The Supervisory Body carries out its functions in coordination with the other bodies or control functions existing in the Company. In addition, the SB coordinates with the company departments involved from time to time in all aspects relating to the implementation of the Procedures. The SB may also avail itself of the assistance and support of employees and external consultants, in particular for problems that require the help of specialist skills.

The Supervisory Body organises its activities on the basis of an annual action plan, through which the initiatives to be undertaken to assess the efficiency and effectiveness of the Model and its updating are planned. This plan is submitted to the Board of Directors.

The Supervisory Body determines its annual *budget* and submits it to the Board of Directors for approval.

In monitoring the effective implementation of the Model, the Supervisory Body is endowed with powers and duties that it exercises in compliance with the law and with the individual rights of workers and interested parties, as detailed below:

- to carry out inspection activities, also through other parties (e.g. their own consultants);
- to access all documentation or information concerning the Sensitive Activities of the Company, which may be requested from the Recipients of the Model and from the Company's own suppliers of goods and services;
- to report to the Board of Directors serious or urgent occurrences, as well as any occurrences that make it necessary to amend or update the Model;
- to propose to the person with disciplinary power the imposition of penalties connected with the violation of the Model, as referred to in paragraph 6;
- to liaise with the HR Department in order to define the training programs related to Legislative Decree 231/2001 and the Model, referred to in paragraph 7;
- to cooperate with the Legal & Corporate Affairs & Compliance Department regarding the interpretation and updating of the regulatory framework;
- to draw up, every six months, a written report to the Board of Directors, with the following minimum content:

- summary of the activities and the controls carried out by the SB during the period and their results;
- any discrepancies between the Procedures and the Model;
- reports received on any violations of the Model and results of the checks concerning the aforementioned reports, as well as on any incidents that may constitute crimes;
- disciplinary procedures initiated by the SB and any penalties applied;
- general evaluation of the Model and its effective functioning, with any proposals for additions and improvements;
- any changes to the regulatory framework;
- a statement of any costs incurred.

The Board of Statutory Auditors, given its professional nature and the tasks it is responsible for by law, is one of the SB's preferred interlocutors within the organisation. In order to assess the adequacy of the internal control systems, the Board of Statutory Auditors must always be informed of any of the offences referred to in Legislative Decree 231/2001 and of any shortcomings in the Model.

The Board of Directors, the Chairman, the Managing Director and the Board of Statutory Auditors have the right to call a meeting with the SB at any time. Likewise, for any urgent matters, the SB has the right to request, through the relevant departments or members of staff, a meeting with the aforesaid corporate bodies. Meetings with the bodies to which the SB refers must be recorded and a copy of the minutes must be kept by the SB and by the bodies involved when these take place.

5.6. Information provided to the SB

The SB must promptly obtain, by way of example but not limited to, information about:

- any critical issues, irregular or unusual aspects found by the company departments in the implementation of the Model;
- any unlawful behaviour under the terms of Legislative Decree 231/2001.
- any provisions and/or information coming from the police or from any other authority, from which it can be inferred that investigations are being carried out, even into unknown individuals, for offences referred to in the Decree committed in the course of the company's activities;
- internal and external communications concerning any type of offence that may be linked to the alleged criminal offence referred to in the Decree (e.g. disciplinary measures taken/implemented against employees);
- requests for legal assistance by employees in the event of the initiation of legal proceedings for offences referred to in the Decree;

- information relating to changes in the organisational structure;
- updates to the organisational system and the system of proxies and powers of attorney (including those relating to the system of powers in relation to health and safety in the workplace and the environment);
- any communications from the Auditor concerning aspects that may indicate shortcomings in the internal control system, any wrongdoing or opinion on the Company's financial statements;
- copy of the minutes of the meetings of the Board of Directors.

This information must be provided to the SB by the Heads of the corporate departments according to their area of competence.

All recipients of the Model must report any violations of the Model itself or any conduct by other recipients of the Model that may be added to the offences referred to in Legislative Decree 231/2001, by the various means of communication provided for by the Company as indicated below:

Telephone: +39 02 4384 7020

Confidential internal mail: using the appropriate mailboxes. The envelope must be clearly marked '*Strictly confidential. Employee information*', in order to guarantee the utmost confidentiality.

E-mail address: OdV@tenova.com or audit@tenova.com

The Internal Audit Department has the duty to inform the Supervisory Body of any offence or violation of the Model that may emerge during the course of the *audits* carried out as part of the company's activities.

Reports may also be anonymous and must describe in detail the facts and persons referred to in the report.

The following are governed by a specific procedure:

- methods of reporting;
- the person/department of the company to whom the reports should be sent and the methods of reporting to the SB in relation to the activity of the SB itself. The procedure may provide for cases where the SB is the recipient of the report;
- the methods, roles and responsibilities for managing the reports received in order to guarantee the confidentiality of the identity of the person making the report and compliance with other regulatory provisions are set out below.

Any conduct aimed exclusively at obstructing the activities of the SB and/or the recipient of the report shall be punished.

The Company shall protect, in any case, the parties making the report in good faith against any form of retaliation, discrimination or penalisation for reasons directly or indirectly related to the report,

without prejudice to the right of the parties involved to protect themselves if the reporting party is found to have criminal or civil liability linked to any false declarations and without prejudice to legal obligations. In any case, the identity of the person making the report and the information shall be kept confidential in any context following the report, without prejudice to legal obligations and the protection of the rights of the Company or of persons accused wrongly or in bad faith. A report shall be deemed to have been drawn up in good faith if it is based on reasonable conviction based on facts.

In addition to the above-mentioned reports, the SB must also be provided with information regarding the disciplinary proceedings initiated in relation to the "notification of a violation" of the Model and the penalties applied, or the provisions for archiving these proceedings with the relevant motivations.

The Supervisory Body may propose to the Board of Directors further types of information that the managers responsible for Sensitive Activities must communicate, as well as the frequency and methods with which these communications are sent to the SB itself, including through the definition of a specific operating procedure and/or the supplementing of existing procedures.

The reports received and the documentation managed by the SB are generally kept by the SB itself in a specific archive, either in hard copy or electronic form, for as long as the Company exists. Access to this archive is granted to members of the Board of Directors and the Board of Statutory Auditors upon written notice to the SB, as well as to persons authorised from time to time by the SB.

6. Disciplinary system

6.1. General principles

The Decree provides for the development of a "*disciplinary system for penalising non-compliance with the measures indicated in the model*" both for top-level managers and for employees under the management and supervision of others.

The existence of a system of penalties applicable in the event of failure to comply with the rules of conduct, the provisions and internal procedures provided for by the Model is, in fact, essential to ensure the effectiveness of the Model itself.

The application of the penalties in question must remain completely independent of the conduct and outcome of any criminal or administrative proceedings initiated by the judicial or administrative authority, in the event that the conduct to be censured also constitutes a type of offence referred to in the Decree or a type of criminal or administrative offence relevant under the legislation on the protection of health and safety in the workplace. In fact, the rules imposed by the Model shall be adopted by the Company in full autonomy, regardless of the fact that any conduct may constitute a criminal or administrative offence and that any judicial or administrative authority may intend to prosecute such an offence.

The SB is responsible for verifying the adequacy of the disciplinary system and for constantly monitoring any procedures for imposing penalties on employees, as well as for intervening with external parties.

6.2. Violations of the Model

Violations of the Model are:

- any behaviour that is included in the list of offences referred to in the Decree;
- any behaviour that, although not constituting one of the types of offence referred to in the Decree, is clearly aimed at committing such offence;
- any behaviour that does not comply with the Procedures referred to in the Model and the Code of Conduct;
- any behaviour that does not comply with the provisions of the Model or is referred to in the Model and, in particular, does not comply with the controls in the Special Section;
- any non-cooperative behaviour towards the SB, consisting, for example, of refusing to provide any information or documentation requested, failing to comply with the general and specific directives used by the SB in order to obtain the information required for the performance of its duties, failing to participate without justification in the inspections planned by the SB, failing to attend training meetings without justification;
- acts of retaliation or discrimination against those who have reported illegal conduct, relevant for the purposes of Legislative Decree 231/2001, or a violation of the Model, for reasons directly or indirectly related to the report itself; in this case, a fine or suspension will be applied, depending on the seriousness of the misconduct, or the member of staff will be justifiably dismissed, if the act of retaliation leads to the dismissal of the reporting party; if the misconduct is perpetrated by a Director, one of the penalties provided for by paragraph 6.5 will be applied, depending on the seriousness;
- breaches of confidentiality regarding the identity of the reporter; in this case, a suspension will normally be applied, unless the breach of confidentiality has caused serious prejudice to the reporter, in which case the penalty of dismissal will be applied; if the misconduct is perpetrated by a Director, one of the penalties provided for by paragraph 6.5 will be applied, depending on the seriousness;
- reports, which prove to be unfounded, if made with intent or gross negligence; in this case, the disciplinary measures provided for by the following paragraphs will be applied, determined according to the seriousness of the misconduct.

The seriousness of violations of the Model will be assessed on the basis of the following circumstances:

- whether there is an element of intent and to what extent;
- whether there is an element of negligent, reckless, imperishable conduct;
- the extent of the danger and/or consequences of the violation for the persons to whom the legislation on the protection of health and safety in the workplace applies, as well as for the Company;
- the predictability of the consequences;
- the timing and manner of the violation;
- the circumstances in which the violation took place;
- recidivism, consisting of the repeated imposition of disciplinary measures for violations of the Model as well as of the repetition of behaviours for which disciplinary measures must be applied, evaluated as they occur and overall (even if not punished).

6.3. Measures against employees

Violation of the individual rules of behaviour referred to in this Model by employees subject to the National Collective Labour Agreement(s) applied by the Company constitutes a disciplinary offence.

Any type of violation of the rules of behaviour contained in the Model authorises the SB to request the competent corporate function to initiate disciplinary action and the possible imposition of one of the penalties listed below, determined on the basis of the seriousness of the violation committed in the light of the criteria indicated in paragraph 6.2 and the conduct before (eg. any previous violations committed) and after the incident (eg. communication to the SB of the irregularity) by the perpetrator of the violation.

The disciplinary measures that can be imposed on the said workers - in compliance with the procedures provided for by Article 7, paragraphs 2 and 3, of Law no. 300 of 30 May 1970 (Workers' Statute) and any special regulations that may be applicable, as well as by the CCNL(s) applied - are those provided for by the following disciplinary system:

- reprimand;
- written warning;
- a fine of up to three hours' salary;
- suspension from work and remuneration for a maximum period of three days;
- disciplinary with notice of termination of employment pursuant to the aforementioned CCNL and termination for just cause.

In any case, the competent company department will always keep the SB informed of the penalties imposed and/or violations ascertained.

In particular, with reference to violations of the Model carried out by the employee, it must be noted that:

- an employee who violates the Procedures provided for by the Model or who adopts, in the performance of activities in the Sensitive Activities, a conduct in violation of the provisions of the Model itself, provided that such conduct does not determine the application of measures provided for by the Decree, shall be subject to reprimand or written warning, depending on the seriousness of the violation;
- a fine of up to three hours' pay shall be imposed on any employee who adopts a recidivist behaviour in any of the violations that imply either reprimand or written warning, as per the previous point, more than twice over a period of two years, or who repeatedly violates the Procedures provided for by the Model or who repeatedly adopts, when carrying out activities in Sensitive Activities, a behaviour which violates the provisions of the Model itself, provided that such behaviour does not lead to the application of measures provided for by the Decree;
- an employee shall be suspended from work and pay for a maximum period of three days if he or she:
 - in violating the Procedures provided for by the Model or behaving, in the performance of activities in Sensitive Activities, in a way that violates the provisions of the Model, causes damage to the Company or exposes it to a situation of risk, provided that such behaviour is not in any case unambiguously directed to committing an offence or does not determine the application of measures provided for by the Decree;
 - adopts a recidivist behaviour in any of the incidents punished with the fine referred to in the previous point, more than twice in the space of two years;
- an employee who adopts a recidivist behaviour in any of the incidents determining the suspension referred to in the previous point more than twice within two years, after a formal written warning, shall be subject to disciplinary with notice of termination of employment in accordance with the CCNL(s); termination for just cause shall be given to any employee who adopts a behaviour that does not comply with the provisions of the Model and is unambiguously directed to committing an offence punishable by the Decree, as well as to any employee who adopts a behaviour that is manifestly in violation of the provisions of the Model, such as to determine the application of the measures to the Company as provided for by the Decree.

In addition, with specific reference to violations of the provisions of the Model provided for by relation to the protection of health and safety in the workplace in accordance with the provisions of the Circular of the Ministry of Labour of 11 July 2011, no. 15816 concerning the "*Organisation and management Model* pursuant to *Article 30, D.Lgs. 81/2008*.

- an employee who does not comply with the Model is liable to a written warning if the violation leads to a situation of potential risk to the physical integrity of one or more persons, including the perpetrator of the violation, and provided that one of the following scenarios is not included;
- an employee who adopts a recidivist behaviour in any of the incidents that will lead to the written warning referred to in the previous point more than twice within a period of two years or who does not comply with the Model, in the event that the violation leads to a physical injury to one or more persons, including the perpetrator of the violation, and provided that one of the following scenarios is not included, is liable to a fine of up to three hours' pay;
- an employee will be suspended from work and receive a fine of up to three days in the event that he/she:
 - does not comply with the Model, in the event that the violation causes an injury, qualifying as serious pursuant to Article 583, paragraph 1 of the Criminal Code, to the physical integrity of one or more persons, including the perpetrator of the offence and provided that one of the following scenarios is not included;
 - adopts a recidivist behaviour in any of the incidents that will lead to the imposition of a fine, as specified in the previous point, more than twice in the space of two years;
- an employee who adopts a recidivist behaviour of the incidents that will lead to suspension from work and remuneration, as specified in the previous point, more than twice in a period of two years, is subject to termination of employment with notice; an employee who does not comply with the Model is subject to termination for just cause, in the event that the violation causes an injury, qualifying as very serious pursuant to Article 583, paragraph 2, of the Italian Criminal Code for the physical integrity or death of one or more persons, including the perpetrator of the offence.

It is understood that the provisions of the Model cannot be interpreted in such a way as to constitute an exception to the provisions on penalties for unjustified dismissals, as set out in Article 18 of Law 300/1970 as amended by Law 92 of 28 June 2012 and Legislative Decree 23 of 4 March 2015.

6.4. Violations of the Model by managers and related measures

With regard to violations of the individual rules set out in this Model top-level managers of the Company, these also constitute a disciplinary offence.

Any type of violation of the rules of behaviour contained in the Model authorises the SB to request the most appropriate measure in accordance with the provisions of the Italian Civil Code, the Workers' Statute and the National Collective Labour Agreement, determined on the basis of the seriousness of the violation in the light of the criteria indicated in paragraph 6.2 and the conduct before (eg. any

previous violations committed) and after the incident (eg. the communication to the SB of the misconduct) by the perpetrator of the violation.

The disciplinary measures that can be imposed on managers are those provided for by the following disciplinary system:

- written warning;
- disciplinary suspension from work and remuneration for a maximum period of three days;
- termination of employment with advance notice;
- Termination for just cause.

As a specific penalty, the Supervisory Body may also propose the suspension of any powers of attorney granted to the manager.

In any case, the HR department will always keep the SB informed of any penalties imposed and/or violations ascertained.

Moreover, in the case of Company employees who qualify as managers, the following are considered serious violations of the provisions of the Model:

- failure to comply with the obligation to manage or supervise employees with regard to the correct and effective application of the Model itself;
- failure to comply with the obligation to manage and supervise other workers who, although not linked to the Company by a contract of employment (for example, self-employed workers, consultants, subcontractors, etc.), are nevertheless subject to the management and supervision of the manager pursuant to Article 5, paragraph 1, letter *b*) of Legislative Decree 231/2001, without prejudice to the qualification of the contract with such workers.

It is understood that the provisions of the Model cannot be interpreted in such a way as to constitute an exception to the provisions on penalties for unjustified dismissals, as set out in Article 18 of Law 300/1970 as amended by Law 92 of 28 June 2012 and Legislative Decree 23 of 4 March 2015.

6.5. Measures against members of the Board of Directors

In the event of a violation of the Model by one or more members of the Company's Board of Directors, the SB will inform the entire Board of Directors and the Board of Statutory Auditors that they will take appropriate measures consistent with the seriousness of the violation, in the light of the criteria indicated in paragraph 6.2 and in accordance with the powers provided for by law and/or the Articles of Association

Disciplinary measures that may be imposed on one or more members of the Executive Body, subject to a resolution of the Board of Directors to be adopted with the abstention of the person concerned

and, where provided for by law and/or the Articles of Association, by resolution of the Shareholders' Meeting, ranging from a written warning to removal from office.

In particular, with reference to violations of the Model by one or more members of the Company's Board of Directors, it can be expected, for example, that:

- in the event of a minor violation of one or more of the procedural or behavioural rules set out in the Model, the member of the Administrative Body shall receive a written warning to comply with the Model, which is a necessary condition for maintaining the relationship of trust with the Company;
- in the event of a serious violation of one or more of the procedural or behavioural rules set out in the Model such as to irreparably damage the relationship of trust, the member of the Administrative Body shall be removed from office.

Furthermore, for the members of the Company's Administrative Body, a violation of the Model will also be punishable if they violate the obligation to manage or supervise their employees with regard to the correct and effective application of the Model's provisions.

In the event of a violation of the Model by the entire Executive Body of the Company, the SB will inform the Board of Statutory Auditors so that it can immediately call the Shareholders' Meeting for the appropriate measures.

6.6. Measures against members of the SB and third parties

For measures against members of the SB, please refer to the regulations governing their removal from office (paragraph 5.4).

For measures against third parties, please refer to the rules governing relations with them (paragraph 4).

7. Communication of the Model and training of the recipients

The circulation of the Model to the Recipients is carried out by the relevant departments from time to time and through the means deemed most appropriate (e.g., the Company's website).

Training relating to the Model and the reference regulations is operationally assigned to the HR function, which for this purpose coordinates with the Supervisory Body.

Any modification and/or updating of this document is communicated to all company personnel through publication on the company's intranet and by specific communication by the HR Department.

New employees, on the other hand, are given an induction pack (e.g. Code of Conduct, National Collective Labour Agreement, Model, etc.) to ensure that they are adequately informed about matters of primary importance.

The Company formalises and implements specific training plans, with the aim of ensuring effective knowledge of the Decree, the Code of Conduct and the Model; the contents of the training may differ depending on whether it is addressed to employees in general, employees who operate in specific areas of risk, Directors, etc..

Participation in the training is compulsory and the attendance of participants is monitored.

Training can also take place through the use of IT tools (e.g. in "*e-learning*" mode) and is carried out with the support of experts in the relevant legislation.

8. Introduction to the Special Section

As already mentioned in paragraph 3, pursuant to the provisions of Article 6, paragraph 1, letter *a*) of the Decree, the Company has identified the Sensitive Activities (*Control and Risk Self Assessment*).

The Company has consequently identified and effectively implemented adequate measures in the control system in order to make it suitable for reducing the risk of offences being committed.

The Protocols refer to:

- sensitive Activities with reference to each of the categories of offence identified as relevant for the Company;
- for each Sensitive Activity, the existing control measures, aimed at or in any case suitable for reducing the risk of committing the underlying offences. These measures are contained and implemented in the Procedures and other sections of the internal control system.

9. Underlying offences relevant to the Company

In consideration of the structure and activities carried out by the Company, through the activity of *Control and Risk Self Assessment*, the Company itself has identified the following categories of underlying offences as relevant:

- offences against the Public Administration (Articles 24 and 25);
- cybercrime and unlawful data processing (Article 24-bis)
- organised crime and transnational crimes (Article 24-ter and Article 10, Law no. 146 of 6 March 2006);
- counterfeiting coins, public credit cards, revenue stamps and distinctive marks (Article 25-bis)
- crimes against industry and commerce (Article 25-bis.1)
- corporate offences, including corruption of private individuals (Article 25-ter);
- terrorism crimes and terrorist-related offences or subversion of the democratic system (Article 25-quater);

- crimes against the individual with reference to the crime of illegal intermediation and exploitation of workers (Article 25-*quinquies*)
- manslaughter and actual or grievous bodily harm, committed in violation of the regulations on the protection of health and safety in the workplace (Article 25-*septies*)
- receiving, laundering and using money, goods or benefits of illicit origin as well as self laundering (Article 25-*octies*)
- crimes relating to copyright infringement (Article 25-*novies*)
- inducement not to make statements or to make false statements to the judicial authorities (Article 25-*decies*)
- environmental crimes (Article 25-*undecies*)
- employment of illegal third-country nationals (Article 25-*duodecies*).

10. General control measures

In the management of all Sensitive Activities, in addition to the provisions of the Code of Conduct, the following control measures are applied:

- it is forbidden to behave:
 - such as to constitute the types of offence listed above;
 - which, although they are such that they do not in themselves constitute a type of crime included among those listed above, may potentially become so;
 - in any case not in line with or not in accordance with the principles and provisions contained in the Model and in the Code of Conduct;
- the management of Sensitive Activities should only be carried out by the relevant company departments;
- company employees must strictly comply with and observe the restrictions provided for by the organisational proxies or powers of attorney granted by the Company;
- company employees are required to comply with the company procedures applicable to Sensitive Activities, appropriately updated and circulated within the organisation.