



## ORGANISATION, MANAGEMENT AND CONTROL MODEL

**of ABS S.p.A.**

***Adopted pursuant to Legislative Decree  
no. 231 of 8 June 2001***

REV	DESCRIPTION OF THE REVIEWS	ADOPTION BY THE BOARD OF DIRECTORS
0	FIRST ISSUE	21 February 2011
1	UPDATE	23 February 2015
2	UPDATE	22 February 2017



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## GLOSSARY

In this document, the following definitions apply:

- **ABS or Company:** Acciaierie Bertoli Safau S.p.A. with registered office in Pozzuolo del Friuli, in the hamlet of Carnacco (UD), via Buttrio 28, enrolled in the Register of Companies of Udine with registration number and tax code 00218360303, VAT number 00162880306.
- **CCNL:** National Collective Labour Agreement for employees of industrial metalworking companies.
- **BoD:** Board of Directors of Acciaierie Bertoli Safau S.p.A.
- **Code of Ethics:** Code of Ethics and Internal Conduct, represents the set of values, principles and lines of conduct that inspire the Company's entire operations.
- **Recipients:** All parties required to comply with the Organisation, Management and Control Model.
- **Decree or Legislative Decree 231/2001:** Legislative Decree no. 231 of 8 June 2001, containing "Regulations governing the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11, Law no. 300 of 29 September 2000" and subsequent amendments and additions.
- **Entities:** Entities having legal personality, companies and associations, including those without legal personality, with the exclusion of the State, local authorities, other non-economic public bodies and bodies performing functions of constitutional importance.
- **Group:** Companies belonging to the Gruppo Danieli & C. Officine meccaniche S.p.A..
- **Model:** the Organisation, Management and Control Model pursuant to art. 6, paragraph 1, letter a) of Legislative Decree 231/2001 adopted by Acciaierie Bertoli Safau S.p.A..
- **Supervisory Body or SB:** The body with autonomous supervisory and control powers, which is entrusted by the Company with the responsibility of supervising the functioning and observance of the Model, as well as updating it.
- **Protocols:** Specific decision protocols, in compliance with the provisions of art. 6, paragraph 2, letter b) of Legislative Decree 231/01, which contain a set of control and conduct rules and principles deemed suitable to govern the identified risk profile.
- **Offences:** Offences for which administrative liability pursuant to Legislative Decree 231/2001 is envisaged.
- **FM:** Function Managers, i.e. the Recipients who have operational responsibility for each area of corporate activity in which a potential risk relating to the commission of the Offences has emerged.

- **OUM:** Operating Unit Managers, i.e. the Recipients who have operational responsibility for each area of corporate activity in which a potential risk relating to the commission of the Offences has emerged.
- **Private individuals:** Directors, general managers, managers responsible for preparing the company's financial reports, statutory auditors, liquidators of a third party company or those who are subject to their direction or supervision or those who, under current regulations, could be the recipients of corrupt conduct between private individuals pursuant to art. 2635 of the Italian Civil Code.
- **Third parties:** Third parties such as, by way of example and without limitation, permanent collaborators, interns, temporary workers, employees of Group companies on secondment to the Company.
- **Additional Subjects:** Additional Subjects, outside the corporate structure, such as, by way of example and without limitation, suppliers, consultants, professionals, employment agencies, service contractors as per articles 4 and 20 of Legislative Decree 276/2003, subcontractors and business partners as well as any other subjects that the Company may deem appropriate.

For a correct understanding and application of the Model and the Protocols, in consideration of the numerous references contained therein and the importance of the issue for the Company, the definitions of “Public Official” and “Person in charge of a public service”, as defined by the Criminal Code, and the definition of “Public Administration” as expressed in the opinion of the Council of State no. 11482/2004, are set out below:

- **Public official** (art. 357 of the Italian Criminal Code): *“For the purposes of criminal law, public officials are those who perform a legislative, judicial or administrative public function. For the same purposes, an administrative function governed by public law and authoritative acts is public and characterised by the formation and manifestation of the will of the public administration or its performance by means of authoritative or certifying powers”;*
- **Person in charge of a public service** (art. 358 of the Italian Criminal Code): *“For the purposes of criminal law, those who, in whatever role, provide a public service. A public service must be understood as an activity regulated in the same forms as the public function, but characterised by the lack of powers typical of the latter, and with the exclusion of the performance of simple order duties and the provision of purely material work”;*
- **Public Administration** (State Council, opinion no. 11482/2004): *“The notion of public administration (...), therefore, seems to be understood in a broad sense and such as to include all entities, including private concessionaires of public services, public undertakings and bodies governed by public law according to Community terminology<sup>1</sup>, which are called upon to operate, in relation to the field of activity in question, in a public function.*

<sup>1</sup> Symptomatic indices for the identification of a “body governed by public law as interpreted by Community case-law” are:

- an entity with legal personality also organised in corporate form;
- being subject to the supervision and control by the State or more than half of the members of the administrative and supervisory bodies designated by the State or local authorities or financed predominantly by the State or public bodies;
- activity carried out in the absence of economic viability criteria (economic risk borne by the State), pursuit of general interest objectives, neither industrial nor commercial.

It should also be noted that the private nature of some entities, which carry out public services also following their transformation into public limited companies (e.g. Poste Italiane, ENEL, Ferrovie dello Stato, ENI, etc.), does not exclude their pursue of public purposes and that their activities continue to be governed by public law (in these cases, those who operate in these entities, for example the employees, may be qualified as Public Officials or as Persons in Charge of a Public Service)<sup>2</sup>.

Finally, with regard to the persons involved or recipients of the international unlawful conduct provided for by Legislative Decree 231/01, the legislator has expressly defined the list of persons belonging to international bodies<sup>3</sup>, including individuals whose activity can be compared to that of a public official and person in charge of a public service.

Finally, it should be noted that, following the approval of Law no. 190 of 6 November 2012 (*“Provisions for the prevention and repression of corruption and illegality in the Public Administration”*), the offence of *“corruption between private individuals”* has been included in the list of offences for which administrative liability is envisaged pursuant to Legislative Decree no. 231/01. (article 2635 of the Italian Civil Code). The Model and the Protocols therefore have the function of preventing corruptive activities carried out, not only with regard to the Public Administration but also to Private Parties, which could lead to the aforementioned type of offence and which, if committed in the interest or to the advantage of the Company, could lead to the application of sanctions against the same.

<sup>2</sup> The following may therefore be considered as “public entities”, by way of example but not limited to:

- State Administrations (Government, Parliament, Ministries, ordinary and accounting Courts, consulates and embassies, etc.).
- Territorial public bodies (Regions, Provinces, Municipalities,)
- Universities and Schools;
- Healthcare Units and Hospitals
- Inland Revenue and Social Security Agency (INPS, INAIL, etc...)
- Chambers of Commerce
- Independent Supervisory Authorities (Consob, Bank of Italy, ISVAP, AVCP, Privacy Authority, Competition and Market Authority, etc.).
- Other non-territorial public bodies (CNR, AGEA, etc.)
- Employees of private entities that pursue public purposes (Poste Italiane, ENEL, Ferrovie dello Stato, ENI, etc.).

<sup>3</sup> pursuant to the provisions of article 322-a (*“Embezzlement, extortion, bribery, corruption and incitement to bribery of members of the bodies of the European Communities and officials of the European Communities and of foreign States”*) of the Criminal Code, the following persons:

- members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities;
- officials and other servants engaged under contract in accordance with the Staff Regulations of officials of the European Communities or the Conditions of Employment of other servants of the European Communities;
- persons seconded by Member States or by any public or private body to the European Communities, who perform functions corresponding to those of officials or servants of the European Communities;
- members and staff of bodies set up based on the Treaties establishing the European Communities;
- those who, within other Member States of the European Union, perform functions or activities corresponding to those of public officials and persons in charge of a public service;
- persons exercising functions or activities corresponding to those of public officials and persons in charge of a public service in other foreign States or public international organisations, where the offence is committed in relation to international economic transactions.

All typical international trade transactions, such as: exports, tenders, investments, etc., are considered “international economic transactions” relevant for the purposes of Legislative Decree 231/01; the corruption that can be prosecuted may concern the intervention of public officials, for example in relation to the issue of permits or authorisations, obtaining tax benefits and the like.



## PREMISE

### 1. GENERAL PRINCIPLES

Acciaierie Bertoli Safau S.p.A., as part of its wider business policy, sensitive to the need to ensure conditions of correctness and transparency in the conduct of business and corporate activities, in order to protect the Company itself and its shareholders, has deemed it appropriate to analyse and strengthen all control and governance corporate tools already adopted, proceeding with the implementation and regular updating of the Organisation, Management and Control Model, provided for by Legislative Decree 231/2001.

On 21 February 2011, the Board of Directors of ABS adopted the first version of its Model. In view of the significant organisational changes that have modified ABS's structure, the Company launched a project to update and revise the previous Model, thus adopting the present version - which, while representing its evolution, fully replaces the previous one - by resolution of the Board of Directors on 23 February 2015.

### 2. PURPOSE OF THE MODEL

By adopting this Model, ABS wants to pursue the following main objectives:

- reiterate that any illegal conduct is absolutely condemned by the Company, even if inspired by a misunderstood social interest and even if ABS was apparently not in a position to take advantage of it;
- determine in all those who operate in the name and on behalf of ABS and, in particular, in the areas identified as "at risk" of committing the relevant criminal offences pursuant to the Decree, the awareness of the duty to comply with the provisions contained therein and, more generally, with company regulations;
- inform the addressees that the violation of the provisions of the Model constitutes a punishable conduct from a disciplinary standpoint and that in the event of the commission of a relevant offence pursuant to the Decree, the criminal sanctions applicable to them in a personal capacity could determine the administrative liability of the Company, with the consequent application to the same of the related sanctions;
- allow the Company, thanks to close control and monitoring of the areas at risk and sensitive activities with respect to the potential commission of offences relevant to the Decree and the implementation of specific instruments, to intervene promptly to prevent or counteract the commission of such offences.

### 3. STRUCTURE OF THE MODEL

This document consists of a general part and a special part.

The general part describes the contents of the Decree, recalling the types of offences that determine the administrative liability of an entity, the possible sanctions and the conditions for exemption from liability (Section One), as well as the organisational structure of the Company and the activities carried out for the construction, dissemination and updating of the Model (Section Two).

The Special Section contains the protocols, i.e. a set of control and conduct rules and principles deemed suitable to govern the areas for which a risk of potential commission of administrative liability offences pursuant to Legislative Decree 231/2001 has been detected.

The rules contained in the Model integrate those of the Code of Ethics with the former, for the purposes it intends to pursue in implementing the provisions of the Decree, having a different objective from the latter. Indeed, it is specified that

- The Code of Ethics represents an instrument adopted autonomously and susceptible of general application by the Company in order to express the principles of “corporate ethics” that ABS recognises as its own. ABS declares that it complies with the Code of Ethics in relation to all its stakeholders (for example, public officials, customers, suppliers, consortium partners, representatives of political forces and associations that can be considered to be stakeholders, as well as the Recipients of the Model) and requires them to comply with the Code of Ethics, as better specified in the following paragraph;
- the Model complies with specific prescriptions contained in the Decree, aimed at preventing the commission of offences that may lead to the attribution of administrative responsibility to the Company.

#### 4. RECIPIENTS OF THE MODEL

The rules contained in the Model apply to all the company representatives involved, also de facto, in ABS activities considered at risk in accordance with the aforementioned regulations.

In particular, the Model applies to the following recipients:

- all members of the corporate bodies (Board of Directors and Board of Statutory Auditors);
- managers (i.e. those who are classified as such according to the applicable national collective bargaining agreement);
- employees (i.e. workers with an employment contract, including temporary contracts);
- Third Parties.

Third Parties must be bound to comply with the provisions of Legislative Decree 231/2001 and with the ethical and behavioural principles adopted by ABS through the Code of Ethics by signing specific contractual clauses, which allow the Company, in the event of default, to unilaterally terminate the contracts and to claim compensation for any damages suffered (including the possible application of sanctions pursuant to the Decree).

The Company may evaluate, at specific times, the option of requiring Third Parties to comply with the provisions of Legislative Decree 231/2001 and with the ethical and behavioural principles adopted by ABS through the Code of Ethics by signing specific contractual clauses, which allow the Company, in the event of default, to unilaterally terminate the contracts and to claim compensation for any damages suffered (including the possible application of sanctions pursuant to the Decree).



## GENERAL PART

### 1. SECTION ONE - LEGISLATIVE DECREE no. 231 of 8 JUNE 2001

#### 1.1. ADMINISTRATIVE RESPONSIBILITY OF ENTITIES

##### 1.1.1 THE LEGAL REGIME OF ADMINISTRATIVE LIABILITY OF LEGAL PERSONS, COMPANIES AND ASSOCIATIONS

Legislative Decree no. 231 of 8 June 2001, in partial implementation of Delegated Law no. 300 of 29 September 2000, regulates - introducing it for the first time into the national legal system - the administrative liability of legal persons, companies and associations, including those without legal personality.

In particular, Delegated Law no. 300 of 2000, which ratifies, inter alia, the Convention on the financial protection of the European Communities of 26 July 1995, the EU Convention of 26 May 1997 on the fight against corruption and the OECD Convention of 17 September 1997 on combating bribery of foreign public officials in international business transactions, complies with the obligations laid down in those international and, in particular, Community instruments, which provide for paradigms of liability regarding legal persons and a corresponding system of sanctions for business criminal offences.

Legislative Decree 231/2001 is therefore part of the implementation of international obligations and - aligned with the regulatory systems of many European countries - establishes the liability of a *legal entity (societas)*, considered “*as an independent centre of interest and legal relations, a point of reference for various kinds of precepts, and a matrix of decisions and activities of persons operating in the name, on behalf of or in the interest of the entity*”.

The institution of an administrative liability on the part of the Entities stems from the empirical consideration that frequently the unlawful conduct carried out within the organisations constitutes an expression not so much of the deviance of an individual, but of that of the centre of economic interests within which the individual has acted, being often the consequence of top management decisions of the same. It is believed, therefore, that such criminal behaviour can be effectively prevented only by sanctioning the Entity as the real beneficiary of the offence.

With regard to the real nature of the liability pursuant to Legislative Decree 231/2001, the same seems to combine both administrative and criminal liability. Indeed, the ministerial report on the Decree underlines the fact that this form of liability, being consequent to an offence and linked to the guarantees of the criminal trial, differs in several aspects from the classic paradigm of an administrative offence and is an autonomous type of liability “*which combines the essential features of the criminal and administrative systems in an attempt to reconcile the reasons for preventive effectiveness with those, even more inescapable, of the maximum guarantee*”.

In particular, Legislative Decree 231/2001 provides for a complex system of sanctions ranging from the mildest fines to the heaviest disqualifications, including the “capital” sanction of disqualification from carrying on a business.

The administrative sanctions provided for by the Decree can indeed be applied exclusively by a criminal judge, in the protected context of a criminal trial, only if all the objective and subjective requirements established by the



legislator are met: the commission of an Offence in the interest or to the advantage of the Entity, by qualified subjects (top management or their subordinates).

The administrative liability of an Entity exists in the following cases:

- commission of an offence *in the Entity's interest*, i.e. whenever the unlawful conduct is carried out with the sole intention of benefiting the Entity;
- the same deriving from the unlawful conduct some *advantage* (economic or not) of an indirect type, even though the perpetrator of the Offence acted without the exclusive purpose of bringing a benefit to the Entity.

On the contrary, the *exclusive* advantage of the agent (or of a third party with respect to the Entity) excludes the Entity's liability, occurring in a situation of absolute and manifest extraneousness to the commission of the Offence.

As for the subjects, the legislator, in article 5 of Legislative Decree 231/2001, provides for the liability of the Entity if the offence is committed:

- a) *"by persons holding positions of representation, administration or management of the entity or one of its organisational units with financial and functional autonomy and by persons exercising, including de facto management and control thereof"*. (so-called senior managers);
- b) *"by persons under the direction or supervision of one of the persons referred to in point (a)"*. (so-called subordinates).

For the purposes of asserting the Entity's liability, in addition to the existence of the above-mentioned requirements that allow the offence to be objectively linked to the Entity, the legislator also requires the Entity's guilt to be ascertained. This subjective requirement is identified with an *organisational fault*, understood as a violation of self-imposed by the entity itself to prevent specific offences.

The liability of Entities also extends to Offences committed abroad, provided that the State of the place where the offence was committed does not proceed against the Entity, and provided that the particular conditions envisaged by Legislative Decree 231/2001 are met.

The ever so accentuated global vocation of the economic markets makes far from secondary the verification of the extraterritoriality of the punitive rules governing business activities in general and those contained in Legislative Decree 231/2001.

Indeed, Legislative Decree 231/2001 contains a provision (art. 4 of the Decree), inspired by a moderate principle of *universality* of jurisdiction, according to which the administrative liability of an Entity with its head office in Italy for the commission of one of the alleged offences, provided for in the catalogue of offences 231, may be applied, even when it has been committed entirely abroad. In particular, paragraph 1 of art. 4 above configures the administrative liability of the Entity in all cases in which, for the alleged offence committed abroad, the natural person who committed it pursuant to articles 7, 8, 9 and 10 of the Italian Criminal Code must also be punished.

In order for the Italian judge to exercise his or her jurisdiction, and apply the administrative sanctions provided for in the Decree against the Entity, the following specific conditions are necessary in the event of the commission of an offence abroad:

1. the Offence must be committed abroad (and consumed entirely abroad) by the qualified person (“top manager” or “subordinate”);
2. the Entity must have its head office in Italy (articles 2196 and 2197 of the Italian Civil Code);
3. one of the conditions provided for in articles 74, 85, 96 and 10 of the Italian Criminal Code is met;
4. the State where the criminal offence was committed does not proceed against the Entity;
5. in cases where the law establishes that the offender should be punished at the request of the Minister of Justice, action shall be taken against the Entity only if the request is also made against the latter.

### 1.1.2 OFFENCES DETERMINING THE ADMINISTRATIVE RESPONSIBILITY OF THE ENTITY

The types of offence that may give rise to the Company's administrative liability are only those expressly indicated by the legislator in the Decree, which, at the time of its issue, covered only certain offences against the Public Administration. The legislator, also in application of subsequent EU directives, has, over the years, considerably expanded the list of offences subject to the application of Legislative Decree 231/2001, which now includes, in particular:

- Offences against the public administration and against the assets of the public administration (articles 24 and 25);
- Computer crimes and unlawful processing of data (art. 24 - a);
- Organised crime offences (art. 24 - b);
- Offences relating to forgery of money, public credit documents, revenue stamps and identification instruments or signs (article 25 - a);
- Criminal offences against industry and trade (article 25 - a.1);
- Corporate offences, including bribery between private individuals (art. 25 - b);
- Offences committed for the purposes of terrorism or subversion of the democratic order (art. 25 - c);

<sup>4</sup> Pursuant to article 7 of the Italian Criminal Code (Offences committed abroad):".

1. *An Italian citizen or foreigner who commits any of the following offences on foreign territory is punishable under Italian law:*
  1. *criminal offences against the personality of the Italian State;*
  2. *forging the State seal and using the forged seal;*
  3. *counterfeiting currency which is legal tender in the territory of the State, or revenue stamps or Italian public credit documents;*
  4. *offences committed by public officials in the service of the State, abusing their powers or violating their duties;*
  5. *any other offence for which special provisions of law or international conventions establish the applicability of Italian criminal law.*

<sup>5</sup> Pursuant to article 8 of the Italian Criminal Code (Political crime committed abroad):

1. The Italian citizen or foreigner who commits on foreign territory a political crime not included among those indicated in no. 1 of the preceding article, is punished according to Italian law, at the request of the Minister of Justice.
2. If the offence is punishable on complaint by the injured party, the complaint must be filed in addition to this request. For the purposes of criminal law, any criminal offence, which offends a political interest of the State or a political right of a citizen, is considered to be a political crime. A common crime determined, in whole or in part, by political motives is considered to be a political crime as well.

<sup>6</sup> Pursuant to article 9 of the Italian Criminal Code (Common criminal offence of a citizen abroad):

1. *A citizen who, apart from the cases indicated in the two preceding articles, commits a criminal offence on foreign territory for which Italian law establishes the death penalty or life imprisonment, or imprisonment of at least three years, is punished according to the same law, provided that he or she is in the territory of the State.*
2. *In the case of a criminal offence for which a sentence restricting personal liberty for a shorter period is established, the offender shall be punished at the request of the Minister of Justice or on application or on complaint by the offended person.*
3. *In the cases provided for in the preceding provisions, if the criminal offence is committed to the detriment of the European Communities, of a foreign State or of a foreigner, the offender shall be punished at the request of the Minister of Justice, provided that extradition of the offender has not been granted, or has not been accepted by the Government of the State in which he/she committed the criminal offence.*

- Female genital mutilation practices (art. 25 - c.1);
- Offences against the individual personality (Art. 25 - d);
- Administrative offences and violations relating to market abuse and market manipulation<sup>7</sup> (art. 25 - e);
- Crimes of manslaughter and serious or very serious negligent injury, committed in violation of the rules on the protection of health and safety at work (art. 25 - f);
- Receipt of stolen goods, money laundering and use of money, goods or benefits of illegal origin as well as self-laundering (art. 25 - g);
- Copyright infringement offences (art. 25 - h);
- Inducement not to make statements or to make false statements to judicial authorities (art. 25 - i);
- Environmental offences (Art. 25 - l);
- Employment of illegally staying third-country nationals (art. 25 - m)
- Transnational crimes (Law no. 146 of 16.3.06).

For details of the individual types of offence for which administrative liability is envisaged pursuant to Legislative Decree 231/2001, see the list attached to this Model (Annex 1).

### 1.1.3 SANCTIONS APPLICABLE TO THE ENTITY

The sanctions provided for by Legislative Decree 231/2001 against Entities as a result of the commission or attempted commission of the aforementioned offences are:

- Monetary sanctions from a minimum of 25,822.84 euro to a maximum of 1,549,370.69 euro (and precautionary confiscation);
- disqualification sanctions (also applicable as a precautionary measure) of not less than three months and not more than two years, which, in turn, may consist in:
  - disqualification;
  - suspension or revocation of authorisations, licences or concessions connected to the commission of the offence;
  - prohibition to enter into contracts with the Public Administration;
  - exclusion from facilitations, financing, contributions or subsidies and possible revocation of those already granted;

<sup>7</sup> Following the enactment of Law no 62/2005 on "provisions for the fulfilment of the obligations arising from Italy's membership of the European Communities. Community Law 2004", which provided for the implementation of Directive 2003/6/EC on "Market abuse" and the related implementing provisions, the typical offences for which the Company is liable now also include offences relating to insider dealing and market manipulation.

Indeed, article 9 of Law no. 62/2005 has profoundly innovated the regulation of issuers regulated by the Consolidated Law on Finance (TUF - Legislative Decree no. 58/1998) with targeted interventions on public disclosures, definition of offences relating to insider dealing and market manipulation, the introduction of administrative offences and the extension of Consob's supervisory and investigative powers.

With regard to the liability of legal persons (Legislative Decree no. 231/2001), it should be noted, however, that the legislation in question, in addition to extending the liability of entities to cover offences relating to insider dealing and market manipulation governed by articles 184 and 185 of the Consolidated Law on Finance and classified as "market abuse", in Article 25 - e of Legislative Decree no. 231/2001, has introduced a provision of crucial importance.

Reference is made to article 187 - d of the Consolidated Law on Finance, which also considers the entity responsible for market abuse involving administrative violations, committed in the interest or to the advantage of the entity itself, by top managers or subordinates.

- ban on advertising goods or services;
- confiscation of the price or profit of the offence (and preventive seizure as a precautionary measure);
- publication of the judgment (in case of application of a disqualification sanction).

Disqualification sanctions are applied only in relation to those offences for which they are expressly provided for and if at least one of the following conditions is met:

- the entity made a significant profit from the commission of the offence and the offence was committed by persons in top management positions or by subordinates when, in the latter case, the commission of the offence was determined or facilitated by serious organisational shortcomings;
- in the event of repeated offences.

Without prejudice to the application of pecuniary sanctions, disqualification sanctions shall not apply when, before the opening statement of the first hearing, the following conditions are met:

- a) the Entity has fully repaid the damage and has eliminated the harmful or dangerous consequences of the offence or has in any case effectively taken action in that regard;
- b) the Entity has eliminated the organisational deficiencies that determined the offence through the adoption and implementation of organisational models suitable to prevent offences of the type of the occurred one;
- c) the Entity has made the derived profit available for confiscation.

The Decree also establishes that, in the most serious cases, the judge may order a definitive disqualification if the entity made a significant profit from the offence and was already sentenced, at least three times in the last seven years, to temporary disqualification.

The judge may also apply to the entity, as final judgement, the prohibition to enter into contracts with the Public Administration or to advertise goods or services when it has already been sentenced with the same sanction at least three times in the last seven years.

If the Entity or one of its organisational units is permanently used for the sole or prevailing purpose of allowing or facilitating the commission of offences for which it is responsible, it shall be definitively forbidden from carrying out its activities.

In the event of the commission, in the form of an attempt, of the offences indicated in Chapter I of Legislative Decree 231/2001 (articles 24 to 25 - m), the financial penalties (in terms of amount) and disqualification sanctions (in terms of time) are reduced from one third to one half, while penalties are excluded in cases where the Entity voluntarily prevents the performance of the action or the occurrence of the event.

#### **1.1.4 LIABILITY EXEMPTION: THE ORGANISATION, MANAGEMENT AND CONTROL MODEL**

Articles 6 and 7 of Legislative Decree 231/2001 expressly provide for the exemption from administrative liability if the Entity has adopted effective and efficient organisational and management models suitable to prevent crimes of the type that have occurred. Adequate organisation is therefore the only instrument capable of avoiding the “fault” of the Entity and, consequently, of excluding the application of sanctions against the same.

In particular, liability is excluded if the entity proves that:

- a) the management body has adopted and effectively implemented, before the commission of the offence, organisational and management models suitable to prevent offences of the types of the occurred one;
- b) the task of supervising the functioning of and compliance with the models and their updating has been entrusted to a body of the entity with autonomous powers of initiative and control;
- c) the offence was committed by fraudulently circumventing the organisational and management models;
- d) there has been no omission or insufficient supervision by the body referred to in point (b).

The adoption of a Model, specifically addressing the risks to which the Entity is exposed, aimed at preventing, through the establishment of rules of conduct, the committing of certain offences, is therefore the measure of diligence defined by the legislator and represents - precisely in view of its preventive function - the first safeguard of a risk control system.

The mere adoption of the Model by the *executive body* - which is to be identified as the body with management powers such as the Board of Directors - does not, however, appear to be sufficient to determine the exoneration from liability of the Entity, since the Model must also be *effective*.

As regards the effectiveness of the Model, the legislator, in article 6, paragraph 2, of Legislative Decree 231/2001, states that the Model must meet the following requirements:

- a) identify the activities within the scope of which offences may be committed (so-called “mapping” of activities at risk);
- b) provide for specific protocols aimed at planning the training and implementation of the entity’s decisions in relation to the offences to be prevented;
- c) identify ways of managing financial resources suitable to prevent the commission of the offences;
- d) provide for information obligations vis-à-vis the body responsible for supervising the operation of and compliance with the models.

The effectiveness of the Model, on the other hand, is linked to its *effective implementation*, which, pursuant to article 7, paragraph 4 of Legislative Decree 231/2001, requires:

- a) a periodical verification and possible modification of the same when significant violations of the prescriptions are discovered or when there are changes in the organisation or activity (updating of the Model);
- b) a disciplinary system suitable for sanctioning non-compliance with the provisions set out in the Model.

The adoption of an Organisation, Management and Control Model does not, however, constitute an obligation for Entities, but a mere option, which allows them to benefit from liability exemptions and other benefits in terms of reduced penalties.

#### 1.1.4.1 Exemption from administrative liability relating to health and safety at work

With the introduction of the Culpable Offences within the scope of application of the Decree, which took place with Law 123/2007 (which introduced into the Decree art. 25 - f establishing administrative liability for manslaughter and serious or very serious injuries committed in violation of the regulations on the protection of health and safety at work), the criterion of exemption from liability indicated in point c) - i.e. the demonstration

that the fact was committed through the fraudulent circumvention of the controls put in place by the Entity within its own organisation - precisely because of the lack of voluntariness of the damaging event (death or serious or very serious injuries) cannot be applied. In this case, the Entity will have to prove that the culpable offence committed by its representative was committed despite the implementation of an effective system for monitoring the application of the rules, general and special, aimed at avoiding the risk of occurrence of the event.

The essential and unifying element of the various and possible forms of liability in matters of safety, also for the purposes of the applicability of article 25 - f of Legislative Decree 231/2001, is represented by the failure to adopt within the Entity all the safety and prevention measures that are technically possible and concretely feasible, in the light of experience and the most advanced technical-scientific knowledge. The safety obligations of the Entities, moreover, must be considered not only in their static component (adoption of prevention and safety measures) but also in their dynamic component, which implies the obligation to inform and train workers on the risks inherent in their work activity and on the appropriate measures to avoid risks or minimize them. article 30 of Legislative Decree 81/2008, which expressly refers to Legislative Decree 231/2001, provides, in particular, for the exclusion from administrative liability of the Entity that has adopted and effectively implemented a Model that ensures a corporate system aimed at fulfilling all relevant legal obligations:

- compliance with the legal technical-structural standards relating to equipment, plants, workplaces, chemical, physical and biological agents;
- risk assessment activities and the adoption of prevention and protection measures;
- activities of an organisational nature, such as emergencies, first aid, tender management, periodic safety meetings, consultation of workers' safety representatives;
- health monitoring activities;
- information and training activities for workers;
- supervisory activities with regard to compliance with safety procedures and instructions by workers;
- acquisition of documentation and certifications required by law;
- regular checks on the application and effectiveness of the procedures adopted.

For all the activities listed above, the Model must provide for suitable systems for recording their implementation and also, depending on the nature and size of the organisation and the type of activity carried out, a set of functions with the technical skills and powers necessary for the verification, assessment, management and control of risk, also with a view to constant updating in order to maintain over time the conditions of suitability of the adopted measures. Finally, the aforementioned regulation requires the Model to provide for a suitable system of control over the implementation of the Model itself, as well as a disciplinary system suitable to sanction non-compliance with the measures indicated therein. The review and possible modification of the Model must be carried out whenever significant violations of the rules relating to accident prevention and hygiene at work are discovered, or in the event of changes in the organisation and activities in relation to scientific and technological progress. Paragraph 5 of the same article 30 of Legislative Decree 81/2008 establishes that when first applied, the company organisation models defined in accordance with the UNI-INAIL Guidelines for an Occupational Health and Safety Management System (SGSSL) of 28 September 2001 or the British Standard OHSAS 18001:2007 are presumed to comply with the aforementioned requirements.

## 1.2 SOURCES FOR THE CONSTRUCTION OF THE MODEL: CONFINDUSTRIA'S GUIDELINES FOR THE ADOPTION OF ORGANISATIONAL MODELS RELATING TO ADMINISTRATIVE LIABILITY

By express legislative provision (article 6, paragraph 3, of Legislative Decree 231/2001), the organisation and management models may be adopted based on codes of conduct drawn up by the associations representing the Entities, communicated to the Ministry of Justice.

The main legal instruments that have been used to define and update the Model include, in addition to the civil and criminal codes, the Guidelines drawn up by Confindustria.

Confindustria, in March 2014, issued an updated version of its *"Guidelines for the construction of Organisation, Management and Control Models pursuant to Legislative Decree 231/01"*, in which, among other things, it developed new indications with regard to risk coverage with respect to the offences recently introduced in Legislative Decree 231.

On 21 July 2014, the Ministry of Justice approved these Guidelines, deeming that the update made is to be considered *"adequate and suitable for achieving the purpose set out in art. 6 of the Decree"*.

The Confindustria guidelines indicate a path that can be summarised as follows:

- identification of risk areas, aimed at verifying in which area/sector of the Company are exposed to the prejudicial events provided for by Legislative Decree 231/2001;
- the setting up of a control system capable of preventing risks through the adoption of appropriate protocols. The most relevant components of the control system designed by Confindustria are:
  - the code of ethics;
  - the organisational system;
  - manual and IT procedures;
  - powers of authorisation and signature;
  - management control systems;
  - communication to staff and their training.

The components of the control system must comply with the following principles:

- verifiability, documentability, consistency and congruence of each operation;
- application of the function separation principle (no one can manage an entire process independently);
- documentation of the checks;
- provision of an adequate system of sanctions for the violation of the rules of the Code of Ethics and the procedures set out in the Model;
- identification of the requirements for the Supervisory Body, which can be summarised as follows:
  - autonomy and independence;
  - professionalism;
  - continuity of action;



- information obligations on the part of the Supervisory Body.

When drafting and updating its Model, ABS has therefore expressly taken into account:

- the provisions of Legislative Decree no. 231/2001, the accompanying ministerial report and Ministerial Decree no. 201 of 26 June 2003 containing the regulations for the implementation of Legislative Decree no. 231/2001;
- the guidelines prepared by Confindustria;
- the doctrine and jurisprudence formed to date.





## 2. SECOND SECTION - THE CONTENT OF THE MODEL OF ACCIAIERIE BERTOLI SAFAU S.P.A.

### 2.1 ADOPTION OF THE MODEL

#### 2.1.1 THE BUSINESS AND ORGANISATIONAL STRUCTURE OF ACCIAIERIE BERTOLI SAFAU S.P.A.

ABS was established in 1989, following the merger of two steelwork companies with long experience and high qualification, "Officine Bertoli" founded in 1813 and "Safau", whose origins date back to 1909.

The Company's production is based on two plants in the province of Udine that span over a total area of 682,650 square meters, of which 171,324 are covered.

With the technical level reached, the Company is today able to supply special steels for a wide range of applications: from cars to industrial vehicles, mechanical industry and machines in general, seamless pipes for the mechanical and petrochemical industry, cylinders for high pressures and temperatures, bearings and special profiles for earthmoving machines and railway equipment.

The completeness of the range, both in terms of size and quality and the verticalisation of the product are the characterising aspects of the company process, able to operate on the specifications of the most qualified users, thus ensuring a high level of customer service.

The quality strategy and the customer service capabilities continue to be primary objectives for the Company, pursued by operating with a "total quality guarantee" of the products supplied, in order to consolidate its role in the field of special steels, proven by a long tradition, recently completely renewed in its technical and technological capabilities.

ABS has a department called GLOBAL BLUE, dedicated to the production and marketing of aggregates for concrete, bituminous conglomerates and materials for roadbeds obtained through processes of furnace slag recovery, which consist of storage, deferrisation, crushing and sieve screening until obtaining the size suitable for the intended use. This material is marked ECOGRAVEL.

ABS produces about 1,000 different grades of steel in very different sizes:

- Steels from ingot
- Continuous casting steel bars
- Round, square and rectangular rolled steel bars
- Raw forged steel bars, turned or ground
- Steel bars with surface finishes
- Steel bars with heat treatments

In order to guarantee a high and constant quality of its products, since 1991 ABS has certified its Quality Management System in accordance with UNI EN ISO 9002 (today ISO 9001:2008).

In early 1999, ABS obtained a certification in accordance with the strict requirements of the American standard QS 9000 Ed.3 Mar.'98: this prestigious recognition allowed the Company to become part of a restricted group of privileged suppliers of steel for the automotive sector.

With a view to continuous improvement and the pursuit of full customer satisfaction, in February 2003 ABS adapted its Quality Management System to the new Automotive Technical Specification ISO/TS 16949. The adaptation activity began in 2002, with the updating of the Quality Manual to the new edition of UNI EN ISO 9001:2000 and continued during the year with the implementation of the ISO/TS requirements.

The recognition of the quality of ABS products has been further strengthened by the numerous product certifications achieved with various internationally recognised certifying bodies, including: TÜV, Lloyd's Register of Shipping and DNV.

In order to provide adequate protection in terms of health and safety in the workplace and the environment, ABS has also met the requirements of the reference standards OHSAS 18001:2007 and OHSAS 14001:2004.

ABS's organisational structure is described in detail in the company organisational chart, which identifies the Areas, Departments, Functions and the relevant managers. This organisational structure is constantly updated, according to any evolutions and/or changes in the Company, and it is the responsibility of the competent functions of the Company to promptly inform the Supervisory Body in this regard.

The Company is managed by a Board of Directors consisting of three to eleven members. The appointment of directors and the prior determination of their number is the responsibility of the Ordinary Shareholders' Meeting. The Board of Directors has all the powers for the ordinary and extraordinary management of the Company, with the power to carry out all the actions it deems appropriate for the implementation and achievement of the corporate purpose, excluding only those that by law or according to the Articles of Incorporation are strictly reserved to the Shareholders' Meeting. If the Shareholders' Meeting has not done so, the Board elects its Chair from among its members. The Chair of the Board of Directors and the Managing Directors have the signing powers on behalf of the Company and represent the Company, including in court, within the limits of the powers conferred on them. The Board of Directors may also delegate the use of the corporate signature, either jointly or separately, with such limitations as it deems appropriate, to the Deputy Chair, to one or more directors, or to one or more attorneys. The Board of Directors may delegate to the Chair, to the Deputy Chair, if appointed, or to one or more directors all the powers that can be delegated by law. The limits of the delegation shall result from the resolution to assign the relevant functions. The delegated bodies, with regard to the provisions of the fifth paragraph of article 2381 of the Italian Civil Code, report to the Board of Directors and the Board of Statutory Auditors on a 6-monthly basis, without prejudice to any requests for greater timeliness. The delegated bodies, pursuant to the third paragraph of article 2381 of the Italian Civil Code, must also inform the Board of Directors in order to assess the general performance of the operations. The Board of Directors may also delegate particular tasks to third parties, whether shareholders or non-shareholders, establishing their remuneration.

The Board of Statutory Auditors, appointed by the Shareholders' Meeting and composed of three standing members and two alternates, is responsible for monitoring compliance with the law.

## 2.1.2 THE INSPIRING PRINCIPLES OF THE MODEL

This update of the Model has been prepared in compliance with the peculiarities of the Company's activity and its organisational structure, as well as with the specific tools already existing in ABS and aimed at planning the formation and implementation of company decisions and carrying out checks on company activities, and specifically the following:

- Governance tools;
- Internal control system.

### 2.1.2.1 Governance tools

The ABS Model takes into account the tools for the governance of the Company's organisation that guarantee its functioning and can be summarised as follows:

- the articles of Incorporation, the fundamental document on which the system of corporate governance is based and which defines the purpose of the Company, the registered office, the corporate purpose, the duration, the share capital, as well as the powers and responsibilities of the top management;
- the Company's organisational documentation, which describes the organisational structure, the work processes, the tasks and responsibilities of the organisational units. The main corporate organisational documents include:
  - the system of powers and delegations attributed to the various corporate bodies;
  - the deliberations of the Board of Directors;
  - the Integrated Quality, Environment and Safety Management System prepared in accordance with the international standards ISO 9001, ISO 14001 and OHSAS 18001, respectively;
  - the relevant internal documents governing the structure of responsibilities and describing the Company's organisational chart;
- the Code of Ethics consists of a deliberately streamlined set of principles and values that all internal and external parties, who have a direct or indirect relationship with the Company, must comply with. It has been adopted by the Company in confirmation of the importance attributed by the top management to ethical profiles and consistent conduct based on rigour and integrity;
- internal procedural body - consisting of procedures, operating instructions and internal communications aimed at clearly and effectively regulating the Company's relevant processes;
- additional detail tools - job descriptions, forms, order documentation, etc.

The rules, procedures and principles contained in the documentation listed above, although not described in detail in this Model, are a valuable tool to guard against unlawful conduct in general, including that referred to in Legislative Decree 231/2001, which is part of the broader system of organisation, management and control that the Model intends to integrate and that all recipients are required to comply with, according to the type of relationship they have with the Company.

#### 2.1.2.2 The Internal Control System

The internal control system already in place and implemented by ABS is a structured and organic system of activities, procedures, behavioural rules, internal memorandums and organisational structures aimed at continuously monitoring the Company's risks, which pervades all company activities and involves different subjects.

The main objectives of the Company's system of internal controls are to ensure with reasonable certainty the achievement of operational, information and compliance objectives:

- the operating objective of the internal control system concerns the effectiveness and efficiency of the Company in the use of resources, in protecting itself from losses and in safeguarding the Company's assets: in this case, the system of internal controls aims at ensuring that, throughout the organisation, the personnel works to achieve the Company's objectives without putting other interests before those of the Company;
- the information objective is expressed in the preparation of timely and reliable reports for the decision-

making process within the organisation and also responds to the need to provide reliable documents directed externally, while respecting the protection of the confidentiality of the Company's information assets;

- the compliance objective ensures that all transactions are conducted in accordance with laws and regulations, prudential requirements and relevant internal procedures.

The control system involves every sector of the Company's activity through the distinction between operating and control tasks, reasonably reducing any possible conflict of interest.

The following general principles underpin this set of controls:

- every operation, transaction or activity must be verifiable, documented, and consistent;
- No one should be able to manage an entire process independently (segregation of duties);
- the control system must be able to document the performance of the controls, including supervisory ones.

The controls also involve, with different roles, the Board of Directors and the Board of Statutory Auditors, within and in accordance with the laws, regulations and codes of conduct in force. Responsibility for the proper functioning of the Internal Control System lies with each organisational structure for all processes for which it has management responsibility.

The existing corporate control structure is structured, as provided for in the COSO Report and as suggested in the Corporate Governance Paper AIIA (Italian Association of Internal Auditors) - Integrated approach to the internal control system - on three levels:

- **a first level**, which defines and manages the so-called line controls inherent in operating processes: procedural, IT, behavioural, administrative-accounting, etc. controls carried out both by those who carry out a specific activity and by those who are responsible for supervision. All company departments carry out these controls directly within the management of their responsibilities; they are both hierarchical and functional controls aimed at ensuring the correct performance of operations;
- **a second level**, which oversees the risk assessment and control process, ensuring consistency with the Company's objectives and meeting organisational segregation criteria sufficiently to allow for effective monitoring;
- **a third level**, which guarantees the good design and operation of the overall Internal Control System.

The existing corporate governance and control system contains valid elements to be used also for the prevention of the crimes covered by the Decree. In any case, the Board of Directors, sensitive to the need of ensuring conditions of fairness and transparency in the conduct of business and company activities, in order to protect its position and image, the expectations of its shareholders and the work of its employees, has decided to review its organisational, management and control tools, in order to verify the correspondence of the behavioural principles and procedures already adopted to the purposes set out in the Decree as amended in recent years, where necessary, adapting them in order to make them consistent with the aforementioned purposes. This

verification will be repeated in the future in order to systematically monitor the correspondence of the aforementioned principles with the purposes of the Decree.

### 2.1.3 THE CONSTRUCTION OF THE MODEL

The decision of ABS's Board of Directors to adopt a Model is part of the Company's wider business policy, which is expressed in interventions and initiatives aimed at raising the awareness of all ABS personnel (from management to employees) as well as of all Third Parties and Additional Parties regarding the transparent and fair management of the Company, the compliance with legal regulations in force and the fundamental principles of business ethics in the pursuit of the corporate purpose.

For this reason, in 2010, the Company had already adopted its own Organisation, Management and Control Model pursuant to Legislative Decree 231/2001. As a result of regulatory developments and organisational changes that have taken place in the meantime, it has been deemed appropriate to launch a project for the update of the ABS Model according to criteria and methods shared at Group level.

Therefore, a process was started that, by making the most of the experience gained in relation to the Model previously adopted, would make the ABS Model compliant with the further requirements of the Decree and aligned with the Company's organisational changes.

The "construction" of this Model began with an analysis of the governance system, of the organisational structure and of all the inspiring principles referred to in the preceding paragraph 1.2, and took into account the indications to date found in case law and the rulings, including provisional ones, of the Judicial Authorities, together with those expressed by the Trade Associations (typically Confindustria).

The process of updating the Model has therefore been developed in different phases, based on compliance with the principles of traceability and verifiability of the activities.

The starting point was the assessment of the risk of possible offences in the context of carrying out the sensitive activities identified. The mapping of these processes involved a precise identification of possible conduct through which the commission of the offences is theoretically possible.

The Company then evaluated the internal control system aimed at preventing the risks identified, adopted the Code of Ethics as well as specific **Protocols**, aimed at governing the risk profiles identified as a result of the mapping of corporate activities (see paragraph 1.3.2), as required by art. 6, paragraph 2, letter b) of Legislative Decree 231/01.

In compliance with the requirements of art. 6 par. 2 letters d) and e) of the Decree, the Company has:

- defined the characteristics, roles and tasks of the **Supervisory Body** (as reported in paragraph 2 below), expressly responsible for overseeing the effective application of the Model and its constant verification in terms of adequacy and effectiveness;
- outlined a **sanction apparatus** (reported in paragraph 3 below) against all violations of the Model;
- defined the procedures for the **dissemination** of the Model and related staff training (as indicated in paragraph 4 below);
- defined the procedures for **updating** the Model (reported in paragraph 5 below).

### 2.1.3.1 The map of activities at risk

The ABS Model is based on the identification of the map of activities at risk, i.e. the activities within the scope of which offences may be committed, in accordance with the express provisions of article 6, paragraph II, letter a) of the Decree.

The mapping of the activities at risk was carried out by assessing the specific operating areas and the organisational structure of ABS, with reference to the concrete risks of criminal offences that can be envisaged.

The methodology followed has seen the involvement of an integrated working group made up of external professionals - with risk management and internal control, legal and penal skills - and internal resources of the Company.

The methodologies followed and the criteria adopted in the various phases are set out below.

#### Phase I: Collection and analysis of all relevant documentation.

Documentary analysis was used to identify the activities at risk: first of all, the relevant official documentation available within the Company was collected in order to better understand the Company's activities and identify the areas of the Company subject to analysis.

By way of example, the following documentation has been analysed:

- corporate organizational chart;
- Articles of Incorporation and Chamber of Commerce files;
- operating regulations and formalised procedures;
- organisational instructions and communications;
- delegations and powers of attorney;
- operating procedures and instructions;
- Code of ethics;
- Organisational Model and protocols previously adopted;
- annual financial statements;
- other documentation.

Account has also been taken of all the events that have affected the Company with reference to the sensitive areas linked to the Decree.

#### Phase II: risk assessment

The purpose of the phase in question was the prior identification of processes, sub-processes and company activities and therefore the identification of risk areas or company areas in which offences may be committed.

The Company's activities have therefore been divided into the following reference processes:

- human resources

- legal management
- administration and finance
- personnel administration
- management control
- procurement
- investments and scrap purchases
- sales
- quality system management
- environmental system management
- safety system management
- maintenance activities management
- information systems management
- management of production lines (marte – luna – acciaieria – global blue)
- plant management
- planning and logistics
- technical area management
- environmental compliance management
- health and safety requirements management

In view of this classification, company resources with an in-depth knowledge of the aforementioned processes and existing control mechanisms were identified; these resources were interviewed by the working group in order to construct a Model that could be as close as possible to the specific operating areas and organisational structure of the Company, with reference to the concrete risks of offences that could be envisaged.

Indeed, the interviews, which were also aimed at initiating the process of raising awareness regarding the provisions of Legislative Decree 231/2001, the Company's compliance with the aforesaid Decree and the importance of compliance with the internal rules adopted by the Company for the prevention of offences, were conducted with the aim of identifying the processes and activities potentially at risk of committing the offences provided for in the Decree, as well as the existing safeguards to mitigate the aforesaid risks.

A mapping was thus carried out of all the Company's processes, broken down into sub-processes and activities, with evidence of the Organisational Units involved and the specific risk profile regarding the potential occurrence of the underlying offences.

The results of this activity were formalised in specific documents called "Summary of the activities for the update of the Organisational Model pursuant to Legislative Decree 231/2001", which were then shared and approved by the resources interviewed and remain available to the Supervisory Body for its institutional activities.

It is important to note that the map of activities at risk captures the situation at the date of preparation of this Model. The evolution of company activities will require the necessary updating of the map in order to include any risks associated with new activities.

In accordance with the provisions of art. 6, paragraph 2, letter a) of Legislative Decree no. 231/01, the **areas of company activities identified as being at risk**, or in the context of which there could be potential risks of committing the types of offences envisaged by the Decree, are reported here.

In particular, the following risk areas have been identified:

- Staff selection, recruitment and management
- Accounting, preparation of financial statements, equity transactions, monetary and financial flows
- Information systems and copyright management in the IT sector
- Procurement of goods and services
- Consulting and professional assignments to third parties
- Production management
- Conclusion and execution of contracts with public and private customers
- Management of commercial intermediation relationships
- Environmental compliance
- Workplace health and safety compliance
- Management of obligations and relations with the Public Administration
- Management of intra-group relations
- Relations with shareholders and other corporate bodies

In these areas, the risks of committing certain types of offences indicated in articles 24, 24-a, 24-b, 25, 25-a.1, 25-b, 25-c, 25-d, 25-e, 25-f, 25-g, 25-h, 25 i, 25-l, and 25 m of the Decree were considered more relevant.

#### Phase III: Gap Analysis

The purpose of this phase has been to identify, for each risk area, the organisational, control and behavioural safeguards in place to protect against the specific types of offences referred to in the Decree, to assess their suitability to prevent the risks highlighted in the previous risk assessment phase and the improvement actions to be taken.

A comparative analysis has been carried out between the existing Model (*“as is”*) and a reference Model to be assessed based on the contents of the Decree, the indications of the extensive case law and the guidelines of Confindustria (*“to be”*). This comparison has identified areas for improvement of the existing internal control system that will be implemented in the Protocols and in the body of procedures.

#### **2.1.3.2 The Protocols**

Following the identification of the activities at risk and based on the related existing control system, the Company has drawn up **specific Protocols**, in compliance with the provisions of art. 6, paragraph 2, letter b) of Legislative Decree 231/2001, which contain a set of rules and principles of control and conduct deemed suitable to govern the identified risk profile.



For each risk area not considered sufficiently controlled by the internal procedural body, a Protocol has been created, inspired by the principle of making the various phases of the decision-making process documented and verifiable, so that it is possible to trace the reason behind the decision.

Within each Protocol, the following elements have been highlighted:

- objectives of the document;
- scope of application;
- roles and responsibilities of the actors involved in the activity;
- summary description of the activities related to the risk area;
- principles of behaviour;
- principles of control;
- reporting to the Supervisory Body;

The control principles set out in the Protocols refer to:

- authorisation levels;
- functional segregation of authorisation, operational and control activities;
- principles of behaviour;
- specific checks;
- formalisation;
- traceability of the decision-making process and filing of supporting documentation.

The Protocols have been submitted to the examination of the subjects responsible for the management of the activities at risk for evaluation and approval, thus making the rules of conduct contained therein official and mandatory for all those who find themselves carrying out the activity within the scope of which a risk profile has been identified.

The definition of the Protocols is completed and integrated with the Code of Ethics, with which the Company intends to standardise the management of its activities also in relation to conduct that may lead to the types of offences envisaged by Legislative Decree 231/2001.

Ethical principles are the foundation of the corporate culture and represent the standards of daily behaviour inside and outside ABS.

In particular, the Company undertakes to:

- operate in compliance with the laws and regulations in force;
- base relations with the Public Administration on principles of ethics, transparency, correctness, legitimacy and integrity;
- maintain, in relations with customers, suppliers and contractors a collaborative behaviour characterised by loyalty and availability and aimed at avoiding conflicts of interest.

Where deemed appropriate, appropriate internal procedures will be put in place to implement the individual provisions in detail.

For a list of the Protocols adopted by the Company, with details of the types of offences that they intend to prevent, please refer to the document annexed to this Model (Annex 2).

## 2.2 SUPERVISORY BODY

### 2.2.1 THE CHARACTERISTICS OF THE SUPERVISORY BODY

The exemption from administrative liability - as governed by article 6, paragraph 1 of Legislative Decree 231/2001 - also provides for the mandatory establishment of a Supervisory Body within the Entity, endowed with both an autonomous power of control (enabling it to constantly monitor the functioning of the Model and the compliance to the same), and an autonomous power of initiative, to guarantee the updating of the Model, in order to ensure its effective and efficient implementation.

The **autonomy of the Supervisory Body's powers of initiative and control** is respected if:

- the SB is guaranteed hierarchical independence from all the corporate bodies over which it is called upon to supervise, by reporting directly to the Board of Directors;
- its members are not directly involved in supervisory decisions or activities for which a conflict of interest could be identified (e.g. decisions concerning an area in which the member has a specific interest and that could lead to a conflation between the monitoring body and the body being monitored). The management of conflicts of interest by the members of the Supervisory Body as well as the consequent abstention obligations are specifically regulated by the Internal Rules of the said Body;
- is endowed with financial autonomy. The SB is assigned an annual budget, established by resolution of the Board of Directors, which must allow it to carry out its tasks in full autonomy.

In addition to the autonomy of the powers provided for by the Decree, the Company has also decided to align itself with the Confindustria Guidelines as well as with the decisions of the judiciary on the matter, which have also indicated as necessary the requirements of professionalism and continuity of action.

With regard to the requirement of **professionalism**, the Supervisory Body must have specific legal skills, with particular reference to those of a penal nature, and must also be able to perform its inspection functions with regard to the effective application of the Model and, at the same time, have the necessary qualities to guarantee the dynamism of the Model itself, through updating proposals forwarded to the top management.

Finally, with regard to **continuity of action**, the Supervisory Body must guarantee constant monitoring and updating of the Model and its variation as the reference company conditions change and represent a constant contact point for the Recipients of the Model.

As regards the possible composition of the SB, the doctrine and practice have developed various solutions, based on the size and operating characteristics of the Body, the related rules of corporate governance and the need to achieve a fair balance between costs and benefits. It is therefore considered feasible both to define structures specifically created within the Body and to assign the tasks of the SB to existing bodies. Likewise, both collegiate and single-subject structures may be chosen. Finally, in the identification of the members of the SB, it is possible to entrust this qualification to external subjects, who possess the specific skills necessary for the best execution of the task.

Lastly, pursuant to article 6, paragraph 4-a of the Decree, introduced by article 14, paragraph 12, of Law no. 183 of 12 November 2011, in joint-stock companies the function of the Supervisory Body may be carried out by the Board of Statutory Auditors, the Supervisory Board or the Management Control Committee.

### 2.2.2 THE IDENTIFICATION OF THE SUPERVISORY BODY

Unless the Entity decides to entrust the task of the Supervisory Body to one of the subjects indicated in article 6, paragraph 4-a of Legislative Decree 231/2001, the concrete establishment of such body is left to the organisational initiative of the Entity, again in accordance with the framework outlined by the Decree.

In view of the above, in the present case, the Company, taking into account the breadth and complexity of its structure and the activities that are carried out, has chosen to equip itself with a multi-subject body composed of three members, one of whom is the Chair, in order to ensure greater effectiveness of the controls delegated to the Supervisory Body by Decree 231/2001.

The SB is appointed by resolution of the Board of Directors and remains in office for a period not exceeding three years, regardless of the duration of the Board of Directors' term of office. Each member of the Supervisory Body may be re-elected at the end of each term of office.

Appointment as a member of the Supervisory Body is conditioned by the presence of subjective eligibility requirements, whose occurrence and permanence will be verified annually by the Board of Directors.

First of all, the members of the Supervisory Body of ABS, for the purposes of the **independence requirement**, from the time of appointment and for the entire duration of their office, shall not:

- hold executive or delegated positions in the Board of Directors of the Company;
- participate directly in supervisory decisions or activities for which a conflict of interest is identified based on the provisions of the Internal Regulations of the Supervisory Body;
- be part of the family of the executive directors or of the shareholder or of one of the shareholders of the controlling group, the family being understood as that constituted by a spouse who is not legally separated, relatives and relatives-in-law up to the fourth degree.

In addition, the Company has established that the members of the Supervisory Body must meet the **requirements of professionalism and integrity** referred to in article 109 of Legislative Decree no. 385 of 1 September 1993. In particular, the members of the Supervisory Body must not have been convicted with a sentence, even if not final, or with a sentence in application of the penalty on request (issued pursuant to articles 444 et seq. of the Italian Criminal Code) and even if the penalty is conditionally suspended, without prejudice to the effects of rehabilitation:

1. to imprisonment for a period of not less than one year for one of the criminal offences provided for by Royal Decree no. 267 of 16 March 1942 (so-called bankruptcy law);
2. to imprisonment for a period of not less than one year for one of the offences provided for by the rules governing banking, finances, securities, insurance and the rules on markets, securities and payment instruments;
3. to imprisonment for a period of not less than one year for a criminal offence against the Public Administration, against public faith, against property, against the public economy, for a crime related tax matters;
4. to imprisonment for no less than two years for any non-culpable offence;

5. for one of the offences provided for in Title XI of Book V of the Civil Code as reformulated by Legislative Decree 61/02 (Discipline of criminal and administrative offences concerning commercial companies);
6. for an offence that has led to a sentence resulting in the disqualification, even temporary, from public office, or temporary disqualification from the management offices of legal persons and companies;
7. for one of the preventive measures provided for in Article 10, paragraph 3, of Law no. 575 of 31 May 1965, as replaced by Article 3 of Law no. 55 of 19 March 1990 and subsequent amendments (Provisions against the Mafia);
8. for the accessory administrative sanctions provided for by art. 187-c of Legislative Decree no. 58/1998 (TUF - Consolidated Law on Financial Intermediation).

The possible revocation of the members of the Supervisory Body may only take place for reasons related to serious breaches of the mandate undertaken, including breaches of the confidentiality obligations and the causes of ineligibility mentioned above. By way of example, serious negligence and/or serious inexperience in supervising the correct application of the Model and its compliance, as well as - more generally - in carrying out their mandate, constitute cause for revocation of the members of the Supervisory Body.

The revocation of the mandate shall, in any case, be decided by the Board of Directors of the Company with specific deed, clearly specifying the reasons for the decision.

The members of the Supervisory Body cease to hold office when they are found, after their appointment,

1. in one of the following situations, and specifically:
  - a. those who find themselves in the conditions provided for by article of the Italian Civil Code (disqualified, incapacitated, bankrupt, or sentenced to a penalty that involves disqualification, even temporary, from public office or the inability to exercise managerial offices);
  - b. the spouse, relatives and in-laws up to the fourth degree of Company directors, the administrators, the spouse, relatives and in-laws up to the fourth degree of directors of companies controlled by the Company, its controlling companies and companies subject to common control;
2. convicted also with a non-final sentence (sentence pronounced pursuant to art. 444 of the Italian Criminal Code) for one of the offences indicated at numbers 1, 2, 3, 4, 5, 6 and the conditions of ineligibility indicated above .

The following situations also constitute grounds for disqualification from the function of member of the Supervisory Body:

1. the conviction with a non-final sentence for one of the criminal offences mentioned in numbers 1 to 6 of the ineligibility conditions indicated above;
2. the application of one of the penalties referred to in numbers 1 to 6 of the ineligibility conditions indicated above;
3. the application of a personal remand order;
4. the provisional application of one of the preventive measures provided for by article 10, paragraph 3, of Law no. 575 of 31 May 1965, as replaced by article 3 of Law no. 55 of 19 March 1990, as amended,

and the accessory administrative sanctions provided for by article 187-c of Legislative Decree no. 58/1998 (TUF).

Finally, the following situations are further causes of ineligibility or forfeiture for the members of the SB in addition to those outlined above:

- a) having been subjected to remand orders issued by judicial authorities pursuant to the Law on remand orders against persons dangerous to safety and public morality (Law no 1423 of '56) or Law No 575 of 1965 (provisions against the Mafia);
- b) being investigated or convicted, even with a non-final sentence or with a sentence applying the penalty on request (issued pursuant to articles 444 et seq. of the Italian Criminal Code) or also with a conditionally suspended penalty, without prejudice to the effects of rehabilitation for one or more offences among those mandatorily provided for by Legislative Decree 231/01. .

Finally, it should be noted that the forfeiture of the office of member of the SB is automatically effective from the moment of the occurrence of the cause that produced it, without prejudice to the further obligations described below.

The appointment of the members of the Supervisory Body by the Board of Directors becomes effective only after each member has formally accepted the appointment in writing. Each member of the Supervisory Body may resign from office at any time, subject to written notice to be submitted to the Board of Directors, copy to the other members of the body.

In the event of any cause for forfeiture of office, the member of the Supervisory Body concerned must immediately notify the Board of Directors in writing and, for information, the Board of Statutory Auditors and the other members of the Supervisory Body. Even in the absence of the aforementioned communication, any member of the Supervisory Body who becomes aware of the existence of a cause for forfeiture of office for another member must promptly notify the Board of Directors in writing and the Board of Statutory Auditors for information so that they can take the necessary measures.

In the event of resignation, incapacity, death, revocation or forfeiture of a member of the SB, the Board of Directors shall decide on the appointment of the substitute, without delay.

In case of resignation, incapacity, death, revocation or forfeiture of the Chair, the most senior member takes his/her place and remains in office until the date on which the Board of Directors deliberates the appointment of the new Chair of the SB.

During any period of vacancy due to the occurrence of one of the events outlined above, the other members of the Supervisory Body remain in office with the obligation of requesting the Board of Directors to promptly appoint the missing member.

### 2.2.3 DEFINITION TASKS AND POWERS OF THE SUPERVISORY BODY

The provision referred to in art. 6, paragraph 1, letter b) of the Decree expressly establishes that the tasks of the Supervisory Body are the supervision of the functioning and observance of the Model, as well as its updating.

In particular, the SB will have to carry out the following specific tasks:

- a) **Monitor the functioning of the Model and the compliance with the provisions contained therein** by the Recipients, verifying the consistency between the actual conduct and the defined Model, proposing the adoption of corrective measures and the initiation of disciplinary proceedings against the parties concerned. More specifically, it shall:
- verify the adequacy of the organisational solutions adopted for the implementation of the Model (definition of standard clauses, training of directors and attorneys, disciplinary measures, etc.), availing itself of the competent company structures;
  - activate and implement the control system, if necessary in coordination with the internal control structures present in the Company;
  - prepare and approve the periodic plan of checks on the adequacy and functioning of the Model;
  - carry out periodic checks, within the approved plan, on the activities or operations identified in risk areas, possibly in coordination with the internal control structures present in the Company;
  - carry out targeted checks on certain operations or specific and relevant acts carried out by the Company in risk areas as well as on the system of powers in order to guarantee the constant effectiveness of the Model, possibly availing itself of the internal control structures present in the Company;
  - promote periodic meetings (at least once a year) with the Board of Statutory Auditors and the Independent Auditors in order to exchange information relevant to the supervision of the functioning of the Model;
  - promote suitable initiatives for the dissemination and understanding of the principles underlying the Model;
  - regulate appropriate information mechanisms by providing for an electronic mailbox and identifying the information to be transmitted to the SB or made available to the same;
  - collect, examine, process and store relevant information regarding compliance with the Model;
  - evaluate reports of possible violations and/or non-compliance with the Model;
  - promptly report alleged violations and non-compliance with the Model to the management body (Board of Directors), for appropriate disciplinary measures to be imposed with the support of the competent functions;
  - verify that violations of the Model are effectively sanctioned in compliance with the penalty system adopted by ABS.
- b) **Evaluate the opportunities to update the Model**, informing the Board of Directors if there is a need to update the Model in relation to the increase in the number of offences involving the application of the Decree, evidence of serious violations of the Decree by the Recipients, significant changes to the internal structure of the Company and/or the way in which business activities are carried out. In particular, the Supervisory Body must:
- monitor the evolution of the reference regulations and verify the adequacy of the Model to those regulatory requirements, informing the Board of Directors of possible areas of intervention;

- prepare suitable activities to keep the mapping of risk areas updated, according to the methods and principles followed in the adoption of this Model;
- monitor the adequacy and updating of the Protocols with respect to the need to prevent offences and verify that each party that contributes to the implementation of the Model is and remains compliant and adequate for the purposes of the Model as identified by the law, being able to use the information and collaboration of the competent corporate structures for this purpose;
- assess, in the case of actual commission of offences and significant violations of the Model, the need of introducing changes to the same;
- submit proposals to the Board of Directors to adapt and amend the Model. The adoption of any amendments is indeed the responsibility of the management body, which, in accordance with article 6, paragraph 1, letter a), has direct responsibility regarding the adoption and effective implementation of the Model itself;
- verify the effectiveness and functionality of the amendments to the Model adopted by the Board of Directors.

In carrying out its supervisory and control activities, the SB, without the need for any prior authorisation:

- shall have free access to all the Company's facilities and offices, may interact with any person operating in said facilities and offices and freely access and acquire all information, documents and data it deems relevant. In the event of a reasoned refusal on the part of the contacts to whom the requests are addressed, the SB will prepare a special report for the Board of Directors;
- may request access to data and information as well as the production of documents from members of corporate bodies, independent auditors, in general all recipients of the Model and also Third Parties and Additional Parties. With specific reference to Third Parties, the obligation to comply with the requests of the SB must be expressly provided for in the individual contracts entered into by the Company and/or in the communications sent by the Company;
- may carry out periodic inspections in the various company departments, also with reference to specific operations (also in progress) carried out by the same.

Considering the peculiarities and responsibilities assigned to the Supervisory Body and the specific professional content required by them, in order to fully carry out its supervisory and control tasks, the Supervisory Body avails itself of the support of the company structures institutionally equipped with technical skills and resources, both human and operational, suitable to ensure the performance of ongoing checks, analyses and other necessary procedures. The Supervisory Body has also the power to delegate specific verification and control activities to the aforementioned corporate functions, the results of which must be reported to the Supervisory Body.

It is specified that non-cooperative behaviour by company resources towards the SB constitutes a violation of the Model and is therefore punishable based on the provisions of the disciplinary system (paragraph 2.3).

Finally, with regard to the issues of health and safety in the workplace and environmental protection, the Body can also make use of the Environmental/quality/safety management system heads and all the resources activated for the management of the related aspects (Employer, Head of the Prevention and Protection Service and delegate for the management of environmental aspects) as well as the additional ones provided for by sector regulations and, in particular, by Legislative Decrees 81/2008 and 152/2006.

Where it deems it necessary, depending on the specific nature of the topics dealt with, the SB may avail itself of external consultants with specific skills that the SB deems appropriate.

In order to fully and autonomously perform its duties, the SB draws up, in accordance with its supervisory requirements, its own annual expenditure budget and submits it to the Board of Directors for approval.

For all other aspects, the SB, in order to preserve its autonomy and impartiality, will regulate itself through the formalisation, within a regulation, of a set of rules that guarantee the best functioning of the Body (relating, for example, to the scheduling of activities, the format of the minutes and the definition of the control plan). The SB will send, for information, a copy of the aforementioned regulations to the Board of Directors and the Board of Statutory Auditors of the Company.

#### 2.2.4 INFORMATION FLOWS OF THE SUPERVISORY BODY

Pursuant to art. 6, paragraph 2, letter d) of Legislative Decree 231/2001, one of the requirements that the Model must meet is the provision of *“obligations to provide information to the body responsible for supervising the functioning of and compliance with the models”*.

The SB must be informed by the Recipients of the Model of events that could give rise to any liability pursuant to the Decree or that in any case represent breaches of the provisions of the Model. Likewise, the SB must be sent any document reporting such circumstances.

In particular, in order to ensure a more effective and concrete implementation of the provisions of the Model, the Company makes use of the Operating Unit Managers, i.e. those who have operating responsibility for each area of corporate activity in which a potential risk of commission of the offences has emerged. The Operating Unit Managers must be formally assigned the following functions:

- guarantee personally and by the Recipients subject to their management and supervision, the compliance with and application of the principles and rules of conduct defined in the Code of Ethics, in the body of procedures and internal regulations, as well as in the Model and Protocols;
- support the SB in its tasks and activities by interfacing with it and ensuring periodic information flows through verification and control activities.

An obligation to report to the SB has therefore been established, which takes the form of periodic information flows and occasional reports:

- a) **Periodic information flows:** Information, data and news about compliance with the control and conduct principles set out in the Model, the Code of Ethics and the Protocols and transmitted to the SB by the company structures involved in activities potentially at risk, at the times and in the ways that will be defined and communicated by the SB itself.

At intervals defined by the SB, the Operating Unit Managers (OUM) and the Employer, pursuant to Legislative Decree 231/2001, through a process of overall self-diagnosis on the activity carried out, certify the level of implementation of the Model with particular attention to compliance with the control and conduct principles identified in the specific Protocols.

Through this formal self-assessment activity, they highlight any critical issues in the processes they manage, any deviations from the provisions of the Model and/or the Protocols or, more generally, from the regulatory



framework as well as the adequacy of the same regulations, highlighting the actions and initiatives adopted or the plan for the solution.

The declarations of the Operating Unit Managers are kept by the Supervisory Body.

There are also ordinary reporting flows to the Supervisory Body by the Company Control Functions (e.g. Internal Audit), pursuant to Legislative Decree 81/2008, focused on periodic reports that communicate the outcome of the activities carried out in relation to the organisation and the control carried out.

- b) **Occasional reports:** Information of any kind, not falling into the previous category, from all the Recipients of this Model, relating to any violations of the provisions of the Model or in any case resulting from conduct that is not in line with the rules adopted by the Company as well as relating to the commission of offences, which may be considered useful for the performance of the duties of the SB.

In particular, all company functions must promptly report to the Supervisory Body any information relevant to compliance with and operation of the Model, and precisely:

- measures and/or information coming from judicial police bodies, or any other authority, without prejudice to the obligations of secrecy imposed by law, from which it can be inferred that investigations are being carried out, even against unknown persons, for the offences envisaged by Legislative Decree 231/2001, if such investigations involve the Company or in any case the Recipients of the Model;
- measures and/or news concerning the existence of administrative proceedings or significant civil disputes, without prejudice to the obligations of secrecy imposed by law, from which it can be inferred that investigations are being carried out, even against unknown persons, relating to requests or initiatives by independent authorities, the financial administration, the Ministry of the Environment, local administrations, contracts with the Public Administration, requests and/or management of public funding;
- requests for legal assistance made to the Company by personnel in the event of criminal or civil proceedings against them;
- information relating to violations of the Model with evidence of any sanctioning initiatives or of the dismissal of proceedings with the related reasons;
- any appointment that the Company intends to confer on the independent auditors (or related companies) other than that relating to the certification of the financial statements.

The heads of the various functions as well as the Board of Statutory Auditors shall transmit to the Supervisory Body the reports drawn up during the exercise of their activity from which critical issues may emerge with respect to the application of the Model or the potential commission of offences, as specifically provided for in the Protocols.

The reports shall be made in writing, and preferably submitted via the email address [odv@absacciai.it](mailto:odv@absacciai.it). Reports may also be made anonymously and sent to the postal address Acciaierie Bertoli Safau S.p.A. - Organismo di Vigilanza, via Buttrio n. 28, frazione Cargnacco (UD).

The SB evaluates the reports and the information received and any consequent initiatives to be taken, in accordance with the internal disciplinary system, possibly hearing the author of the report and/or the person

responsible for the alleged violation, giving reasons in writing for any decision and initiating all the enquiries and investigations it deems necessary.

The SB acts by guaranteeing whistleblowers against any form of retaliation, discrimination or penalisation, and ensuring maximum confidentiality regarding the identity of the whistleblower and of any news, information and reports, under penalty of revocation of the mandate, without prejudice to the requirements relating to investigations in the event that the support of consultants external to the SB or other corporate structures is necessary.

All the information, documents and reports, provided for in this Model shall be kept by the SB in a special database (on computer or paper) for a period of 10 years; the SB will take care to keep such documents and information confidential, also in compliance with the privacy regulations.

Access to the database is granted exclusively to the SB.

#### 2.2.5 REPORTING ACTIVITY OF THE SUPERVISORY BODY

As stated above, in order to guarantee its full autonomy and independence in carrying out its functions, the Supervisory Body reports directly to the Board of Directors of the Company.

In particular, when approving the financial statements and the half-yearly report, the SB sends the Board of Directors and the Board of Statutory Auditors a detailed report on the following aspects:

- a description of the significant events relating to the Model and Legislative Decree 231/2001, which have affected the Company;
- the possible evolution of the regulations concerning Legislative Decree 231/2001;
- the state of affairs and an assessment of the degree to which the Model has been updated;
- the reports received by the SB, accompanied by descriptive notes relating to the in-depth analysis carried out by the Body and its findings;
- any critical issues that may have emerged in the information flows received by the SB regarding risk areas;
- the activities carried out;
- relations with the relevant judicial bodies pursuant to Legislative Decree 231/2001;
- conclusions regarding the operation, observance and updating of the Model;
- the activity plan containing the periodic audits prepared for the following six months.

In the event of serious anomalies in the functioning and observance of the Model or violations of its provisions, the SB shall promptly report to the Board of Directors or to the Chair or Managing Director.

The SB may be convened at any time by the Board of Directors or may, in turn, request - if it deems it appropriate or in any case deems it necessary - to be heard by the Board of Directors, the Chair or the Managing Director to report on particular events or situations relating to the functioning of and compliance with the Model, requesting, if necessary, an intervention by the same. In addition, the SB, if deemed necessary or appropriate, may request to be summoned by the Board of Statutory Auditors.

In order to guarantee a correct and effective information flow, the SB also has the possibility, in order to fully and correctly exercise its powers, to ask for clarifications or information directly from the Chair and the individuals with key operating responsibilities.

The above meetings with the bodies to which the SB reports must be recorded in minutes and a copy of the minutes must be kept by the SB and the bodies involved each specific time.

### 2.3 DISCIPLINARY SYSTEM FOR THE VIOLATION OF THE MODEL

For the purposes of assessing the effectiveness and suitability of the Model in preventing the offences indicated by Legislative Decree 231/2001, it is appropriate for the Model to identify, by way of example, and sanction any behaviour that may facilitate the commission of offences.

This is because article 6, paragraph 2 of Legislative Decree 231/2001, in listing the elements that must be found in the models prepared by the Entities, in letter e) expressly states that the Entity is responsible for *“introducing a disciplinary system suitable to sanction non-compliance with the measures indicated in the Model”*.

However, it is understood that, even if a certain conduct is not included in the cases identified below, it may still be subject to sanctions if it is in violation of the Model.

#### 2.3.1 THE FUNCTIONS OF THE DISCIPLINARY SYSTEM

The Company, in order to induce those who act in the name of or on behalf of ABS to operate in compliance with the Model, has set up a specific disciplinary system, aimed at punishing all those acts that constitute a violation of the Model, the Code of Ethics and the Protocols, through the application of specific sanctions that take into account the provisions of labour law, company regulations, and the principles and requirements of the Model.

This disciplinary system is therefore addressed to all those who collaborate with ABS as employees (managers and non-managers), directors, auditors, self-employed workers, collaborators and third party consultants working on behalf of or within the Company and all those who have contractual relations with the Company for the performance of any work.

If the SB finds, during its verification and control activities, a possible violation of the Model, the Code of Ethics and the Protocols, will initiate the disciplinary procedure against the author of the potential violation, autonomously with respect to any criminal action by judicial authorities against the same author as well as any other action that may be appropriate or necessary (e.g. action for damages).

The verification of the actual liability deriving from the violation of the Model and the imposition of the related sanction will take place in compliance with the provisions of the law in force, the applicable collective bargaining rules, internal procedures, privacy related provisions and in full observance of the fundamental rights of dignity and reputation of the persons involved.

The possible imposition of disciplinary sanctions must be inspired by the principles of timeliness, immediacy and fairness.

#### 2.3.2 RECIPIENTS OF THE DISCIPLINARY SYSTEM

The disciplinary system, as well as the Model, is addressed, to all Recipients, and specifically to members of corporate bodies (Directors and Statutory Auditors), managers, employees, Third Parties and Additional Parties.

### 2.3.3 SANCTIONS

#### 2.3.3.1 Measures against non-executive staff

Violations of the rules of conduct provided for in the Model and the Code of Ethics as well as of the control principles provided for in the Protocols committed by employees constitute a contractual breach and may therefore lead to the adoption of disciplinary sanctions, within the limits established by the collective agreement applicable to the employment relationship.

In particular, the National Collective Labour Contract for employees of industrial metalworking companies, which regulates the employment relationship between ABS and its employees, establishes the application of the following disciplinary measures in the event of contractual breaches:

- a) verbal warning;
- b) written warning;
- c) fine;
- d) suspension;
- e) termination of employment.

With reference to the sanctions that can be imposed, it should be noted that they will be adopted and applied in compliance with the procedures set out in the National Collective Labour Contract applicable to the employment relationship, following the envisaged internal procedure.

All the provisions of art. 7 of Law no. 300 of 20 May 1970 (so-called "Workers' Statute") in relation to both the presentation of the disciplinary code and the obligation to notify the employee regarding the charge in advance, also in order to allow him or her to prepare a suitable defence and to provide any justifications, remain unchanged, and are hereby referred to.

In accordance with the provisions of the Workers' Statute, the type and extent of the sanction will be identified taking into account the severity of the infringement, the recidivism of the non-compliance and/or the degree of the fault, by evaluating in particular:

- the intentionality and the mitigating or aggravating circumstances, of the overall behaviour;
- the role and level of hierarchical responsibility and autonomy of the employee;
- the possible sharing of responsibilities with other workers colluding in the violation;
- any similar disciplinary precedent, within the two-year period provided for by law;
- the relevance of the violated obligations;
- the consequences for the Company, the extent of the damage or danger as a result of the infringement for the Company itself and the Company's stakeholders.

The disciplinary sanctions mentioned in points (a) and (b) are imposed on employees who, through negligence, violate the rules, principles and procedures provided for by the Model, the Code of Ethics and the Protocols, adopt a behaviour that does not comply with those provisions or are inadequate, but in any case such as not to undermine the effectiveness of the aforementioned documents.

More precisely:

- the verbal warning may be applied in the event of slight non-compliance with the principles and procedures provided for in the Model, the Code of Ethics and/or the Protocols due to the negligence of the employee. By way of example, the employee is punishable by verbal warning if, through negligence, he or she neglects to keep accurate supporting documentation necessary to trace back the Company's operations in risk areas;
- the written warning is adopted in the event of repeated breaches punished with a verbal warning, or in the event of culpable violation of the principles and procedures set out in the Model, the Code of Ethics and the Protocols, through non-compliant or inappropriate conduct: by way of example but not limited to, in the event of late notification to the SB of the information due under the Model;
- the disciplinary sanctions referred to in points (c) and (d) are imposed on employees in the event of repeated violations referred to in the previous points or in the event of culpable and/or negligent conduct by employees operating in risk areas, which may also potentially undermine the effectiveness of the Model, the Code of Ethics and/or the Protocols.

More precisely:

- the fine may be applied in an amount not exceeding the amount corresponding to three hours of the normal hourly remuneration calculated on the minimum set out in the National Collective Bargaining Agreement for employees of industrial metalworking companies, in the event of non-compliance with the principles and rules of conduct set out in this Model, the Code of Ethics and the Protocols for conduct that does not comply with or is not appropriate to the requirements of the Model to such an extent as to be considered of a certain severity. By way of example but not limited to, such conduct includes the violation of the obligations to inform the SB of irregularities committed in the performance of the activities, or the repeated failure to participate, without justified reason, in the training sessions provided by the Company in relation to Legislative Decree 231/2001, the organisation, management and control Model and the Code of Ethics or related issues;
- suspension from service and pay may not be ordered for more than three days and must be applied in the event of serious procedural violations such as to expose the Company to liability towards third parties. By way of example but not limited to: failure to comply with the provisions of the Code of Ethics; the omission or issue of false declarations regarding compliance with the Model; failure to comply with the provisions of the powers of signature and the delegation system; failure to supervise the conduct of personnel operating within their sphere of responsibility in order to verify their actions in risk areas; violation of the obligations to inform the SB of any situation at risk of any offences found in the performance of their activities; any and all other breach of contract or specific provisions communicated to the employee;
- the disciplinary sanction referred to in point e) is imposed on any employee who, in the performance of his or her activities, engages in conduct that does not comply with the provisions of the Model, the Code

of Ethics and the Protocols and is unequivocally directed towards the commission of an offence sanctioned by the Decree and such as to determine the application to ABS of the administrative sanctions deriving from the offence provided for in the Decree.

More precisely:

- dismissal with notice for cause is a penalty imposed as a result of a significant contractual breach by the employee. The violations punishable by the aforementioned sanction include the following intentional actions: repeated failure to comply with the provisions of the Model, the Code of Ethics and the Protocols; intentional failure to comply with the requirements of the Model, the Code of Ethics and the Protocols; adoption, in corporate risk areas, of behaviour that does not comply with the provisions of the Model and is unequivocally aimed at committing one of the offences provided for in the Decree; failure to communicate to the SB relevant information relating to the commission or attempted commission of one of the predicate offences;
- dismissal without notice for cause is a sanction imposed as a consequence of such a severe misconduct (for the wilfulness of the fact, or for criminal or pecuniary consequences or for its recidivism) that prevents the continuation, even temporary, of the employment relationship. The violations punishable by the aforesaid sanction include: fraudulent behaviour unequivocally directed to the commission, also in concert with others, of one or more offences envisaged by the Decree such as breaking the fiduciary relationship with the employer; drafting of incomplete or untruthful documentation aimed at preventing the transparency and verifiability of the activity carried out; fraudulent violation of procedures having external relevance; failure to draft the documentation provided for by the Model and/or the Protocols; wilful violation or avoidance of the control system provided for by the Model and/or the Protocols in any way whatsoever, including the removal, destruction or alteration of the documentation relating to the procedure; obstruction or avoidance of the controls carried out by the SB, obstruction of access to information and documentation by those responsible for controls or decisions.

Upon notice of violation of the rules of conduct of the Model, the Code of Ethics and the Protocols by a non-executive employee, the SB informs the Human Resources Department for the adoption of appropriate initiatives. The procedure will be entrusted to the Human Resources Department, which will impose the sanction in accordance with the law and the contract.

The SB must be informed of the disciplinary proceedings relating to violations of the Model with evidence of any sanctioning initiatives or of the dismissal of proceedings with the related reasons;

### 2.3.3.2 Measures against executive staff

Compliance by ABS managers with the provisions and procedures set out in the Model, the Code of Ethics and the Protocols, as well as with the obligation to ensure compliance with the provisions of the aforementioned documents, are fundamental elements of the relationship between them and ABS.

In the context of relations with managers, ABS has included a specific clause in the individual contractual letters, which provides for the application of sanctions in the event of conduct in contrast with the provisions of Legislative Decree no. 231/2001, with the Model and with the Code of Ethics adopted by the Company, and/or of omitted supervision and coordination activities by the Heads of the Function.

Each manager will receive a copy of the Model, the Code of Ethics and the Protocols and, in the event of ascertained conduct, by a manager, that does not comply with the provisions of the Model, or if it is proven that he or she has allowed employees coordinated by him or her to engage in conduct that constitutes a violation of the Model, the Code of Ethics and the Protocols, the Company will apply to the manager the sanction it deems most appropriate, according to the severity and/or recidivism of the manager's conduct and in any case based on the provisions of the applicable national collective labour agreement.

In particular, the following sanctions may be applied against executive staff:

- the manager is reprimanded in writing and ordered to comply with the provisions of the Model, in the event of a non-serious violation of one or more behavioural or procedural rules provided for in the Model, the Code of Ethics and the Protocols;
- the manager shall be suspended from work as a precautionary measure - without prejudice to the right of the same manager to his or her remuneration, as well as, always on a provisional basis and for a period not exceeding three months, the transfer to different departments, in compliance with article 2103 of the Italian Civil Code - in the event of a serious breach of one or more rules of conduct or procedure provided for in the Model, the Code of Ethics and the Protocols;
- the manager incurs the dismissal measure with notice in the event of repeated and severe violations of one or more provisions of the Model, the Code of Ethics and the Protocols such as to constitute a significant breach;
- the manager shall be dismissed without notice if the violation of one or more provisions of the Model, the Code of Ethics and the Protocols is so severe as to irreparably damage the relationship of trust with the Company, making it impossible to continue the employment relationship, even temporarily.

This is without prejudice to the Company's right to claim compensation for any greater damage as a result of the manager's conduct.

Any powers of attorney or delegations granted to the manager shall also be revoked.

The type and extent of the sanction will be identified taking into account the severity of the infringement, the recidivism of the non-compliance and/or the degree of the wilful intent or negligence, by evaluating in particular:

- the intentionality and the mitigating or aggravating circumstances, of the overall behaviour;
- the role and level of hierarchical responsibility and autonomy of the employee;
- the possible sharing of responsibilities with other workers colluding in the violation;
- any similar disciplinary precedent, within the two-year period provided for by law;
- the relevance of the violated obligations;
- the consequences for the Company, the extent of the damage or danger as a result of the infringement for the Company itself and the Company's stakeholders.

By way of example but not limited to, a serious breach of the obligations to provide information to the SB with regard to the commission of the relevant offences, even if only attempted, constitutes a serious breach.

Upon notice of violation of the rules of conduct of the Model, the Code of Ethics and the Protocols by a manager, the SB informs the Board of Directors for the adoption of appropriate initiatives. The conduct of the procedure

will be entrusted to the Human Resources Department, which will impose the sanction in accordance with the law and the contract.

The SB must be informed of the disciplinary proceedings relating to violations of the Model with evidence of any sanctioning initiatives or of the dismissal of proceedings with the related reasons;

#### 2.3.3.3 Measures against workers posted to Acciaierie Bertoli Safau S.P.A.

If any workers who are posted (totally or partially) by the Parent Company or other Group companies to ABS are responsible for violations or behaviour that do not comply with the provisions of the Model, the Code of Ethics and the ABS Protocols, the Human Resources Function, after consulting the Supervisory Body, will immediately inform the management bodies of the posting company, the competent Human Resources Function and the Supervisory Body of the same company so as to adopt all the measures deemed appropriate and compatible with the current legislation and the internal sanctioning rules of the posting company.

Sanctions against employees seconded by other Group companies (or the Parent Company) who hold top positions within ABS follow the rules laid down for ABS personnel with the related qualification. In any case, ABS will provide specific information to the seconding company for any further disciplinary assessments that may be required.

#### 2.3.3.4 Measures against directors

In the event of ascertained violation of the Model, the Code of Ethics or the Protocols by one or more directors, the Board of Directors, pursuant to art. 2406 of the Italian Civil Code and in compliance with the applicable legal provisions, or in the event of lack of intervention by the Board itself, the Chair of the Board of Statutory Auditors, upon notification of the violation by the SB, will immediately or promptly convene the Shareholders' Meeting for resolutions revoking the mandate or take liability action against the directors pursuant to art. 2393 of the Italian Civil Code.

After examining the report, the Shareholders' Meeting will formulate a written complaint against the director, delegating its material communication to the party concerned and the Supervisory Body by the Board of Statutory Auditors. In a subsequent meeting, the Shareholders, in compliance with the most appropriate defence terms, will decide on the imposition and the possible type of sanction, according to the principle of proportionality, delegating the material communication, to the party concerned and the SB, to the Board of Statutory Auditors.

Directors who violate the provisions of the Model are in any case subject to a possible of liability action and the consequent claim for damage suffered in accordance with the provisions of the Italian Civil Code by applying the relevant regulations.

#### 2.3.3.5 Measures against staff holding power of attorney.

Besides the preceding cases (directors, administrators), compliance by ABS attorneys with the provisions and procedures set out in the Model, the Code of Ethics and the Protocols, as well as with the obligation to ensure compliance with the provisions of the aforementioned documents, are fundamental elements of the relationship between them and ABS.



Each attorney will receive a copy of the Model, the Code of Ethics and the Protocols and, in the event of ascertained adoption, by an attorney, of conduct not compliant with the provisions of the Model, the Company will apply the sanction it deems most appropriate against the person responsible, according to the severity and/or recidivism of the attorney's conduct. In particular, the Board of Directors will assess any appropriate measures to be taken against the attorney, including the revocation of the appointment.

#### 2.3.3.6 Measures against Statutory Auditors.

In the event of ascertained violation by one or more Statutory Auditors, the Board of Directors, pursuant to art. 2407 of the Italian Civil Code and in compliance with the applicable legal provisions, upon timely notification of the violation ascertained by the SB, will immediately or promptly convene the Shareholders' Meeting for resolutions revoking the mandate or take liability action against the directors pursuant to art. 2393 of the Italian Civil Code.

The provisions of the Shareholders' Meeting regarding the non-compliance with the Model will be formulated in writing, delegating its material communication to the party concerned and the Supervisory Body by the Board of Directors. In a subsequent meeting, the Shareholders, in compliance with the most appropriate defence terms, will decide on the imposition and the possible type of sanction, according to the principle of proportionality, delegating the material communication, to the party concerned and the SB, to the Board of Directors.

In any case, the liability action against the members of the Board of Statutory Auditors may be brought with a claim for damages in application of the provisions of the Italian Civil Code.

#### 2.3.3.7 Measures against Third Parties and Additional Parties.

Any conduct by parties external to the Company which, in contrast with the law, this Model, the Code of Ethics and the Protocols, is likely to entail the risk of committing one of the offences envisaged by the Decree, will determine, in accordance with the specific contractual clauses included in the letters of appointment, contracts or commercial agreements, the early termination of the contractual relationship, without prejudice to the further option of claiming compensation before the competent courts if such conduct results in concrete damage to the Company.

Such conduct will be evaluated by the Supervisory Body which, after hearing the opinion of the Head of the corporate Department/Function that requested the intervention of the Third Party and/or the Additional Party, will promptly report to the Managing Director and, in the most severe cases, to the entire Board of Directors and the Board of Statutory Auditors.

### 2.4 DISSEMINATION OF THE MODEL

The administrative liability regime provided for by the law and the adoption of the organisation, management and control Model by ABS form a system that must find a coherent and effective response in the operating behaviour of the recipients. In this regard, a communication and initial training activity concerning the adoption of the Model and a specific communication activity for each subsequent update of the document is fundamental.

With this awareness, ABS has structured an internal communication, information and training plan aimed at all company employees but diversified according to the target audience, which aims at creating widespread

knowledge and a company culture appropriate to the issues in question, thus mitigating the risk of offences being committed.

The plan is managed by the competent company structures, in coordination with the Supervisory Body.

In particular, regarding **communication**, the Company envisages:

- an initial communication at the instigation of the Board of Directors to the members of the corporate bodies, the Independent Auditors and the employees;
- the dissemination of the Model and the Code of Ethics on the Company's portal in a specific and dedicated area.
- for all those who do not have access to the Company's portal, the Model and the Code of Ethics are made available to them, at their request, by alternative means;
- appropriate communication tools will be adopted to update recipients of any changes to the Model and/or the Code of Ethics and the Protocols.

With regard to the **information** mechanisms:

- the members of the corporate bodies and the persons who have representative functions receive communication on where to find the Model and the Code of Ethics when accepting the office conferred on them and sign a declaration of compliance with the principles contained therein;
- Third Parties and Additional Parties are provided, by proxies having institutional contacts with them and after hearing the opinion of the Supervisory Body, with specific information on the principles and policies adopted by ABS - based on this Model and the Code of Ethics - as well as on the consequences that any conduct contrary to current legislation or to the ethical principles adopted may have with regard to contractual relations, in order to make them aware of the need for ABS to ensure that their conduct complies with the law, with particular reference to the provisions of Legislative Decree no. 231/2001;
- newly hired employees receive a copy of the Model and the Code of Ethics or indications on where to find them when they are hired, together with the other documentation. The signing of an appropriate declaration certifies the delivery of the documents or the indications on where to find them.

Finally, with regard to **training**, a training plan is envisaged with the aim of familiarising all managers and employees of the Company with the contents of the Decree, the new Model and the Code of Ethics.

The training plan takes into account many variables, and in particular:

- the targets (the recipients of the interventions, their level and organisational role);
- the content (topics related to the role of recipients);
- delivery tools (classroom, e-learning).

The plan provides for:

- basic training for all staff for the timely and widespread dissemination of the contents concerning all personnel - reference legislation (Legislative Decree 231/2001 and predicate offences), the Model and its operation, contents of the Code of Ethics - plus self-assessment and learning tests;
- specific classroom interventions for people working in the structures where there is a greater risk of illegal behaviour, in which the specific Protocols are also illustrated;

- modules for in-depth analysis in case of internal regulatory or procedural updates.

Training represents an essential element of the Model and adherence to it is to be considered binding and mandatory, so that failure to join training programmes is to be considered a violation of the Model and consequently punishable.

## 2.5 UPDATES TO THE MODEL

The updating activity, understood as both integration and modification, is aimed at guaranteeing the adequacy and suitability of the Model, assessed with respect to the prevention of the offences indicated by Legislative Decree 231/2001.

The adoption and effective implementation of the Model constitute, by express legislative provision, a responsibility of the Board of Directors.

Therefore, the power to update the Model - an expression of its effective implementation - lies with the Board of Directors, which exercises it directly by means of a resolution or by delegation to one of its members and in the manner provided for the adoption of the Model.

In detail, the Company gives the Board of Directors the power to adopt, also based on indications and proposals from the SB, amendments and/or additions to the Model and its annexes that may become necessary as a result of:

- significant violations of the provisions of the Model adopted;
- regulatory changes that entail the extension of the administrative liability of entities to other types of offences for which it is considered that there is a risk of commission in the interest or to the advantage of the Company;
- significant changes in the organisational structure, in the system of powers and in the operating procedures for carrying out activities at risk and the controls over them.

In order to make all those formal and non-substantial changes to the Model that may become necessary over time, the Board of Directors of the Company, in its decision-making autonomy, has the option to grant one of its members the power to make the aforementioned changes, with the obligation for the Director invested with such power to formally notify the Board of Directors of the changes made.

## 2.6 ANNEXES

- 1- List of relevant offences pursuant to Legislative Decree 231/2001
- 2- List of Special Protocols of the Model of ABS S.p.A.