



ORGANISATION AND MANAGEMENT MODEL

PURSUANT TO ITALIAN LEGISLATIVE DECREE No.

231 OF 8 JUNE, 2001

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SPECIAL PART

SPECIAL PARTS IN DOSSIERS TO BE CONSIDERED ESSENTIAL PARTS OF THIS MODEL:

- Annex A Offences committed in relations with the Public Administration
- Annex B Computer offences and unlawful processing of data
- Annex C Organized crime offences
- Annex D Crimes against the public faith
- Annex E Crimes against industry and trade
- Annex F Corporate offences
- Annex G Crimes against the person
- Annex H Offences in the field of health and safety at work
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- Annex J Copyright infringement crimes
- Annex K Induction not to make statements or to make false statements to the Judicial Authority
- Annex L Environmental crime
- Annex M Employment of third-country nationals whose stay is irregular
- Annex N Tax offences

ANNEXES TO BE CONSIDERED ESSENTIAL PARTS OF THIS MODEL:

- Annex 1 CODE OF ETHICS
- Annex 2 REGULATION OF THE SUPERVISORY BODY
- Annex 3 DISCIPLINARY SYSTEM
- Annex 4 COMPANY ORGANISATION CHART

GENERAL PART

1 DEFINITIONS

Steel Color or the **Company**: SteelColor S.p.A.;

Sensitive activities: corporate activities within the scope of which there is an abstract risk of committing crimes pursuant to Legislative Decree 231/2001;

Business Partners: any entity or third party acting on behalf of Steel Color (including suppliers, intermediaries, agents, etc.)

CCNL: the National Collective Labor Agreements stipulated by those trade unions most representative of the staff currently in force and applied for Steel Color;

Collaborators: those who work on an ongoing basis on behalf of the Company, without any constraint of subordination;

Consultants: third-party professionals who provide support activities in technical, tax, legal, etc. matters;

Employees: individuals with an employment relationship with the Company;

Italian Legislative Decree No 231/2001 or the **Decree**: Italian Legislative Decree No. 231 of 8th June 2001 on the *“regulation of the administrative liability of legal entities and companies, including associations without legal entities”* and subsequent amendments and additions;

Entity: legal entities subject to administrative responsibility, pursuant to Italian Legislative Decree 231/2001;

Corporate Functions: the individual organizational units responsible for the management and performance of the Company's activities;

Model: this organization, management and control model, drafted, adopted and implemented pursuant to Italian Legislative Decree 231/2001;

SB: the Supervisory Body, provided for by this Model, responsible for supervising the operation and observance of the same;

Administrative Body: the Company's Board of Directors or the different administrative system that may be adopted by the Same;

Procedures: the set of procedures, protocols, guidelines and operating instructions adopted by the Company;

Offences / Predicate offences: the types of offence to which the disciplinary action provided for by Legislative Decree 231/2001 on administrative liability applies;

Disciplinary System: this is a set of provisions aimed at sanctioning the violation of the principles, rules and measures provided for in the Model and its Protocols, in compliance with the standards set forth by National Collective Labor Agreements, as well as the rules of law or regulations in force.

Top managers: natural persons who hold representative, administrative or management functions, either of the Company or of a Corporate Function, as well as persons who exercise, even if only *de facto*, management or control of the Company;

Subordinates: natural persons subject to the management or supervision of one of the top management;

Violation: the commission or omission of actions or behaviors, which do not comply with the law and the provisions contained in the Model and its related Procedures, which may involve the commission of one of the Predicate Offences or which exposes, even potentially, the Company to a situation of mere risk of commission of one of the Predicate Offences.

2 REGULATORY FRAMEWORK

Italian Legislative Decree No. 231 of 8 June 2001 – in partial implementation of the Delegated Law of 29 September 2000, No. 300 – introduced into Italian law a special form of liability, nominally administrative, but essentially of an afflictive criminal nature, against companies, associations and bodies in general for particular crimes committed in their interest or to their advantage by a natural person who is in either a top management or subordinate position within them. The responsibility of the Entity is in addition to that – criminal – of the natural person who has materially carried out the criminal conduct.

It is also a *sui generis* administrative liability, because, while determining the application of administrative sanctions, it is charged following the commission of crimes and the process of its investigation follows the guarantees of the criminal trial, only if all the objective and subjective requirements set by the legislator are met.

The introduction of the discipline referred to in Legislative Decree 231/2001 has represented a real revolution in the field of Italian criminal law, undermining the principle that only natural persons could be prosecuted for the possible commission of crimes and for which there was no criminal-administrative liability for the Entity, in whose interest the offence was committed.

The Italian doctrine most sensitive to the subject for decades has called for the recognition of the corporate criminal liability ⁽¹⁾.

The regulatory framework referred to in Italian Legislative Decree 231/2001 marked the adaptation of national legislation to the international conventions signed by Italy ⁽²⁾. The principle according to which *societas delinquere potest*, which is better rendered as *societas puniri potest*, was thus recognized. Taking this as a starting point, the *company management* cannot fail to fulfill the need to prevent the risks of crime within the company.

(1) *Inter alia*, Bricola F., *The cost of the societas delinquere non potest principle in the actual dimension of the corporate phenomenon*, in Italian Journal of Criminal Procedural Law, ("Rivista italiana di diritto procedurale penale"), 1970, pp. 951 ss. In particular, it was emphasized that "overcoming the principle of *societas delinquere non potest* would make it possible to make the company the centre for the imputation of sanctions either adopted directly or mediated, for the protection of the economic interests of the European Economic Community".

(2) Brussels Convention of 26 July 1995 on the protection of the European Community's financial interests; Brussels Convention of 26 May 1997 on combatting corruption of civil servants of both the European Community and the Member States;

2.1. Offences provided for by law and conditions for the application of criminal liability

Pursuant to Art. 1 of Italian Legislative Decree 231/2001, the provisions of the Decree apply to any company or association, even those without a legal entity, as well as to any other body with a legal personality, with the exception of the State and those entities carrying out constitutional functions, local public bodies and other non-economic public bodies.

Prerequisites for the application of the Entity's liability.

In order for the Entity to be held liable, alongside the criminal liability of individuals, the following **conditions** must be met at the same time:

A. THE COMMISSION OF AN OFFENCE REFERRED TO IN THE DECREE

Legislative Decree 231/2001 identifies a number of criminal offences (the predicate offences), attributable to the following categories:

- crimes committed in relations with the Public Administration (Articles 24 and 25);
- crimes related to cybercrime and the illicit processing of data (Art. 24-*bis*);
- organized crime offences of (Article 24-*ter*);
- forgery offences (Art. 25-*bis*);
- crimes against industry and trade (Art. 25-*bis* 1);
- corporate offences (Art. 25-*ter*);
- crimes committed for the purpose of terrorism or the subversion of the democratic order (Art. 25-*ter*);
- offences against the individual (Articles 25-*quater* 1 and 25-*quinquies*);
- market abuse offences (Art. 25-*sexies*);
- offences committed in violation of the rules for the protection of safety and health in the workplace (Art. 25-*septies*);
- offences of receiving stolen goods, money laundering and using money, goods or utilities of illicit origin and self-laundering (Art. 25-*octies*);
- crimes relating to copyright infringement (Art. 25-*novies*);
- offences of induction not to make statements or to make false statements to the judicial authorities (Art. 25-*decies*)

OECD Convention of 17 December 1997 on combating corruption of foreign public officials in economic and international operations.

- environmental crimes (Art. 25-*undecies*);
- offences of employment of third-country nationals whose residence permit is irregular (Article 25-*duodecies*);
- crimes relating to racism and xenophobia (Article 25b);
- offences of fraud in sports competitions, abusive exercise of gambling or betting and gambling by means of prohibited devices (Art. 25-*quaterdecies*);
- tax offences (Art. 25-*quingiesdecies*);
- smuggling offences (art. 25-*sexiesdecies*).

Non-compliance with disqualification sanctions is also punished (Art. 23, D. Lgs. 231/2001).

The attempt to commit one of the relevant Crimes is also punished, with exemption for the Entity if this voluntarily prevents the completion of the action or the realization of the criminal act (Art. 26, D. Lgs. 231/2001).

The Company may also be held liable for **crimes committed abroad**, pursuant to Art. 4 of Italian Legislative Decree 231/2001.

In particular:

- where the offence is committed partly abroad and partly in Italy, pursuant to art. 6, paragraph 2, of the Italian Penal Code, the liability provided for by the Decree also arise even when only part of the conduct or act has occurred in Italy;
- where the offence is committed entirely abroad by subjects attributable to the Company, the latter is also held liable in the cases provided for in Articles 7, 8, 9 and 10 and on the condition that the State of the place where it was committed does not instigate proceedings for the Crime.

B. AN ACTIVE PARTY.

Potential active parties - pursuant to art. 5, paragraph 1, of Italian Legislative Decree 231/2001 – are:

- a) **Top management**, i.e. persons who represent, administer or manage the Entity or one of its organizational units with financial and functional autonomy, as well as persons who exercise, even *de facto*, the management and control of the same;
- b) **Subordinates**, i.e. persons subject to the management or supervision of one of the parties referred to in (a).

C. THE ACHIEVEMENT OF AN INTEREST AND ADVANTAGE FOR ENTITY.

As also specified by the Decree (Art. 5, paragraph 2), *"the entity is not held liable if the persons referred to in paragraph 1 have acted in the exclusive interest of themselves or of third parties"*.

It should also be noted that the liability of the Entity is

- additional and not a substitute for that of the physical persons who have materially committed the Crime;
- direct and independent from that of the physical person.

Factors that exclude the liability of the Entity.

If one of the predicate offences is committed by top manager, pursuant to art. 6 of the Italian Legislative Decree 231/2001, "the Entity is not held liable if it proves that:

- a) *the managing body has adopted and effectively implemented, before the offence was committed, organization and management models suitable for preventing crimes of the type that have occurred;*
- b) *the task of monitoring the operation and observance of the models and of their updating has been entrusted to a body of the Entity with autonomous powers of initiative and control;*
- c) *the individuals have committed the crime by fraudulently circumventing the organization and management models;*
- d) *there has been no failure or insufficient supervision by the body referred to in paragraph b)" (i.e. the Supervisory Body).*

In the event of a crime committed by a subordinate, pursuant to art. 7 of Italian Legislative Decree 231/2001, the Entity is liable "if the commission of the offence has been made possible by failure to comply with management or supervision obligations". Such non-compliance – and consequently the liability for the Entity – is excluded if, before the offence has been committed, an organization, management and control model suitable for the prevention crimes of the type that has occurred has been adopted and effectively implemented.

2.2. Sanctions

As required by Section II of Chapter I of Italian Legislative Decree 231/2001, the applicable sanctions for the offence pursuant to the Decree may be:

- A. FINANCIAL PENALTIES:** a pecuniary penalty consists of the payment of a sum of money on a "quota" basis – as set forth in the Decree for the individual types of Crime – of a number not less than 100 and not exceeding 1,000, and of a variable amount from a minimum of 258.22 euros to a maximum of 1,549.37 euros. The determination in the specific case is left to the judge, who determines the number of the quota based on the seriousness of the act, the degree of liability of the Entity, the remedial act following the Crime or the prevention activity carried out to avoid the commission of further offences; the value of each individual quota is, instead, determined, according to the economic and financial conditions of the Entity, so that in concrete terms the sanction imposed can concretely achieve the purpose of prevention with respect to the commission of further offences.
- B. DISQUALIFICATION SANCTIONS:** may consist of:
 - disqualification from carrying out the activity;
 - suspension or withdrawal of authorizations, licenses or concessions functional to the commission of the offence;
 - prohibition to contract with the Public Administration, except to obtain the performance of a public service;

- exclusion from concessions, loans, contributions or subsidies and possible revocation of those granted;
- temporary or permanent ban on advertising goods or services.

The judge determines the type and duration of the disqualification, not less than 3 months and not more than 2 years, taking into account the specific appropriateness of each in relation to the nature and degree of the precautionary requirements that must be met in the specific case, of the necessary correspondence between the extent of the act and the sanction that is believed can be definitively applied to the Entity.

Disqualifications apply, including jointly with each other, exclusively in relation to the offences for which they are expressly provided for by the Decree, when at least one of the following conditions are met:

- the Entity has derived a significant profit from the crime and the Crime has been committed by a top manager or a subordinate when, in the latter case, the commission of the Crime has been determined or facilitated by serious organizational deficiencies;
- in the event of repetition of offences.

Even when one or both of the above conditions have been met, disqualifications shall not apply if there is even one of the following circumstances:

- the perpetrator of the Crime has committed the act in the prevailing interest of himself or of third parties and the Entity has not derived any advantage or has obtained a minimum advantage from it; or
- the pecuniary damage caused is particularly minor.

There is also another set of hypotheses precluding the application of a disqualification, if all of the following conditions apply before the opening declaration of the first-instance hearing:

- the Entity has fully compensated the damage and has eliminated the harmful or dangerous consequences of the Crime or has in any case taken effective action in this regard;
- the Entity has eliminated the organizational deficiencies that have led to the Crime by adopting and implementing a Model;
- the Entity has made the obtained profit available for the purposes of confiscation.

Disqualification sanctions are also applicable as a precautionary measure at the request of the Public Prosecutor to the judge, who shall decide by order, if there are serious indications of the existence of the Entity's liability and there is a real danger that other offences of the same nature may be committed.

It is also possible that, in place of the imposition of a disqualification sanction that would lead to the interruption of the activity of the Entity, a judicial commissioner will be appointed by the judge (Art. 15, D. Lgs. 231/2001).

- C. CONFISCATION:** this is always ordered with the sentence (art. 19, D. Lgs. 231/2001) and consists of the compulsory acquisition by the State of the price or profit of the Crime, except for the part that can be returned to the injured person and in all circumstances without prejudice to the rights acquired by third parties in good faith. When it is not possible to carry out the confiscation in kind, it may involve sums of money, goods or other utilities of a value equivalent to the price or profit of the Crime.
- D. PUBLICATION OF THE SENTENCE:** this consists of publication, once only, in excerpt or in full, by the Court Registry, at the expense of the Entity, in one or more newspapers indicated by the sentencing judge, as well as by posting in the municipality where the organization has its head office. The publication of the sentence may be ordered when a disqualification sanction is applied to the Entity.

2.3. The Organisational Model as an exemption in the event of a crime

The responsibility of the Entity for the commission of the crime is linked to an organizational defect, which consists in not having been able to put in place an organization, management and control plan suitable for the prevention of crime.

Pursuant to Articles 6 and 7 of Italian Legislative Decree 231/2001, a form of exemption from liability is provided for the Entity, if this proves:

- that it has adopted and effectively implemented through the managing body, before the commission of the act, organization and management models suitable to prevent crimes of the kind that have occurred;
- that it has entrusted the Supervisory Body, endowed with autonomous powers of initiative and control, with the task of supervising the operation and observance of the Model, as well as updating it;
- that the persons who committed the Crime acted fraudulently by circumventing the Model;
- that there is no failure of or insufficient supervision by the Supervisory Body.

With a view to preventing the risk of committing the specific crimes set forth in Italian Legislative Decree 231/2001, it is therefore necessary for the company to adopt an organizational model that has practical application within the company. To this end, Legislative Decree 231/2001 provides for the appointment of the Supervisory Body, whose activity is aimed at ensuring that not only the principles and protocols contained in the Model are actually applied, but also that the spirit of the Decree finds an adequate response in the daily life of the Entity, ensuring the dynamism and continuous updating of the Model itself.

The mere adoption of the Model is not, however, a sufficient measure to determine exemption from liability of the Entity, since it is necessary that the Model is efficient and effective.

As also stated in the Confindustria Guidelines: "*It is of fundamental importance, in order for the model to be recognized as having an absolving effect, that the company carry out a serious and concrete work of implementing the measures taken in its organizational context. The model must not be a bureaucratic requirement, a mere appearance of organization. It must live in the company, adhere to the characteristics of its organization, evolve and change with it.*"

To this end, the Decree stipulates that the Model must meet the following requirements:

- identification of the areas where there is risk of commission of the crimes provided for by the Decree (so-called risk activity mapping);
- preparation of specific protocols in order to plan the training and implementation of company decisions in relation to the crimes to be prevented;
- provision for methods for identifying and managing the appropriate financial resources for prevention of the commission of such offences;
- prescription of information obligations towards the body responsible for overseeing the operation and observance of the Model;
- setting up of an internal disciplinary system suitable to sanction non-compliance with the measures indicated in the Model.

It follows that the Organizational Model can and must be seen as a useful safeguard not only at the legal level, but also at the level of corporate governance, as a tool for organizational improvement and improvement of the control system.

2.4. Confindustria Guidelines.

In the preparation of the Model, Steel Color drew inspiration from the "*Guidelines for the construction of organization, management and control models pursuant to Legislative Decree No. 231 of 8 June 2001*" (the "**Confindustria Guidelines**"), drafted by Confindustria on March 7, 2002 and subsequently updated and approved by the Ministry of Justice, most recently on July 21, 2014.

This choice was determined by the need to identify the best procedures for the preparation and implementation of the Model, in order to prevent the commission of Crimes.

However, it is understood that, precisely in accordance with the indications provided by the Guidelines, the Model takes into account the peculiarities of Steel Color, its activity and its organizational structure: the Model referred to in the Decree must really be "made-to-measure" – this is the description used by the doctrine – and there can be no exhaustive guidelines of the different needs of individual companies.

For the purposes of building the Model, the Confindustria Guidelines provide for:

- the identification of risk areas, in order to verify in which areas or sectors of business there is a risk of a possible crime being committed;
- the evaluation of the internal control system already implemented by the Entity;
- the preparation or updating of the control system, with the aim of preventing the commission of Crimes through the adoption of specific procedures and protocols.

The most relevant components of the control system identified by Confindustria as capable of reasonably preventing the commission of the crimes provided for by the Decree are:

- the Code of Ethics;
- the organizational system;

- manual and IT procedures;
- authorization and signature powers;
- management control systems;
- staff communication and training.

The components of the control system must be brought into line with the following principles:

- verifiability, documentability, consistency and congruence of each operation;
- application of the principle of separation of functions (for example, no one can manage an entire process independently);
- documentation of controls;
- provision of an adequate system of sanctions for violation of the rules of the Code of Ethics and the procedures provided for in the Model;
- identification of the Supervisory Body's requirements, which can be summarized as follows:
 - autonomy and independence;
 - professionalism;
 - continuity of action;
- information obligations of the Supervisory Body.

2.5. Development of case-law

For the purposes of drafting the Model, the relevant case-law guidelines were also taken into account. Within the variety of decisions, some constant references emerge in order to verify the suitability of the adopted model, such as the reference to the criminal conduct for which the case is brought, the organizational structure, the size, the type of activity and even the legal history of the company involved in the proceedings.

In this respect, it seems useful to report some of the dictates that have emerged from the case-law:

- Adoption of the Model must be started with a specific and exhaustive mapping of the risks of crime which is not merely descriptive or repetitive of the legislation.
- The Model must require that the members of the Supervisory Body have specific skills in terms of inspection and consultancy activities.
- The Model must differentiate between training aimed at employees generally, employees operating in specific risk areas, the Supervisory Body and those in charge of internal control.
- The Model must expressly provide for the imposition of disciplinary sanctions against directors, general managers and top management of individual areas who, through negligence or incompetence, have not been able to identify, and consequently eliminate, violations of the model and, in the most serious cases, the perpetration of crimes.

- The Model must provide for systematic procedures for research and identification of risks when special circumstances exist (e.g. the emergence of previous violations, high staff turnover).
- Checks with regard to Sensitive Activities must be made on a periodic basis but without notice.
- The Model must set forth and regulate an obligation for employees, managers, and company directors to report relevant information related to the life of the Company, violations of the model or the commission of Crimes to the Supervisory Body. In particular, it must provide concrete instructions of how those who become aware of illegal behavior can report this to the Supervisory Body.
- The Model must contain specific and concrete protocols and procedures.

Having abandoned the idea that the Model, purely in a paper formulation, is in itself sufficient to comply with the requirements of Legislative Decree 231/2001, it is now clear that the concrete dynamics of controls can carry out those prevention activities actually required by law, integrating the wording of the Model. It must therefore be continuously supplemented by the written evidence of the supervisory body's activities, adapted to legislative changes and must constantly conform to the company reality, in its development and in its transformations.

3 STEEL COLOR S.P.A.

Steel Color S.p.A. is a company which, although established in 1992, represents the continuation of an entrepreneurial reality founded in 1979 that has always operated in the stainless steel sector.

Steel Color specializes in the production of colored stainless steel and special finishes on metals.

For details of its corporate purpose, please refer to the Articles of Association.

In 2013/2014, the share capital held by top management was consolidated and treasury shares were purchased.

It is also confirmed that Steel Color S.p.A. is equipped with a set of **ORGANISATION GOVERNANCE TOOLS** that guarantee the functioning of the Company such as:

Articles of Association – which, in accordance with the provisions of the law, set forth various provisions relating to the governance of the company and the proper performance of its functions.

System of delegated authorities and proxies - which identifies, through the assignment of special delegated authorities and proxies, specific powers to represent or engage the Company according to their areas of competence.

Internal procedures and IT management system – which regulate the performance of the most relevant activities and processes that are carried out by the Company, also providing for controls to be performed in order to ensure the correctness, effectiveness and efficiency of the company's activities.

In this context, therefore, the Company ensures compliance with the following principles:

- to encourage the involvement of multiple parties, in order to achieve an adequate separation of tasks by contrasting functions;
- to adopt measures aimed at ensuring that every operation, transaction and action is tracked, verifiable, documented, consistent, appropriate;
- require the adoption of measures aimed at documenting the controls carried out in relation to the operations and/or actions performed.

3.1. The governance of Steel Color S.p.A.

The Company's corporate governance system is structured as follows:

Meeting of the Shareholders.

The ordinary shareholders' meeting shall act in the matters provided for by law and in particular with regard to the approval of the financial statements, the appointment and dismissal of directors, the appointment of statutory auditors and the chairman of the board of statutory auditors and, where provided for, of the person to whom accounting control is delegated, the determination of their remuneration or of their potential liability.

The Articles of Association also provide that the extraordinary shareholders' meeting shall act on matters provided for by law and in particular on amendments to the Articles of Association, on the appointment, replacement and determination of the powers of liquidators, the issue of bond loans, the issue of financial instruments and the creation of earmarked assets.

The Articles of Association, which are intended to be referred to in full, also govern the procedures for convening, taking part in the meeting, the necessary quorums and any appeal against the shareholders' resolutions.

The Board of Directors.

The administration of the company is entrusted to a Sole Director or to a Board of Directors composed of a minimum of three to a maximum of nine members who remain in office for the period established at the time of their appointment and, in all circumstances, no longer than three years, without prejudice to their re-eligibility.

Currently the Board of Directors of Steel Color S.p.A. is composed of five members.

Articles 27 and following of the Articles of Association govern the meetings and resolutions of the Board of Directors, as well as powers and social representation.

The Board of Directors is therefore vested with the widest powers for the ordinary and extraordinary management of the company, without prejudice to the powers reserved for the shareholders' meeting. The Board of Directors, if the shareholders' meeting fails to do so, appoints the Chairman and the Deputy Chairman; it may also appoint one or more managing directors by determining content, limits and any modalities for exercising this delegated power, as well as to appoint one or more general managers and proxies and determine their powers.

To date, in addition to the Chairman and Deputy Chairman, four MANAGING DIRECTORS have been appointed to the Board of Directors, to whom precise powers have been assigned by the statutes and by specific delegation.

Representation of the company is the responsibility of the MANAGING DIRECTOR or, in the event of his absence or impediment, of the Chairman of the Board of Directors and may also be delegated to other directors, expressly appointed by the Board of Directors within the scope of the powers conferred on them and in accordance with the procedures established by the same from time to time.

The administrative body may appoint directors and special proxies, who are present at the time, and may also decide that the use of the corporate signature shall be conferred, jointly or disjointedly, for certain acts or categories of acts, on employees of the company and, where appropriate, on third parties. If the person appointed is not on the Board of Directors, the allocation of powers of representation shall be governed by the rules on power of attorney.

The Board of Directors shall also determine the content, limits and procedures for the exercise of delegated powers, in compliance with the limits laid down by law and the company's Articles of Association.

In general, the following functions may be delegated to one or more members of the administrative body or to third parties, in whole or in part exclusively:

- inherent to the regulatory, administrative, salary, contributions, social security, tax and customs obligations and, in any case, all the obligations inherent in relations with parties who receive employment income from the company, income from self-employment and capital income, with the right to submit and sign tax returns of any kind, including income returns for direct tax purposes, VAT returns as well as those of withholding agent;
- relating to the fulfilment of the obligations provided for in the field of protection of privacy, ensuring that the processing of personal data of employees, customers and/or suppliers and other third parties who come into contact with the company, takes place in accordance with current relevant legislation, also with regard to compliance with the minimum data security measures, by appointing, where appropriate, one or more data controllers and giving them appropriate instruction;
- relating to the implementation of the provisions of Law 81/2008 and subsequent amendments and in general by the legislation on accident prevention and health at work, by adopting the prevention and protection measures identified in the safety plan and any other that deems or proves it necessary for the protection of the safety and health of workers; taking care to update the aforementioned measures in relation to regulatory, organizational and production changes, or in relation to the degree of technological evolution; exercising control, in particular, of the suitability and compliance of buildings, premises, plant, machinery, work equipment, means of transport and lifting with respect to the current rules on hygiene and safety at work, carrying out periodic checks for good functioning, their cleaning and ordinary and extraordinary maintenance;
- relating to the care and supervision of the company's compliance with all legislation relating to waste management, the protection of water from pollution, emissions into the atmosphere and the protection of the external environment from pollution, fire prevention and plant safety.

The delegated authority for the aforementioned functions is also responsible for exercising the inherent decision-making powers and for managing relations with the public and private authorities and offices responsible for dealing with said issues.

Delegated authorities are required to report, at least every six months, to the Board of Directors and the Board of Statutory Auditors on the progress of management and on the most important operations.

The Board of Statutory Auditors.

The Board of Statutory Auditors, pursuant to art. 2403 of the Italian Civil Code monitors compliance with the law and the Articles of Association, compliance with the principles of proper administration and in particular the adequacy of the organizational, administrative and accounting structure adopted by the company and its actual functioning.

The Board of Statutory Auditors of Steel Color S.p.A. is composed of 3 statutory auditors and 2 alternate auditors and is appointed by the Ordinary Shareholders' Meeting.

The auditing firm.

The accounting control of Steel Color S.p.A., provided for in art. 2409a, paragraph 1 of the Italian Civil Code, in compliance with the statutory provisions, is currently entrusted to an external auditing company.

The Managing Directors

The Company has appointed as Chief Executive Officer the Chairman of the Board of Directors, who is responsible for legal representation, the corporate signature and the exercise of the functions conferred on him by specific power of attorney to which reference is made and which is understood to be referred to in full here. The CEO is also assigned specific powers and responsibilities regarding the protection of workplace safety and environmental protection.

The Company has also appointed three other CEOs who are responsible for the exercise of the functions assigned to them by specific delegation to which reference is made and which is understood to be referred to in full here.

The Chairman of the Board of Directors and Managing Director has conferred a special power of attorney relating to health and safety, appointing an executive officer of the Company for the protection of health and safety at work. The Company has also appointed three other CEOs who are responsible for the performance of the functions assigned to them by specific delegation to which reference is made and which is understood to be referred to in full here. The Vice-Chairman appointed as CEO is also given specific powers and responsibilities in relation to environmental protection.

For details of the organizational structure, please refer to the organization chart in Annex 4.

The Executive Officer

The Company has also granted specific power of attorney:

- to the Vice-Chairman and Managing Director who has been granted a special power of attorney in the field of health and safety, appointing him executive director of the Company for the protection of health and safety in the workplace, with the title of Executive Officer for health and safety in the workplace, pursuant to art. 16, of the T.U.S.

For details of the organization relating to security, please refer to the relevant special part of this Organizational Model.

4 THE OBJECTIVES OF THE STEEL COLOR S.P.A. ORGANISATIONAL MODEL

Steel Color's adoption of the Model responds to the Company's general policy, aimed at a management which is transparent, proper and inspired by compliance with current regulations and fundamental ethical principles in the conduct of business and in the pursuit of the corporate purpose.

The Model, together with the Code of Ethics, constitutes not only a means of prevention and condemnation of any conduct of an unlawful nature, but is also a tool to make all Recipients who work on behalf or in the interest of the Company aware of:

- the need for timely compliance with the provisions contained in the Model itself, by respecting company rules and procedures;
- the possibility of falling into, in the event of conduct not adhering to the Model, offences liable to criminal consequences not only for themselves, but also for the Company.

The main objective of the Model is to identify a structured and organic system of Procedures and Rules of Conduct, as well as control activities, in order to prevent – as far as possible – the commission of offences. It must be considered an open and dynamic system, which is customized and constantly adapted to the company reality.

The Model is structured to reflect all possible crime scenarios that provide for the company's liability under the Decree, focusing, however, on crimes related to the activities that the risk assessment (below) has made possible to identify which are most exposed to the risk of commission (the so-called Sensitive Activities).

It sets forth:

- specific behavioral principles through the adoption of a Code of Ethics, attached to this Model, which constitutes a real "constitutional charter" of the Company;
- specific behavioral protocols to prevent offences;
- the assignment to the Supervisory Body of specific supervisory tasks on the effective and correct functioning of the Model, through continuous verification of company behaviors, as well as a constant adjustment of the same, with consequent periodic updating according to the needs that emerge from legislative measures or business development;
- an adequate disciplinary system as an essential element for an effective prevention system, penalizing behaviors that do not comply with the principles and protocols set forth, aimed not at punishment, but at accountability and prevention.

The effective and efficient implementation of the Model requires a complete dissemination of the same, with the involvement of all company levels in the implementation of behavioral rules, procedures and company policies and with explicit provision for constant

training and cultural growth through specific activities. It must also be respected by the Company's third-party collaborators, and implemented for this purpose through contractual clauses that establish liability in case of non-compliance with the principles or protocols set forth.

4.1. Model Structure: General Part and Special Part.

The Model is divided into the following parts:

- the **General Part**, which contains a premise on its guiding principles, on the application requirements and in general on the content of Legislative Decree 231/2001, as well as an illustration of the objectives and application of the Organizational Model, with particular reference to the role played by the Supervisory Body, also referring to the attached Code of Ethics and Disciplinary System;
- the **Special Part**, which takes into account the different types of offences provided for by the Decree and applicable to the Company. It is divided into separate files according to the predicate offence and each one indicates, on the basis of the risk assessment carried out, the sensitive activities and corporate roles involved, the level of commission risk within the Company and the behavioral principles to be adopted preventatively.

Approval, amendments and updating of the Model

This Model, consisting of the General Part, the Special Part and the Annexes that form an integral part of it, is approved by the Board of Directors of Steel Color S.p.A., in compliance with the provision of art. 6, paragraph 1,(a) of the Decree ⁽³⁾.

To ensure the effectiveness of the Model and the achievement of its objectives, the Company evaluates the updating and/or amendments and/or additions of the same in the event of, by way of example only:

- regulatory changes;
- changes in the company's internal structure, in the way in which business activities are carried out and changes in business areas;
- results of the checks;
- reports of attempts or commission of offences;
- reports of new possible ways of committing offences.

Amendments or updates to the Model are handled by the company's governing body, which must promptly update the Supervisory Body and the Board of Statutory Auditors.

The Supervisory Body may evaluate and express an opinion on the updating proposals coming from the Company's governing body, before they are adopted, and may also propose to the same changes or updates of the Model.

In any case, auditing activities are formal and these are kept in the company's records.

(3) According to that provision, the Model is an 'act of enactment of the governing body'.

4.2. Methodological approach for the drafting of the Organisational Model

For the purposes of drafting and implementing the Organisational and Management Model ex Legislative Decree no. 231/2001, the methodology adopted can be summarized in the following phases:

- drafting of the risk assessment through the identification and analysis of sensitive processes and activities, with particular reference to preventive controls and procedures already in place within the company;
- gap analysis and identification of solutions and actions aimed at overcoming or mitigating the critical issues identified;
- definition of the Organizational Model and adaptation and drafting of behavior and operating rules for the identified and potentially at risk areas, containing binding provisions for the reasonable prevention of the irregularities referred to in the aforementioned Decree;
- drafting of the Code of Ethics;
- drafting of a disciplinary system to sanction non-compliance with the measures indicated in the Model and the Code of Ethics;
- drafting of the regulations and the statutes of the Supervisory Body.

Risk assessment methodology

The point is fundamental and also has an impact on the methodology of the subsequent controls carried out by the Supervisory Body.

In order to avoid the risk of preparing a sterile desk study, without any assessment of the intensity of the offence risk and how likely it is to happen based on the corporate business and organization, it is necessary to effectively know the company reality through integrated approaches and tools.

Hence the need for a multidimensional information flow, both paper and electronic, through which to analyze managerial, economic, non-accounting and organizational information.

Secondly, it is necessary to know in detail the functions and actual operation in the performance of the company's activities, through discussions and interviews.

As mentioned, the Organizational Model must be customized and the conduct of oral interviews can be a decisive phase for the construction of an Organizational Model actually created and experienced as "*made-to-measure*".

Overlooking the fact that documentary material does not always represent the everyday life of the company and that this is often represented effectively as well as, or above all, by the narratives of those who interpret it, can mean that essential aspects for the building of a concrete and effective Model are not grasped.

The issue is crucial: the spoken word is predominant in the actual and daily organization of the company. Although it may be residual, in determining all this, the risk that the writing reveals illegality may also have a minimal impact.

It is no coincidence that the Organizational Model requires documentation and traceability at every stage of prevention and controls for the purposes of a culture of legality.

Ignoring the spoken word, even only in its narrative dimension, could be a fatal error with respect to the preventive effectiveness of the Model that requires a widespread culture of legality.

Similarly, it is the task of the Supervisory Body to constantly adapt the Model on the basis of interviews, comparisons and oral checks on the application of the principles and protocols set forth.

For the drafting of the Steel Color S.p.A. risk assessment, supporting documentation was initially analyzed and subsequently the evaluation was directed towards the various processes and company functions, based on meetings with managers and employees.

In order to identify the areas potentially at risk, both *the areas at risk of crime so to speak in the proper sense*, i.e. those selected on the basis of the number of cases provided for by the Decree, and *the so-called instrumental areas*, i.e., those areas that manage the financial instruments that can support the commission of crimes in the areas at risk in the proper sense have been taken into consideration. Therefore, the so-called sensitive processes and the corporate roles involved in carrying out those activities, the performance of which is potentially linked to the risk of commission of the crimes provided for by Legislative Decree 231/01, have been identified, taking into consideration the effectiveness of the operating and control systems already in place, in order to identify any critical issues and gaps with respect to the prevention of the crime-risk.

The Risk Assessment report is part of the process that has led to this Model and is an integral part of it from the point of view of identifying the business areas exposed to the risk of committing offences relevant to the criminal liability of the company.

With regard to the risk assessment carried out, it is considered appropriate to specify that if a high level of risk is identified, this does not mean that the areas at risk are not already characterized by virtuous and preventive behavior.

The risk assessment is in fact an analysis that must not simply verify a state of affairs, but must already guide the company towards an Organizational Model that is partially independent of the virtuousness of the company. This virtuousness is relevant for purposes of assessing the protocols to be adopted, compared to the existing operating methods (gap analysis), but it must not affect the assessment of the probability of risk of offences.

4.3. The Code of Ethics

The Code of Ethics represents an essential element of the Organizational Model and is an integral part of it.

It is a general tool, a real charter of principles and values of corporate ethics that Steel Color recognizes, accepts and shares in the daily performance of its business activities and with which all those who work for the Company must comply, in both internal and external relationships. It therefore not only defines the commitments, rules of conduct and ethical responsibilities to be respected in the conduct of business and in the performance of professional activities and but also defines these rules of conduct in order to prevent the risk of commission of the Crimes referred to in the Decree.

The Code of Ethics is not in itself sufficient to guarantee prevention, but it is nevertheless the background against which to root company growth aimed at the culture of legality and the prevention of criminal risks.

The Code of Ethics must therefore be disseminated and known by all those who act or come into contact with the Company, be they collaborators or subjects who have or intend to engage in commercial and professional relations with Steel Color S.p.A.

4.4. Recipients of the Model

The rules contained in the Model apply to all directors, corporate and supervisory bodies, statutory auditors, employees and all those who operate, for any reason and on the basis of any legal relationship, directly or indirectly, with the Company.

The Recipients to whom the Model is directed are required to promptly comply with all the provisions, also in the fulfillment of the duties of loyalty, fairness and diligence that result from legal relationships established with the Company.

Steel Color S.p.A. condemns any behavior that differs from, in addition to the law, the provisions of the Model and the Code of Ethics, even if the behavior is carried out in the interest of the Company or with the intention of causing it an advantage and disseminates this Model through methods suitable to ensure its effective knowledge by all Recipients.

4.5. Training and dissemination of the Model

Steel Color's objective is to make sure that all those who operate in its name and on its behalf in Sensitive Activities, are aware of the possibility of committing, in the event of violation of the provisions of the Model and/or the Code of Ethics, an offence subject to penalties. The violation will result – depending on the case – in the application of sanctions or the termination of the contractual relationship.

Steel Color does not tolerate unlawful conduct, of any kind and regardless of purpose (including the case in which Steel Color is apparently in a position to take advantage of it).

A fundamental aspect for the concrete effectiveness of this Model and the Code of Ethics is therefore represented by the need for proper knowledge, dissemination and disclosure of the rules of conduct.

Communication and training activities must be differentiated on the basis of the recipients to whom they are directed and must, in any case, be based on principles of completeness, clarity, accessibility and continuity; these are overseen by the Supervisory Body.

In particular:

- the Model and the Code of Ethics are made available on the Company's website; for the Company's internal recipients, dissemination is also envisaged by means of posting on the bulletin board and on the company's intranet. A specific informative communication will also be sent to parties outside the Company to inform them of the adoption of the Model;

- any changes to the Model, updates and significant procedural, regulatory or organizational changes, will be subject to specific communication and training, with particular reference to the parties involved in the changes;
- the Company shall develop an annual training plan for Company staff, submitted for examination by the SB;
- with reference to External Collaborators and Consultants and Business Partners, the Company shall evaluate how to provide information on the policies and Procedures which are to be followed, providing – where possible – the inclusion of appropriate contractual clauses that oblige these parties to comply with the provisions of the Model, under penalty of the application of sanctions or the termination of the relationship.

5 THE SUPERVISORY BODY

The Entity may be exempted from liability for the commission of a Crime by one of the top management if – in addition to having adopted and effectively implemented the appropriate Organization, Management and Control Model – it has entrusted "*the task of supervising the functioning and observance of the models and the handling of their updating*" to a body with autonomous powers of initiative and control: the Supervisory Body ("**SB**").

Also thanks to doctrinal elaboration and the contribution of jurisprudence, the role of the Supervisory Body has today assumed a central importance in finalizing the Organizational Model to a real crime risk prevention activity: "*If adequacy and adaptability over time constitute "the two main requirements for planning and correcting the organizational model" (Bastia), it is on the establishment and operational impact of the supervisory body that the chances of an effective implementation of the same rest, that is, the essential condition for invoking the requirement provided for by the standard [...]'*" (4).

5.1. Requirements of the Supervisory Body.

The Supervisory Body may be a single-party or multi-party body. Since the law does not provide specific information on this, the choice must be aimed at ensuring the effectiveness of the controls, given the size, type of activity and organizational complexity of the Entity.

The main characteristics required (5) for the composition of the Supervisory Body are:

autonomy and independence: the SB must be granted self-determination and freedom of action, free from constraints and from any form of conflict of interest, interference or conditioning on the part of the members of the Entity (6) – and in particular, by Top Managers – with full exercise of technical discretion in the performance of functions. Therefore, it must not be directly involved in the management activities that are the subject of its control activity. For the above, it must have an appropriate expenditure fund to be used in the performance of its duties (of which adequate reporting is provided annually);

(4) A. Bernasconi, in A. Presutti-A. Bernasconi-C. Fiorio, *La responsabilità degli enti*, Cedam, 2008.

(5) Based on Confindustria Guidelines.

(6) In the case of collegiate composition with participation in the SB of subjects within the Entity, the degree of independence of the body will have to be evaluated in its entirety, not being able to demand absolute independence from internal parties.

- **professionalism:** the SB must possess specific and appropriate professional skills in legal and economic matters, as well as of an inspection and organizational nature, with the right to also make use of specific advice from parties external to the Entity itself;
- **continuity of action:** the SB is required to constantly monitor the effective and efficient implementation of the Model, as well as ensuring its constant updating. It must have the necessary investigative powers, with free access to all company data.

The aforementioned requirements, in the case of a collegiate body, must be verified both overall by the Entity and subjectively by individual members, together with the **integrity** requirement to be understood as:

- absence of grounds for ineligibility and forfeiture pursuant to Art. 2382 of the Italian Civil Code;
- absence of a sentence of conviction, even if not final, or of a sentence for the application of the penalty on request, in Italy or abroad, for the crimes referred to in Legislative Decree 231/2001 or crimes in any case compromising professional morality.

5.2. Appointment, replacement and dismissal of the members of the Supervisory Body

The appointment as a member of the Supervisory Body is conditional on the presence of the subjective requirements of professionalism, integrity and respectability, as well as the absence of causes of incompatibility with the appointment and potential conflicts of interest with the appointment.

The appointment takes place by resolution of the Administrative Body and the appointee remains in office for three years or for a different period established at the time of appointment, which should not, however, be for less than one year. When taking up his duties, each designated member shall make a declaration pending the absence of grounds for incompatibility.

At the same time as the appointment, the Administrative Body shall determine the remuneration due to the individual members of the SB.

At the beginning of the mandate and subsequently on an annual basis, the SB submits to the Administrative Body – which cannot reasonably refuse to make this amount available – a budget of expenditure, for expenses and any requirement necessary for the correct performance of its duties. In the event of extraordinary events or circumstances, the SB may also request the disbursement of sums in excess of the budget, indicating the reasons and the facts determining this request. The Administrative Body may not unreasonably refuse the payment of the excess sums requested.

At the end of the party's term of office, the SB remains in office until a new appointment is made, or they are reappointed, at the next meeting of the Administrative Body.

Termination of office can take place, in addition to the natural expiry of the mandate, only by withdrawal of the mandate, to be implemented by resolution of the Administrative Body for just cause, to include, by way of mere example and not exhaustively:

- i. the loss of even one of the eligibility requirements;
- ii. established grounds for incompatibility which undermine the requirements of independence, autonomy and continuity of action;
- iii. serious negligence in the performance of the tasks associated with the assignment;
- iv. omission or insufficient supervision by the SB.

In case of resignation, termination, revocation or prolonged or definitive impediment of a member of the SB, the Administrative Body shall promptly replace them, after having consulted the Board of Statutory Auditors.

5.3. Functions and powers

The Supervisory Body is entrusted with the **task of overseeing the** following requirements, which the Model must meet:

- **adequacy:** the Model must be adequate for the company structure;
- **effectiveness:** conduct within the Company must correspond to the prepared model;
- **efficiency:** the Model must be, in concrete terms, suitable to prevent the occurrence of the Crimes provided for by the Decree and by subsequent provisions that modify its scope of application;
- **updating:** The Model must be constantly updated in order to adapt it to legislative changes and changes in the company structure.

With regard to the updating of the Model, it should be remembered that the adoption of the same and any amendments are the responsibility of the Board of Directors ⁽⁷⁾, which has direct responsibility for the adoption and effective implementation of the Model itself.

In doing so, the Supervisory Body must adhere to the principles established by case law, already referred to in this Model, and the subsequent doctrinal elaboration.

In concrete terms, from a more operational point of view, the Supervisory Body is entrusted with the task of:

- periodically checking the map of areas at risk of Crime (or "**Sensitive Activities**"), in order to adapt it to changes in the business and/or corporate structure. For this purpose, the Supervisory Body must be notified of any situations that may expose the Company to risk of Crime;
- periodically carrying out, also with the support of external professionals, the checks aimed at ascertaining the provisions of the Model, in particular to ensure that the procedures, protocols and controls provided for are put in place and documented in a compliant manner and that its ethical principles are respected. It should be noted, however, that control activities are delegated to the primary responsibility of company management and are considered an integral part of every business process, hence the importance of a staff training process;
- verifying the adequacy and effectiveness of the Model in the preventing the offences referred to in the Decree;
- coordinating with company functions (including through special meetings) for an exchange of information regarding Sensitive Activities to:
 - keep an eye on their evolution in order to carry out constant monitoring;
 - verify the various aspects relating to the implementation of the Model (definition of standard clauses, staff training, regulatory and organizational changes, etc.);

(7) In accordance with Art. 6 (1) (a) of Italian Legislative Decree 231/2001.

- ensure that corrective actions necessary to make the Model adequate and effective are taken promptly;
- collecting, processing and retaining all relevant information received in compliance with the Model, as well as updating the list of information to be transmitted to it. To this end, the Supervisory Body has free access to all relevant company documentation and must be constantly kept up to date by management:
 - on the aspects of the company's activity that may expose the Company to the risk resulting from the commission of one of the offences provided for by the Decree;
 - on relations with Consultants and Partners.

The SB also has the power to speak with persons authorized by law for the control activity and has the right to request the verification of the existence of the elements required by law for the purpose of proposing liability actions or revocation for good cause;

- promoting initiatives for training and communication on the Model, as well as for the training of staff and their awareness of the same in compliance with the principles contained in the Model;
- reporting periodically to the Administrative Body and the Board of Statutory Auditors on the implementation of company policies for the implementation of the Model;
- staying constantly updated with training and study activities;
- formulating and submitting for the approval of the Administrative Body the estimated expenditure necessary for the proper performance of the assigned tasks;
- promoting the initiation of any disciplinary proceedings as a result of discovered violations of the Model;
- verifying that violations of the Model are effectively and adequately sanctioned.

5.4. Obligation to provide information to the SB. Information flows.

All Recipients of the Model are required to work together for the full and effective implementation of the Model.

For this reason, the Supervisory Body must be promptly informed by Recipients about relevant behaviors, acts or events pursuant to Legislative Decree 231/2001.

The obligation to inform on any conduct contrary to the provisions contained in the Model also falls within the broader duty of care and obligation of loyalty of the employee referred to in art. 2104-2105 of the Italian Civil Code.

The information to be reported to the SB generally covers all information relating to the commission of the offences referred to in the Decree or to conduct that is not in line with the rules adopted in this Model and in the Code of Ethics.

Procedure

If one of the Recipients ⁽⁸⁾ becomes aware of illegal conduct, relevant to Legislative Decree 231/2001, or in any case, of violations of this Model and the Code of Ethics, he must promptly report in a detailed manner to the SB through one of the appropriate dedicated channels, as indicated below:

- electronically by writing to odv.231@steelcolor.it, which is an e-mail box accessible only to the SB;
- in writing to the Supervisory Body of Steel Color S.p.A. c/o the office of the President of the SB (Avv.to Elisa Giulia Ghizzoni – Via T. Alninoni n. 1/2 - 42124 Reggio Emilia).

Both of the aforementioned channels are able to guarantee the confidentiality of the identity of the whistleblower in the management of the report (below) and in both cases anonymous reports can also be sent. Steel Color suggests its preference for non-anonymous reporting, in order to support an adequate investigation by allowing the SB to request additional information and any clarifications.

In order to allow for an adequate investigation into the reported behavior, the following information should be provided:

- i. the description of the matter with the relevant details (e.g. date and place of the incident, behavior and parties involved, etc.);
- ii. the reason why the incident is considered relevant;
- iii. the way in which the whistleblower became aware of the reported incident;
- iv. the existence of any witnesses;
- v. any prior communication of the suspicious incident to other parties;
- vi. any further information deemed relevant.

It is also recommended that you provide your name and contact information.

The Supervisory Body evaluates the reports received and the activities to be carried out, at its reasonable discretion and responsibility, acting promptly and taking care to act impartially at all stages of the process.

All information, documents and reports collected in the performance of its duties are filed and kept by the SB (in paper or digital format) for a minimum period of 5 years, taking care to ensure its confidentiality in compliance with privacy legislation.

Any consequent measures shall be defined and applied in accordance with the provisions set forth below in relation to the disciplinary system.

Likewise, the conduct of those who make false or irregular reports with willful misconduct or gross negligence is sanctioned.

Confidentiality

The protection of reports of violations of the Model and/or the Code of Ethics is a fundamental element for the effective application of the crime risk prevention system.

(8) Also including consultants, collaborators, business partners, therefore external to the corporate organizational structure.

For this reason, with Law 179/2017 the Legislator intervened by providing for some additions to the Decree itself, aimed at ensuring:

- the possibility for both top management and subordinates, to submit, in order to protect the integrity of the Entity, detailed reports of unlawful conduct, relevant under the Decree and based on precise and consistent facts, or violations of the Model, of which they have become aware due to the functions that they carry out and guaranteeing the whistleblower the confidentiality of identity, in the reporting management activities;
- the prohibition of retaliatory or discriminatory acts, either direct or indirect, against the whistleblower for reasons related, either directly or indirectly, to the report;
- in the adopted Disciplinary System (below), sanctions against those who violate the whistleblower protection measures, as well as those who make serious reports with malicious misconduct or gross negligence that prove to be unfounded.

In addition, with a view to protecting the identity of the whistleblower, Article 6 of Legislative Decree 231/2001 states that:

- *'the adoption of discriminatory measures against the reporting party may be reported to the National Labor Inspectorate for actions within its competence, not only by the whistleblower, but also by the trade union organization indicated by the same'* (Article 6, paragraph 2-ter);
- *'the retaliatory or discriminatory dismissal of the reporting party shall be void. The change of duties within the meaning of Article 2103 of the Italian Civil Code and any other retaliatory or discriminatory measures taken against the whistleblower are also null and void. It is the employer's responsibility, in the event of disputes related to the imposition of disciplinary sanctions, or demotion, dismissal, transfer, or the subjection of the whistleblower to other organizational measures having either direct or indirect negative effects on working conditions, subsequent to the submission of the report, to demonstrate that such measures are based on reasons unrelated to the report itself'* (Article 6 paragraph 2-quater).

All investigations must therefore be strictly confidential.

The SB acts in order to guarantee whistleblowers against any form of retaliation, discrimination or, in any case, penalties, either direct or indirect, for reasons related, either directly or indirectly, to the report, thus ensuring the adequate confidentiality of these parties.

Communications should only be addressed to those who need to be informed.

All staff, involved in the management of a report in any capacity, are required to maintain the utmost confidentiality and compliance with current privacy legislation, considering all information as sensitive.

5.5. Reporting of the Supervisory Body to the Corporate Bodies

Reporting by the Supervisory Body to the Corporate Bodies concerns:

- i. the work carried out by the SB;

- ii. any violations of the Model;
- iii. any critical issues in terms of the effectiveness and efficiency of the Model.

The Supervisory Body is required to report directly to the Company's Administrative Body:

- immediately, if any problems or significant reports arising from the activities are found;
- on an annual basis, regarding the implementation of the Model by the Company, with particular reference to the results of the supervisory activity carried out and the interventions appropriate for the implementation of the Model.

The SB may, at any time, request to be heard by the Administrative Body, when it considers it appropriate to examine or intervene in matters related to the operation and implementation of the Model.

The SB also communicates periodically with the Board of Statutory Auditors, in order to carry out a check on the work of the directors and also in order to avoid any redundancies in the control activity.

Meetings with the Company's bodies are documented in specific minutes.

The activities of the SB may not be questioned by any body, structure or company function, without prejudice in any case to the obligation on the Administrative Body to verify the adequacy of the SB and its intervention, being as it is responsible for the operation and effectiveness of the Model.

5.6. Collection, retention and storing of information

All information, notifications and reports provided for in the Model are kept by the Supervisory Body in a special digital and/or paper archive.

In order to ensure the confidentiality of the data contained in the minutes, including the identity of any reporting parties, all paper documentation is kept in the office of the President of the Supervisory Body. In the event that third parties ask for a copy of the minutes and/or reports of the SB, the latter must be contacted and in turn will involve the Board of Directors which is the only entity with the power to authorize or not the external dissemination of the aforementioned Documents of the SB.

5.7. Statute and Regulations of the Supervisory Body

The Annexes to the Statute and Regulations of the Supervisory Body are integral parts of the Model.

6 THE DISCIPLINARY SYSTEM

Pursuant to Article 6, paragraph 2, letter e), paragraph 2 bis letter d) and Article 7, paragraph 4, letter b) of Legislative Decree 231/2001, the Model can be considered effectively implemented only if it provides for a disciplinary system suitable for sanctioning non-compliance with the measures indicated therein.

The definition of an adequate disciplinary system and sanctions, duly commensurate with the violation committed and equipped with deterrence mechanisms, aims to contribute to the efficacy and effectiveness of the Model, as well as making the control activity carried out by the Supervisory Body effective.

The application of disciplinary sanctions will in any case take place in cases of ascertained violation of the provisions contained in the Model, regardless of the outcome of any criminal or administrative proceedings initiated by the judicial authority, as the rules of conduct, protocols and internal procedures are binding on the Recipients, regardless of the actual perpetration of a Crime as a consequence of the behavior committed. The application of disciplinary measures for the violation of the corporate rules of conduct therefore disregards the unlawfulness that such conduct can lead to, as these rules are assumed by the company in full autonomy and their violation violates the relationship of trust – based on transparency, fairness, integrity and loyalty – established with the Company.

Infringements of the principles enshrined in the Code of Ethics, of the measures provided for in the Model, the related penalties that can be imposed and the disciplinary procedure are specifically described in the disciplinary code, attached to the Model (the "**Disciplinary System**", Annex 3).

It also provides for explicit sanctions:

- for those within the organization who violate measures to protect the identity of the whistleblower or commit acts of retaliation or discrimination, either direct or indirect, against the whistleblower for reasons related, either directly or indirectly, to the report;
- for those who make serious reports with intent or gross negligence that turn out to be unfounded;
- for the same SB, in the event of non-protection of the identity of the whistleblower, except in the cases provided for by law, it should be considered a just cause for the revocation of the appointment.

The Disciplinary System is based on the rules provided for in the Italian Civil Code, the Workers' Statute, the National Collective Labor Agreement and the applicable legislation on the subject.

It regulates violations committed by the Recipients of the Model and the Code of Ethics, and therefore:

- employees;
- managerial staff;
- directors and auditors;
- external parties, such as Collaborators, Consultants and Business Partners.

REV	SHORT DESCRIPTION AND COMMENT	DATE
0	EMISSION	06/08/2020
1	UPDATE	22/06/2021
2		
3		
4		