



ORGANISATION, MANAGEMENT AND CONTROL MODEL

of ABS S.p.A.

***Adopted pursuant to Legislative Decree
8 June 2001, No. 231***

REV	DESCRIPTION OF REVISIONS	CDA ADOPTION
0	FIRST ISSUE	21 February 2011
1	UPDATE	23 February 2015
2	UPDATE	22 February 2017
3	UPDATE	26 February 2018



4	UPDATE OF OFFENCE CATALOGUE	15 September 2021
5	UPDATE OF TAX OFFENCES	08 March 2022

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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, frazione Cargnacco (UD), via Buttrio n. 28, registered with the Udine Register of Companies with registration and tax code number 00218360303, VAT ID 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, constituting the set of values, principles, 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 endowed with 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 Danieli & C. Officine Meccaniche S.p.A Group.
- **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 operation of and compliance with the Model, as well as ensuring that it is updated.
- **Protocols:** specific decision-making protocols, in compliance with the provisions of Article 6, paragraph 2, letter b) of Legislative Decree 231/01, which contain a set of rules and principles of control and conduct deemed suitable to govern the identified risk profile.

- **Offences:** offences for which administrative liability is provided for under Legislative Decree 231/2001.
- **FM:** Function Managers, i.e. the Recipients having operational responsibility for each area of company activity in which a potential risk of commission of Offences has arisen.
- **OUM:** Operational Unit Managers, i.e. the Recipients having operational responsibility for each area of corporate activity in which a potential risk of commission of Offences has arisen.
- **Private individuals:** directors, general managers, managers responsible for preparing the company's financial reports, statutory auditors, liquidators of a third company or those who are subject to their direction or supervision, or individuals who, under current legislation, could be recipients of corrupt conduct between private individuals pursuant to Article 2635 of the Italian Civil Code.
- **Third parties:** third parties such as, but not limited to, 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 pursuant to 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 Protocols, in view of the numerous references contained therein and the relevance 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** (Article 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 rules of public law and by authoritative acts 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 is to be understood as an activity governed in the same manner as a public function, but characterised by the absence of the powers typical of the latter, and excluding the performance of simple order duties and the provision of merely material work";*
- **Public Administration** (State Council, Opinion No. 11482/2004): *"The notion of public administration (omissis), therefore, seems to be understood in a broad sense and such as to encompass all the entities, including private concessionaires of public services, public undertakings and bodies governed by public law according to the Community terminology¹, that are called upon to operate, in relation to the field*

¹ Symptomatic indices for the identification of a "body governed by public law as interpreted by Community case-law" are:

of activity in question, in a public function."

It should also be noted that the private nature of some entities, which perform public services even after their transformation into public limited companies (e.g. Poste Italiane, ENEL, Ferrovie dello Stato, ENI, etc.), does not exclude that they continue to pursue public purposes and that their activities continue to be governed by public law (in these cases, those working in these entities, e.g. employees, may be qualified as Public Officials or as Persons in Charge of a Public Service)².

Finally, with regard to the active parties or recipients of the international unlawful conduct envisaged by Legislative Decree 231/01, the legislature has expressly defined the list of persons belonging to international bodies³, including persons whose activity can be traced back to that of public official and person in charge of a public service.

Lastly, 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 catalogue of offences for which administrative liability is envisaged pursuant to Legislative Decree No. 231/01 now includes the offence of "*corruption between private individuals*" (Article 2635 of the Italian Civil Code). The Model and the Protocols therefore have the function of preventing corruptive activities carried out, not only against the Public Administration but also against Private Individuals, which could integrate 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 it.

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- 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.

² They can 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;
- Local Health Authorities and Hospitals
- Inland Revenue and Social Security Agencies (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 pursuing public purposes (Poste Italiane, ENEL, Ferrovie dello Stato, ENI, etc.).

³ by virtue of the provisions of Article 322-bis ("*Embezzlement, extortion, bribery and incitement to bribery of members of the organs of the European Communities and officials of the European Communities and 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 agents employed under contracts under the Staff Regulations of Officials of the European Communities or the Conditions of Employment of Other Servants of the European Communities;
- persons seconded by the Member States or any public or private body to the European Communities to perform functions corresponding to those of officials or servants of the European Communities;
- members and employees of bodies established on the basis of 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 performing functions or activities corresponding to those of public officials and persons in charge of a public service within other foreign states or international public organisations, if the offence is committed in international economic transactions.

"International economic transactions" relevant for the purposes of Legislative Decree 231/01 are considered to be all transactions typical of international trade, such as: exports, tenders, investments, etc.; indictable bribery may concern the intervention of public officials in connection, for example, with the issuing of permits or authorisations, obtaining tax concessions and the like.

FOREWORD

1. GENERAL PRINCIPLES

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

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

2. PURPOSE OF THE MODEL

By adopting this Model, ABS aims to pursue the following main purposes:

- reiterate that any unlawful 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 benefit from it;
- determine in all those who operate in the name and on behalf of ABS and, in particular, in the areas identified as being "at risk" of committing the offences under the Decree, the awareness of the duty to comply with the provisions contained therein and, more generally, with corporate regulations;
- inform the recipients that the violation of the provisions of the Model constitutes a conduct liable to disciplinary action and that in the event of the commission of an offence pursuant to the Decree, the criminal sanctions applicable to them on a personal basis could determine the administrative liability of the Company, with the consequent application to it of the relevant sanctions;
- enable the Company, through close control and monitoring of 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. MODEL STRUCTURE

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 rules and principles of control and conduct deemed suitable to govern the areas for which a risk of potential commission of the administrative liability offences pursuant to Legislative Decree No. 231/2001 has been identified.

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

- the Code of Ethics represents an instrument adopted autonomously and subject to general application by the Company in order to express principles of "corporate ethics" that ABS recognises as its own. ABS declares that it complies with the Code of Ethics in relation to all stakeholders (e.g. 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 the specific prescriptions contained in the Decree, aimed at preventing the commission of offences that may lead to the attribution of administrative liability to the Company.

4. RECIPIENTS OF THE MODEL

The rules contained in the Model apply to all company representatives involved, also de facto, in ABS activities considered at risk for the purposes of 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 so classified under the applicable national collective labour agreement);
- employees (i.e. workers with a contract of employment, including fixed-term contracts);
- Third Parties.

Third parties must be bound to comply with the provisions of Legislative Decree 231/2001 and 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 entered into and to claim compensation for any damages suffered (including the possible application of sanctions pursuant to the Decree).

The Company may assess from time to time the opportunity to bind the Additional Subjects not only 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, but also to comply with its own Model by signing specific contractual clauses, which allow the Company, in the event of non-compliance, to unilaterally terminate the contracts entered into 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 LIABILITY OF ENTITIES

1.1.1 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 the establishment of liability paradigms for legal persons and a corresponding system of sanctions for business criminal offences.

Legislative Decree No. 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 of, on behalf of or in any case in the interest of the entity”*.

The institution of administrative liability on the part of the Entities stems from the empirical consideration that unlawful conduct committed within organisations frequently 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, often being the consequence of decisions taken by the top management thereof. It is therefore considered that such criminal conduct can be effectively prevented only by sanctioning the Entity as the real beneficiary of the offence.

With regard to the actual nature of liability under Legislative Decree No. 231/2001, it seems to combine features of both administrative and criminal liability. Indeed, the ministerial report to the Decree emphasises the fact that this form of liability, being the consequence of 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 maximum guarantee”*.

In particular, Legislative Decree No. 231/2001 provides for a complex system of sanctions ranging from the mildest pecuniary sanctions to the heaviest interdictory sanctions, 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 Court, in the guarantee 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).

Administrative liability of an entity arises in the following cases:

- commission of an offence *in its interest*, i.e. whenever the offence is committed with the exclusive intention of benefiting the Entity;
- it derives some *advantage* (economic or otherwise) of an indirect nature from the offence, even though the offender acted without the exclusive aim of benefiting 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, since it is in a situation of absolute and manifest extraneousness to the commission of the offence.

As to 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 of one of its organisational units with financial and functional autonomy, as well as by persons exercising, including de facto, the management and control thereof*" (so-called senior managers);
- b) "by persons subject to the direction or supervision of one of the persons referred to in (a)" (so-called subordinates).

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

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 No. 231/2001 are met.

The ever so accentuated global vocation of 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 No. 231/2001.

Indeed, Legislative Decree No. 231/2001 contains a provision (Article 4 of the Decree), inspired by a moderate principle of *universality of jurisdiction*, according to which administrative liability can be applied to 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, even if it was committed entirely abroad. In particular, paragraph 1 of Article 4 mentioned above establishes 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 jurisdiction and apply the administrative sanctions provided for by the Decree against the Entity, in the event of the commission of an offence abroad, the following specific conditions are necessary:

1. the offence must be committed abroad (and committed 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 occurs;
4. the State in which the act was committed does not proceed against the Entity;
5. In cases where the law provides for the offender to be punished at the request of the Minister of Justice, proceedings are brought against the Entity only if the request is also made against the latter.

1.1.2 OFFENCES GIVING RISE TO THE ADMINISTRATIVE LIABILITY OF THE ENTITY

The types of offences liable to give rise to the administrative liability of the Company are only those expressly indicated by the legislator within 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 catalogue of offences subject to the application of Legislative Decree 231/2001, which now includes, in particular:

1. Misappropriation of funds, fraud to the detriment of the State, a public body or the European Union or for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public supplies (Article 24, Legislative Decree no. 231/2001) [Article amended by Law no. 161/2017 and Legislative Decree no. 75/2020].
2. Computer crimes and unlawful processing of data (Art. 24-bis, Legislative Decree no. 231/2001) [article added by Law no. 48/2008; amended by Legislative Decree no. 7 and 8/2016 and by Legislative Decree no. 105/2019].
3. Organised crime offences (Art. 24-ter, Legislative Decree no. 231/2001) [article added by Law no. 94/2009 and amended by Law no. 69/2015].
4. Embezzlement, extortion, undue induction to give or promise benefits, bribery and abuse of office (Art. 25, Legislative Decree no. 231/2001) [amended by Law no. 190/2012, Law no. 3/2019 and Legislative Decree no. 75/2020].
5. Counterfeiting money, public credit cards, revenue stamps and identification instruments or marks (Art. 25-bis, Legislative Decree no. 231/2001) [Article added by Legislative Decree no. 350/2001, converted with amendments by Law no. 409/2001; amended by Law no. 99/2009; amended by Legislative Decree 125/2016].

⁴ Pursuant to Article 7 of the Criminal Code (Offences committed abroad):

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

⁵ Pursuant to Article 8 of the Criminal Code (Political offence committed abroad):

1. A citizen or foreigner who commits in foreign territories a political offence not included among those indicated in No. 1 of the preceding Article shall be punished according to Italian law, at the request of the Minister of Justice.
2. If it is an offence punishable on complaint by the offended party, a complaint is required in addition to such a complaint. For the purposes of criminal law, a political offence is any offence which offends a political interest of the State, or a political right of the citizen. A common offence determined, in whole or in part, by political reasons is also a political offence.

⁶ 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 in foreign territories for which Italian law prescribes the death penalty or life imprisonment, or imprisonment for a minimum of not less than three years, shall be punished in accordance with that law, provided he 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 at the request, or on complaint, of the offended person.*
3. *In the cases provided for in the preceding provisions, if the criminal offence is committed against the European Communities, a foreign State or a foreigner, the offender shall be punished at the request of the Minister of Justice, provided that his extradition has not been granted, or has not been accepted by the Government of the State where s/he committed the criminal offence.*

6. Crimes against industry and trade (Article 25-bis.1, Legislative Decree no. 231/2001) [article added by Law no. 99/2009].
7. Corporate offences (Art. 25-ter, Legislative Decree no. 231/2001) [article added by Legislative Decree no. 61/2002, amended by Law no. 190/2012, by Law no. 69/2015 and by Legislative Decree no. 38/2017].
8. Crimes for the purpose of terrorism or subversion of the democratic order provided for by the Criminal Code and special laws (Article 25-quater, Legislative Decree no. 231/2001) [Article added by Law no. 7/2003].
9. Female genital mutilation practices (Article 25-quater.1, Legislative Decree no. 231/2001) [Article added by Law no. 7/2006].
10. Crimes against the individual (Art. 25-quinquies, Legislative Decree no. 231/2001) [article added by Law no. 228/2003; amended by Law no. 199/2016].
11. Market abuse offences (Article 25-sexies, Legislative Decree no. 231/2001) [article added by Law no. 62/2005].
12. Other cases of market abuse (Article 187-quinquies TUF) [article amended by Legislative Decree No. 107/2018].
13. Crimes of culpable homicide and grievous or very grievous bodily harm, committed in violation of the rules on accident prevention and on the protection of hygiene and health at work (Art. 25-septies, Legislative Decree no. 231/2001) [Article added by Law no. 123/2007; amended L. no. 3/2018].
14. Receiving, laundering and use of money, goods or benefits of unlawful origin, as well as selflaundering (Article 25-octies, Legislative Decree no. 231/2001) [Article added by Legislative Decree no. 231/2007; amended by Law no. 186/2014].
15. Copyright infringement offences (Article 25-novies, Legislative Decree no. 231/2001) [article added by Law no. 99/2009].
16. Inducement not to make statements or to make false statements to the judicial authorities (Article 25-decies, Legislative Decree no. 231/2001) [Article added by Law no. 116/2009].
17. Environmental offences (Art. 25-undecies, Legislative Decree no. 231/2001) [article added by Legislative Decree no. 121/2011, amended by Law no. 68/2015, amended by Legislative Decree no. 21/2018].
18. Employment of third country citizens whose stay is irregular (Art. 25-duodecies, Legislative Decree no. 231/2001) [article added by Legislative Decree no. 109/2012, amended by Law no. 161 of 17 October 2017].
19. Racism and xenophobia (Art. 25-terdecies, Legislative Decree no. 231/2001) [article added by Law no. 167 of 20 November 2017, amended by Legislative Decree no. 21/2018].
20. Fraud in sporting competitions, unlawful gaming or betting and games of chance exercised by means of prohibited devices (Article 25-quaterdecies, Legislative Decree no. 231/2001) [article added by Law no. 39/2019].
21. Tax offences (Art. 25-quinquiesdecies, Legislative Decree no. 231/2001) [article added by Law no. 157/2019 and Legislative Decree no. 75/2020].
22. Contraband (Art. 25-sexiesdecies, Legislative Decree no. 231/2001) [article added by Legislative Decree no. 75/2020].

23. Liability of entities for administrative offences resulting from a crime (Art. 12, L. n. 9/2013) [The following shall apply to entities operating in the virgin olive oil sector]

24. Transnational offences (Law no. 146/2006) [The following offences constitute grounds for the administrative liability of entities if committed transnationally].

For details of the individual offences for which administrative liability is provided for *under* Legislative Decree No. 231/2001, please refer to the catalogue attached to this Model (Annex 1).

1.1.3 PENALTIES APPLICABLE TO THE ENTITY

The sanctions provided for by Legislative Decree 231/2001 against Entities as a consequence of the commission or attempted commission of the above-mentioned offences are:

- Monetary sanctions from a minimum of EUR 25,822.84 to a maximum of EUR 1,549,370.69 (and precautionary attachment);
- Disqualification sanctions (also applicable as a precautionary measure) of a duration of no less than three months and no more than two years, which, in turn, may consist of:
 - 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;
 - 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 shall only apply in relation to the offences for which they are expressly provided for and if at least one of the following conditions is met:

- the entity has derived 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 deficiencies;
- in the event of repeated offences.

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

- a) the Entity has fully compensated the damage and eliminated the harmful or dangerous consequences of the offence or has in any event effectively taken action in that regard;
- b) the Entity has eliminated the organisational deficiencies that led to the offence by adopting and implementing organisational models suitable for preventing offences of the type committed;

- c) the Entity has made the derived profit available for confiscation.

The Decree also provides that, in the most serious cases, the judge may order the definitive disqualification from exercising the activity if the entity has derived a significant profit from the offence and has already been sentenced, at least three times in the last seven years, to temporary disqualification.

The judge may also definitively impose on the entity the sanction of a ban on contracting with the Public Administration or a ban on advertising goods or services when it has already been sentenced to 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 permitting or facilitating the commission of offences for which it is held liable, the Entity shall be permanently banned from carrying out its activity.

In the event of commission, in the form of an attempt, of the offences set out in Chapter 1 of Legislative Decree No. 231/2001 (Articles 24 to 25-duodecies), the pecuniary penalties (in terms of amount) and disqualifying penalties (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 EXEMPTION FROM LIABILITY: THE ORGANISATION, MANAGEMENT AND CONTROL MODEL

Articles 6 and 7 of Legislative Decree No. 231/2001 expressly provide for the exemption from administrative liability, if the Entity has adopted effective and efficient organisation and management models capable of preventing offences of the kind that have occurred. Adequate organisation is therefore the only tool capable of avoiding the “fault” of the Entity and, consequently, of excluding the application of sanctions against it.

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

- a) the management body has adopted and effectively implemented, prior to the commission of the offence, organisational and management models capable of preventing offences of the type committed;
- b) the task of supervising the operation of and compliance with the models and ensuring that they are updated has been entrusted to a body of the entity endowed with autonomous powers of initiative and control;
- c) the offence was committed by fraudulently circumventing the organisation 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 commission of certain offences, therefore constitutes the measure of diligence defined by the legislator and - precisely in view of its preventive function – is the first safeguard of a risk control system.

However, 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 seem to be a sufficient measure to determine the Entity's exemption from liability, 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 making and implementation of the entity's decisions in relation to the offences to be prevented;
- c) identify ways of managing financial resources suitable for preventing the commission of the Offences;
- d) provide for information obligations vis-à-vis the body in charge of supervising the operation of and compliance with the models.

On the other hand, the *effectiveness* of the Model is linked to its *effective implementation*, which, pursuant to Article 7, paragraph 4 of Legislative Decree No. 231/2001, requires:

- a) periodic verification and possible amendment of the same when significant violations of the prescriptions are discovered or when changes occur 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.

However, the adoption of an Organisation, Management and Control Model is not 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 for health and safety at work

With the introduction of culpable offences within the scope of the Decree with Law 123/2007 (which, by introducing Article 25 septies in the Decree, provided for administrative liability for the offences of manslaughter and serious or very serious injury committed in violation of the rules on the protection of health and safety at work), the criterion for exemption from liability indicated in point c) - i.e. the demonstration that the offence was committed through the fraudulent avoidance of the controls set up by the Entity within its organisation - precisely because of the lack of voluntary nature of the harmful event (death or serious or very serious injury) cannot be applied. In this case, the Entity will have to prove that the culpable offence committed by its representative was committed despite the fact that an effective system had been put in place to monitor 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 with regard to safety, also for the purposes of the applicability of Article 25 septies of Legislative Decree No. 231/2001, is represented by the failure to adopt within the Entity all the safety and prevention measures that are technically possible and concretely implementable, in the light of experience and the most advanced technical and scientific knowledge. Moreover, the safety obligations of the Entities 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 to their work activities and on the appropriate measures to avoid the risks or reduce them to a minimum. Article 30 of Legislative Decree No. 81/2008, which expressly refers to Legislative Decree No. 231/2001, provides, in particular, for the exclusion from administrative liability of any Entity that has adopted and effectively implemented a Model ensuring a corporate system aimed at fulfilling all the relevant legal obligations:

- compliance with the legal technical and structural standards relating to equipment, facilities,

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, regular safety meetings, consultation of workers' safety representatives;
- health surveillance activities;
- information and training activities for workers;
- supervisory activities with regard to workers' compliance with safe working procedures and instructions;
- acquisition of documents 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 implementation and, moreover, depending on the nature and size of the organisation and the type of activity carried out, a set of functions that ensures the technical skills and powers necessary for the verification, assessment, management and control of the risk, also with a view to constant updating in order to maintain the conditions of suitability of the measures adopted over time. Finally, the aforesaid regulation requires the Model to provide for an appropriate control system on the implementation of the Model itself, as well as an appropriate disciplinary system to sanction non-compliance with the measures indicated therein. The review and possible amendment of the Model must be adopted whenever significant violations of the rules on 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 No. 81/2008 provides that upon first application, 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 are assumed to comply with the above-mentioned requirements. At present, the standard adopted is the Occupational Safety Management System standard ISO 45001 which has replaced OHSAS 18001.

1.2 SOURCES FOR THE CONSTRUCTION OF THE MODEL: CONFINDUSTRIA'S GUIDELINES FOR THE ADOPTION OF ORGANISATIONAL MODELS ON ADMINISTRATIVE RESPONSIBILITY

By express legislative provision (Article 6, paragraph 3, of Legislative Decree No. 231/2001), organisation and management models may be adopted on the basis of codes of conduct drawn up by the associations representing the Entities and communicated to the Ministry of Justice.

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

In June 2021, Confindustria (Confederation of Italian Industry) issued an updated version of its "*Guidelines for the construction of Organisation, Management and Control Models pursuant to Legislative Decree 231/01*", in which it developed, among other things, new indications with regard to risk coverage in relation to the offences recently introduced within Legislative Decree 231.

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

- identification of the risk areas, aimed at verifying in which area/sector of the company the prejudicial

events provided for by Legislative Decree No. 231/2001 may occur;

- setting up a control system capable of preventing risks through the adoption of specific protocols. The most relevant components of the control system designed by Confindustria are:
 - code of ethics;
 - organisational system;
 - manual and computerised procedures;
 - powers of authorisation and signature;
 - management control systems;
 - communication to and training of staff;
 - integrated approach to risk management.

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

- verifiability, documentability, consistency and congruence of each operation;
- application of the principle of separation of functions (no one can manage an entire process independently);
- documentation of controls;
- provision of an adequate system of sanctions for the violation of the rules of the code of ethics and the procedures laid down in the Model;
- identification of the requirements of 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.

In preparing 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 implementing regulation of Legislative Decree No. 231/2001;
- the guidelines prepared by Confindustria;
- the doctrine and jurisprudence formed to date.



2. SECTION TWO - THE CONTENTS OF THE MODEL OF ACCIAIERIE BERTOLI SAFAU S.P.A.

2.1 ADOPTION OF THE MODEL

2.1.1 ACTIVITIES AND ORGANISATIONAL STRUCTURE OF ACCIAIERIE BERTOLI SAFAU S.P.A.

ABS was established in 1989 through the merger of two steel mills 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 metres, of which 171,324 are covered.

With the technical level it has reached, the company is today able to supply special steels for a wide range of applications: from automotive to industrial vehicles, the mechanical industry and machinery in general, seamless pipes for the mechanical and petrochemical industry, high pressure and temperature cylinders, bearings and special sections for earthmoving machinery and railway equipment.

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

The quality strategy and user service capabilities continue to be the company's primary objectives, pursued by operating in 'total quality assurance' 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 in which the production and marketing process of aggregates for concrete, bituminous conglomerates and road sub-bases is carried out. The aggregates are obtained through furnace slag recovery processes, which consist of storage, deferrisation, crushing and sieve screening to obtain sizes suitable for their intended use. This material is marked ECOGRAVEL.

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

- Ingot steels
- Continuous casting steel bars
- Round, square and rectangular rolled steel bars
- Raw forged steel bars, turned or ground
- Steel bars with surface finishes
- Heat-treated steel bars

In order to guarantee a consistently high quality of its products, ABS has certified its Quality Management System in accordance with the ISO 9001 standard since 1991.

In early 1999, ABS was certified in accordance with the stringent requirements of the American standard QS 9000 Ed.3 March 1998: this prestigious recognition allowed the Company to join a restricted group of privileged suppliers of steel for the automotive industry.

The recognition of the quality of ABS products is further reinforced by the numerous product certifications achieved with various internationally recognised certification bodies.

For the purpose of adequate occupational health and safety and environmental protection, ABS has also met the requirements of the reference standards ISO 45001 and ISO 14001.

The organisational structure of ABS is described in detail in the company organisational chart in which the Areas, Departments, Functions and relative managers are identified. This organisational structure is continually

updated, on the basis of any evolutions and/or changes of the company, and it will be the responsibility of the competent functions of the Company to promptly inform the Supervisory Body thereof.

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 powers for the ordinary and extraordinary management of the Company, with the authority to perform all 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 assigning the 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 six-monthly basis, without prejudice to any requests for greater timeliness. Pursuant to the third paragraph of Article 2381 of the Italian Civil Code, the delegated bodies 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 consisting of three standing members and two alternates, is responsible for monitoring compliance with the law.

2.1.2 GUIDING 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 the specific instruments tools already existing in ABS and aimed at planning the formation and implementation of corporate decisions and carrying out checks on corporate activities, and specifically the following:

- Governance Tools;
- Internal Control System.

2.1.2.1 Governance instruments

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

- the Articles of Incorporation, the fundamental document on which the corporate governance system is based. It defines the Company's purpose, registered office, corporate object, duration, share capital, as well as the powers and responsibilities of the top management;
- the Company's organisational documentation, which describes the organisational structure, work

processes, 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 resolutions 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 ISO 45001 respectively;
 - the relevant internal documents governing the structure of responsibilities and describing the Company's organisation 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 to confirm 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 detailed tools - job description, forms, job documentation, etc.

The rules, procedures and principles contained in the documents listed above, although not described in detail in this Model, are a valuable tool to guard against unlawful conduct in general, including those referred to in Legislative Decree No. 231/2001, which is part of the broader system of organisation, management and control that the Model intends to integrate and which all recipients are required to comply with, according to the type of relationship they have with the Company.

2.1.2.2 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 operational objective of the system of internal controls 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, personnel work to achieve the Company's objectives and 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 complying with the protection of the confidentiality of the Company's information assets;
- The compliance objective ensures that all transactions are conducted in compliance with laws and

regulations, prudential requirements and relevant internal procedures.

The control system involves every sector of the Company's activity through the separation of operational tasks from control tasks, reasonably avoiding 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 controls, including supervisory ones.

The controls also involve, with different roles, the Board of Directors and the Board of Statutory Auditors, within the scope and according to the provisions of the laws, regulations and codes of conduct in force. The 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 organized, as provided by the COSO Report and as suggested in the AIIA (Italian Association of Internal Auditors) Corporate Governance Paper - Integrated Approach to the Internal Control System - on three levels:

- **a first level** that defines and manages the so-called line controls, inherent in operational processes: i.e. procedural, IT, behavioural, administrative-accounting, etc. controls carried out both by those who implement a given activity and by those who are responsible for supervising it. All corporate functions perform these direct controls in the management of their responsibilities; they are both hierarchical and functional controls aimed at ensuring the correct performance of operations;
- **a second level** that oversees the risk assessment and control process, ensuring that it is consistent with the company's objectives, meeting organisational segregation criteria sufficiently to allow effective monitoring;
- **a third level** that guarantees the soundness of the design and functioning of the overall Internal Control System.

The existing corporate governance and control system contains valid elements that can also be used for the prevention of the offences covered by the Decree. In any case, the Board of Directors, sensitive to the need to ensure conditions of fairness and transparency in the conduct of business and corporate activities, in order to protect its own 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 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.

The decision of ABS's Board of Directors to adopt a Model is part of the Company's broader business policy, which is expressed in interventions and initiatives aimed at raising awareness both among all ABS personnel (from management to employees) and of all Third Parties and Additional Parties to 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 the regulatory developments and organisational changes that have taken place in the meantime, it has been deemed appropriate to launch a project to update 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 previously adopted Model, would make the ABS Model compliant with the additional requirements of the Decree and aligned with the Company's organisational changes.

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

The process of updating the Model was therefore developed in several stages, based on compliance with the principles of traceability and verifiability of the activities carried out.

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

The Company then evaluated the internal control system aimed at monitoring the identified risks, adopted the Code of Ethics and specific **Protocols**, aimed at governing the risk profiles identified following the mapping of corporate activities (see paragraph 1.3.2), in accordance with the requirements of Article 6, paragraph 2, letter b) of Legislative Decree No. 231/01.

In accordance with the requirements of Art. 6, paragraph 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 **system of sanctions** (set out 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 (set out in paragraph 5 below).

2.1.3.1 Map of Risk Activities

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 2, letter a) of the Decree.

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

The methodology followed involved an integrated working group composed of external professionals - with expertise in risk management and internal control, legal and criminal law - and internal company resources.

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

Phase 1: Collection and analysis of all relevant documentation

A documentary analysis was carried out prior to the identification of activities at risk: first of all, the relevant official documentation available at the Company was collected in order to better understand the Company's activities and identify the corporate areas under analysis.

By way of example, the following documentation was analysed:

- Corporate organization chart;
- Articles of Incorporation and Chamber of Commerce certificate;
- operational regulations and formalised procedures;
- organisational instructions and communications;
- delegations and powers of attorney;
- operating procedures and instructions;
- Code of Ethics;
- Organisational Model and previously adopted protocols;
- annual financial statements;
- other documentation.

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

Phase II: risk assessment

The purpose of this phase was the prior identification of company processes, sub-processes and activities and thus the identification of risk areas, i.e. the company areas in which offences may be committed.

The company's activities were then 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 – meltshop - Global Blue)
- plant management
- planning and logistics
- technical area management
- environmental compliance management
- health and safety compliance management

In view of this classification, the company resources with an in-depth knowledge of the aforementioned company processes and existing control mechanisms were then 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 operational areas and organisational structure of the Company, with reference to the offence risks that could concretely be envisaged.

In fact, the interviews, which were also aimed at initiating the process of raising awareness regarding the provisions of Legislative Decree No. 231/2001, the Company's compliance with the aforementioned 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 by the Decree, as well as the existing safeguards aimed at mitigating the aforementioned risks.

A mapping of all the Company's processes was thus carried out, divided into sub-processes and activities, highlighting 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 to update 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 point out that the map of activities at risk describes in detail the situation existing on the date of drafting this Model. The evolution of corporate activities will require the necessary updating of the mapping, in order to include any risks associated with the new activities.

In accordance with the provisions of Article 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 type of offences set out in the Decree, are listed below.

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
- Procurement of goods and services
- Consultancy and professional assignments to third parties
- Production Management
- Conclusion and execution of contracts with public and private customers
- Management of commercial brokerage relations
- Environmental Compliance
- Occupational Health and Safety Compliance
- Management of obligations and relations with the Public Administration
- Tax compliance management
- Management of intra-group relations

In these areas, the risks of committing certain types of offences listed in Articles 24, 24-bis, 24-ter, 25, 25-bis.1, 25-ter, 25-quarter, 25-quinquies, 25-sexies, 25-septies, 25-octies, 25-novies, 25-decies, 25-undecies, 25-duodecies and 25-quinquiesdecies of the Decree were considered to be more significant.

Phase III: Gap Analysis

The purpose of this phase consisted in identifying, for each area of risk, the existing organisational, control and behavioural safeguards to protect against the specific types of offences referred to in the Decree, in assessing their suitability to prevent the risks highlighted in the previous risk assessment phase, and then in the improvement actions to be taken.

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

2.1.3.2 Protocols

Following the identification of the activities at risk and on the basis of the existing control system, the Company has drawn up **specific Protocols**, in compliance with the provisions of Article 6, paragraph 2, letter b) of Legislative Decree No. 231/2001, which contain a set of rules and principles of control and conduct deemed suitable to govern the identified risk profile.

For each area of risk not considered sufficiently covered by the internal body of procedures, a Protocol was created, inspired by the principle of making the various phases of the decision-making process documented and verifiable, so that it would be 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 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 were submitted to the persons in charge of managing the activities at risk for their evaluation and approval, thus making the rules of conduct contained therein official and mandatory for all those who find themselves performing 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, to which the Company intends to standardise the management of its activities also in relation to conduct that may integrate the types of offences governed by Legislative Decree No. 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 law 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, suitable 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 they are intended to prevent, please refer to the document attached to this Model (Annex 2).

2.2 SUPERVISORY BODY

2.2.1 CHARACTERISTICS OF THE SUPERVISORY BODY

The exemption from administrative liability - as governed by Article 6, paragraph 1 of Legislative Decree No. 231/2001 - also provides for the mandatory establishment of a Supervisory Body within the Entity, endowed with both an autonomous power of control (to constantly monitor the operation of and compliance with the Model), and an autonomous power of initiative, to guarantee the updating of the Model itself, 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 Supervisory Body is guaranteed hierarchical independence vis-à-vis all the corporate bodies it is called upon to supervise, so that it reports directly to the Board of Directors;
- its members do not participate directly in supervisory decisions or activities in which a conflict of interest could be identified (e.g. decisions concerning an area in which the member has a specific interest and which could lead to an admixture 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 obligations to abstain are specifically governed by the internal rules of the said Body;
- it is endowed with financial autonomy. The Supervisory Body is assigned an annual budget, established by resolution of the Board of Directors, which must allow it to perform its tasks in full autonomy.

In addition to the autonomy of powers provided for by the Decree, the Company has also decided to align itself with the Confindustria Guidelines as well as with the rulings of the judiciary in 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 criminal nature, and must also be able to perform its inspection functions with respect to the actual application of the Model and, at the same time, have the necessary qualities to ensure the dynamism of the Model itself, through updating proposals to be addressed to the top management.

Lastly, as regards **continuity of action**, the Supervisory Body must guarantee the constant monitoring and updating of the Model and its variation as the reference company conditions change, besides being a constant point of reference for the Recipients of the Model.

With regard to the possible composition of the Supervisory Body, the doctrine and practice have developed various solutions, based on the size and operational characteristics of the Body, its corporate governance rules, and the need to strike a fair balance between costs and benefits. Hence, both the definition of structures specifically created within the Entity and the assignment of the tasks of the Supervisory Body to already existing bodies are deemed feasible. Similarly, both collegial and single-member structures may be chosen. Lastly, when appointing the members of the Supervisory Body, it is possible to entrust this qualification to external persons, who possess the specific skills necessary for the best performance of the task.

Finally, pursuant to Article 6, paragraph 4 bis of the Decree, introduced by Article 14, paragraph 12 of Law No. 183 of 12 November 2011, in joint-stock companies the function of Supervisory Body may be performed by the Board of Statutory Auditors, the Supervisory Body or the Management Control Committee.

2.2.2 IDENTIFICATION OF THE SUPERVISORY BODY

Unless the Entity decides to entrust the appointment of the Supervisory Body to one of the subjects indicated in Article 6, paragraph 4-bis of Legislative Decree No. 231/2001, the concrete establishment of such a body is left to the organisational initiative of the Entity, always 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 entrusted by Decree 231/2001 to the Supervisory Body.

The Supervisory Body is appointed by resolution of the Board of Directors and remains in office for a period not exceeding three years, regardless of the term of office of the Board of Directors. 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 the subjective eligibility requirements, the occurrence and permanence of which will be verified annually by the Board of Directors.

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

- hold executive or delegated positions in the Board of Directors of the Company;
- directly participate in decisions or supervisory activities for which a conflict of interest can be identified on the basis of the provisions of the internal regulations of the Supervisory Body;
- be part of the family of executive directors or of the shareholder or of one of the shareholders of the controlling group, the family being defined as the 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** set forth 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 (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, financial, securities and insurance activities and in the rules governing 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, public faith, public property, public economy, or for a crime related to tax matters;
4. to imprisonment for a period of not 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 which 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 prevention 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, as amended (Provisions against the Mafia);
8. for the accessory administrative sanctions provided for in Article 187-quater of Legislative Decree No. 58/1998 (TUF - Consolidated Law on Financial Intermediation).

The possible revocation of the members of the Supervisory Body may only be ordered for reasons connected to serious breaches of the mandate assumed, including breaches of confidentiality obligations and the causes of ineligibility mentioned above. By way of example only, proven serious negligence and/or serious inexperience in supervising the correct application of the Model and its compliance, as well as - more generally - in the performance of their mandate, constitute just cause for revoking the members of the Supervisory Body.

The revocation of the mandate must, in any case, be resolved upon by the Board of Directors of the Company by a deed clearly specifying the reasons for the decision taken.

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 in Article 2382 of the Italian Civil Code (disqualified, incapacitated, bankrupt, or sentenced to a penalty that involves disqualification, even temporary, from public office or inability to exercise managerial offices);
 - b. the spouse, relatives and in-laws up to the fourth degree of the Company's directors, the administrators, 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, even with a non-final sentence (sentence pronounced pursuant to Article 444 of the Italian Criminal Code), for one of the offences indicated in 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. conviction by non-final sentence for one of the criminal offences mentioned in numbers 1 to 6 of the conditions of ineligibility set out above;
2. the application of one of the penalties referred to in numbers 1 to 6 of the above conditions of ineligibility;
3. the application of a personal precautionary measure;
4. the provisional application of one of the prevention 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-quater of Legislative Decree No. 58/1998 (TUF).

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

- a) having been subject to preventive measures ordered by the judicial authority pursuant to the law on preventive measures against persons dangerous to security and public morality (Law No. 1423 of 1956) 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 even with a conditionally suspended penalty, without prejudice to the effects of rehabilitation for one or more offences among those mandatorily provided for in Legislative Decree 231/01.

Lastly, it should be noted that forfeiture of the office of member of the Supervisory Body takes effect automatically as soon as the cause that produced it arises, 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 renounce his or her office at any time, subject to written notice to be submitted to the Board of Directors and copied to the other members.

In the event of the occurrence of a cause for disqualification from 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 aforesaid communication, each member of the Supervisory Body who becomes aware of the existence of a cause for disqualification of 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 disqualification of a member of the Supervisory Body, the Board of Directors shall appoint a replacement without delay.

In the event 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 decides to appoint a new Chairman of the Supervisory Body.

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

2.2.3 DEFINITION OF THE TASKS AND POWERS OF THE SUPERVISORY BODY

The provision in Article 6, paragraph 1, letter b) of the Decree expressly states that the tasks of the Supervisory Body are the supervision of the functioning of and compliance with the Model, as well as to ensure that it is updated.

In particular, the Supervisory Body shall perform the following specific tasks:

- a) **Monitor the functioning of the Model and the observance of 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.), making use of the competent company structures;
- activate and implement the control system, possibly 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 framework of 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 specific transactions or on specific and significant acts carried out by the Company in risk areas as well as on the system of powers in order to ensure the constant effectiveness of the Model, if necessary making use 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 appropriate initiatives for the dissemination of awareness and understanding of the principles of the Model;
- regulate adequate information mechanisms by providing for an e-mail box and identifying the information to be transmitted to the Supervisory Body or made available to it;
- collect, examine, process and store information relevant to 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 the appropriate disciplinary measures to be imposed with the support of the competent functions;
- verify that violations of the Model are actually sanctioned in compliance with the sanctioning system adopted by ABS.

b) **Supervise the appropriateness of updating 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 shall:

- monitor the evolution of the reference regulations and verify the adequacy of the Model to these regulatory prescriptions, reporting possible areas of intervention to the Board of Directors;

- prepare suitable activities to keep the mapping of risk areas up-to-date, in accordance with 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 to the purposes of the Model as identified by the law, to this end making use of the information and cooperation of the competent corporate structures;
- evaluate, in the event of actual commission of offences and significant violations of the Model, the advisability of introducing amendments to it;
- submit proposals to the Board of Directors to adapt and amend the Model. In fact, the adoption of any amendments is the responsibility of the management body, which, pursuant to Article 6, paragraph 1, letter a), has direct responsibility for the adoption and effective implementation of the Model;
- 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 Supervisory Body does not require any prior authorisation:

- shall have free access to all the structures and offices of the Company, may interact with any person operating in the aforementioned facilities and offices and freely access and acquire all the 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 Supervisory Body shall prepare an appropriate report for the Board of Directors;
- may request access to data and information as well as the production of documents from the 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 Supervisory Body 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 transactions (also in progress) carried out by the Company.

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

It should be noted that non-cooperative behavior on the part of company resources towards the Supervisory Body constitutes a violation of the Model and is therefore punishable on the basis of 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 may also avail itself of the Environment/Quality/Safety Management system managers and of all the resources activated for the management of the relative aspects (Employer, Head of Prevention and Protection Service and

delegate for the management of environmental aspects) as well as the additional resources provided for by sector regulations and, in particular, by Legislative Decree 81/2008 and Legislative Decree 152/2006.

Where it deems it necessary, depending on the specific nature of the topics dealt with, the Supervisory Body may make use of external consultants with specific skills that the Supervisory Body deems appropriate.

In order to fully and autonomously perform its duties, the Supervisory Body draws up its own annual expenditure budget, which it submits to the Board of Directors for approval.

For all other aspects, the Supervisory Body, in order to preserve its autonomy and impartiality, shall self-regulate through the formalisation, within the scope of a regulation, of a series of rules that guarantee its better functioning (relating, by way of example, to the scheduling of activities, the format of the minutes and the definition of the control plan). The Supervisory Body shall send a copy of the aforementioned regulation to the Company's Board of Directors and Board of Auditors for information.

2.2.4 FLOW OF INFORMATION TO THE SUPERVISORY BODY

Pursuant to Article 6, paragraph 2, letter d) of Legislative Decree No. 231/2001, one of the requirements which the Model must meet is the provision of *"obligations to provide information to the body responsible for supervising the operation of and compliance with the models"*.

The Supervisory Body 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 Supervisory Body must be informed of any document reporting such circumstances.

In particular, in order to more effectively and concretely implement the provisions of the Model, the Company avails itself of the Operational Unit Managers, who are those with operational responsibility for each area of company activity in which a potential risk of commission of offences has emerged. The Operational Unit Managers must be formally assigned the following functions:

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

An obligation to inform the Supervisory Body has therefore been established, which takes the form of periodic flow of information and occasional reports:

- a) **Periodic flow of information:** information, data and news on 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 corporate structures involved in the 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 Supervisory Body, the Operating Unit Managers (OUM) and the Employer, pursuant to Legislative Decree No. 231/2001, through a process of overall self-diagnosis on the activities performed, 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 managed, any deviations from the provisions of the Model and/or the Protocols or, more generally, by the regulatory framework, as well as the adequacy of the same regulations, highlighting the actions and initiatives adopted or the plan for their solution.

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

Ordinary reporting flows to the Supervisory Body by the corporate Control Functions (e.g., Internal Audit), are also provided for pursuant to Legislative Decree 81/2008, focused on periodic reports communicating the outcome of the activities carried out in relation to the organisation and the control performed.

- b) **Occasional reports:** information of any kind, not falling within the previous category, coming from all the Recipients of this Model, concerning possible violations of the provisions of the Model or in any case resulting from conduct not in line with the rules adopted by the Company as well as relating to the commission of Offences, which may be deemed useful for the performance of the duties of the Supervisory Body.

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

- measures and/or news 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 offences envisaged by Legislative Decree No. 231/2001 is applicable, if such investigations involve the Company or in any case the Recipients of the Model;
 - measures and/or news concerning the existence of significant administrative proceedings or 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 of independent Authorities, the financial administration, the Ministry of the Environment, local administrations, contracts with the Public Administration, requests for 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 measures to dismiss the proceedings with the relevant reasons;
 - any appointment that the Company intends to confer on the independent auditors (or related companies) other than that relating to the certification of financial statements.
- c) **Whistleblowing:** The 'whistleblower' is the employee or stakeholder who, while working within a company, detects a possible fraud, danger or other serious risk that could be detrimental to customers, colleagues, shareholders, the public or the company's own reputation, and for this reason decides to report it. Whistleblowing is a legal tool - already tested for some years, albeit in different ways, in the United States and Great Britain – to promptly report possible types of risk: workplace hazards, fraud, to the detriment or by the organisation, environmental damage, false social communications, medical malpractice, financial malpractice, health threats, corruption or bribery, and many others. It is clear that the first people who are able to perceive or detect any anomalies within a company are often those who work there and who are in a privileged position to report these irregularities. However, irrespective of the seriousness or otherwise of

the phenomenon detected, very often employees do not voice their doubts out of laziness, ignorance, selfishness but, above all, out of fear of retaliation (or even dismissal) or out of frustration at not seeing a concrete and effective follow-up to their complaints. A whistleblowing law offers legal protection for workers who report irregularities in case they suffer retaliation by the reported person precisely because of their whistleblowing.

With respect to whistleblowing, the Company has put in place a procedure that provides:

- the provision of an appropriate reporting system to ensure (by computerised means) the confidentiality of the reporter's identity;
- the adaptation of a disciplinary system providing for specific sanctions against those who violate the measures for the protection of whistleblowers, as well as those who make reports that turn out to be unfounded with malicious intent or gross negligence (the latter being a further element demonstrating the need to record the whistleblower's data);
- the specification of the prohibition of discriminatory measures, retaliatory dismissals or changes of job against whistleblowers.

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 performance of their activities 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.

Reports shall be made in writing, preferably through the e-mail address odv@absacciai.it. Reports may also be made anonymously and sent to the mail address Acciaierie Bertoli Safau S.p.A. - Organismo di Vigilanza, via Buttrio n. 28, frazione Cargnacco (UD).

The way whistleblowing is handled is set out in a special procedure set out in Attachment 03, WHISTLEBLOWER MANAGEMENT.

The Supervisory Body assesses the reports and information received and any consequent initiatives to be taken, in accordance with the provisions of the internal disciplinary system, if necessary hearing the author of the report and/or the person responsible for the alleged violation, justifying any decision in writing and carrying out any checks and investigations it deems necessary.

The Supervisory Body acts by guaranteeing whistleblowers against any form of retaliation, discrimination or penalisation, and by ensuring the utmost confidentiality with regard to the identity of the whistleblower and to any news, information or report, under penalty of revocation of the mandate, without prejudice to the requirements inherent to the conduct of investigations in the event that the support of consultants external to the Supervisory Body or of other corporate structures is required.

All the information, documents, warnings and reports provided for in this Model are kept by the Supervisory Body in a special database (computerised or hard copy) for a period of 10 years; the Supervisory Body shall take care to keep the documents and information acquired confidential, also in compliance with *privacy* regulations.

Access to the database is only allowed to the Supervisory Body.

2.2.5 REPORTING ACTIVITY OF THE SUPERVISORY BODY

As mentioned above, in order to guarantee its full autonomy and independence in the performance of its functions, the Supervisory Body reports directly to the Company's Board of Directors.

In particular, at the time of approving the financial statements and the half-yearly report, the Supervisory Body provides the Board of Directors and the Board of Statutory Auditors with a detailed report on the following aspects:

- a description of the significant events relating to the Model and Legislative Decree 231/2001, which affected the Company;
- the possible evolution of regulations concerning Legislative Decree 231/2001;
- the state of affairs and an assessment of the degree to which the Model has been updated;
- reports received by the Supervisory Body, accompanied by descriptive notes on the in-depth analysis carried out by the Supervisory Body and its findings;
- any critical issues that may have emerged in the information flows received by the Supervisory Body concerning risk areas;
- the activities carried out;
- relations with the relevant judicial bodies pursuant to Legislative Decree No. 231/2001;
- conclusions regarding the functioning, observance and updating of the Model;
- the activity plan containing the periodic audits prepared for the following semester.

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

The Supervisory Body may be convened at any time by the Board of Directors or may, in turn, request - should it deem it necessary or appropriate - to be heard by the Board of Directors, the Chair or the Managing Director to report on particular events or situations relating to the operation of and compliance with the Model, requesting, if necessary, an action by the same. In addition, the Supervisory Body, if deemed necessary or appropriate, may request to be convened by the Board of Statutory Auditors.

In order to guarantee a correct and effective flow of information, the Supervisory Body 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 persons with key operational responsibilities.

The above meetings with the bodies to which the Supervisory Body reports must be recorded in the minutes, and copies of the minutes must be kept by the Supervisory Body and the bodies involved each specific time.

2.3 DISCIPLINARY - SANCTION SYSTEM FOR VIOLATION OF THE MODEL

For the purposes of assessing the effectiveness and suitability of the Model to prevent the offences set out in Legislative Decree No. 231/2001, it is appropriate for the Model to identify, by way of example, and sanction any behavior that may facilitate the commission of offences.

This is because Article 6, paragraph 2 of Legislative Decree No. 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'*.

Any breach of the provisions laid down in the Model shall give rise to disciplinary sanctions against the recipients thereof, and shall determine the application of the sanctions already referred to in the Organisational Model pursuant to Legislative Decree no. 231/2001 adopted by the Company and in the Code of Ethics.

In particular, this discipline applies in accordance with the regulatory provisions and the CCNL (where referred to) to prevent offences, in protection of the whistleblower, in breach of the procedural and behavioural rules set out in the adopted Model.

It is however understood that, even in the event that a certain conduct is not included among the conducts identified below, if it is in breach of the Model it may still be subject to sanctions.

2.3.1 FUNCTIONS OF THE DISCIPLINARY - SANCTION SYSTEM

The Company, in order to induce persons acting in the name or on behalf of ABS to operate in compliance with the Model, has set up a specific disciplinary system aimed at punishing all those behaviours that constitute violations of the Model, the Code of Ethics and the Protocols, through the application of specific sanctions deriving from a connection between the provisions of the labour laws, company regulations, and the principles and requirements of the Model.

This disciplinary system is therefore aimed at all persons who work 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.

Should the Supervisory Body, during its verification and control activities, detect a possible breach of the Model, the Code of Ethics and the Protocols, it shall initiate the disciplinary-sanctioning procedure against the author of the potential breach, autonomously with respect to any criminal proceedings brought by judicial authorities against the same author, as well as in relation to any other action that may be appropriate or necessary (e.g. action for damages).

The ascertainment of the actual liability arising 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 regulations, internal procedures, provisions on privacy and in full observance of the fundamental rights to dignity and reputation of the persons involved.

Any imposition of a disciplinary sanction must be guided by the principles of timeliness, immediacy and fairness.

2.3.2 RECIPIENTS OF THE DISCIPLINARY - SANCTION SYSTEM

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

2.3.3 SANCTIONS

2.3.3.1 Measures Against Non-Managerial Staff

Violations of the rules of conduct set out in the Model and the Code of Ethics, as well as the control principles set out in the Protocols, committed by employees constitute a breach of contract and may therefore entail 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 governs 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 may 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 required internal procedure.

All the provisions set out in Article 7 of Law no. 300 of 20 May 1970 (the so-called "Workers' Statute") in relation to both the presentation of the disciplinary code and the obligation to notify in advance the employee of the charge, also in order to allow him/her to prepare a suitable defence and 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 determined taking into account the seriousness of the infringement, the recurrence of non-compliance and/or the degree of the fault, assessing in particular:

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

The disciplinary sanctions provided for 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 minor non-compliance with the principles and procedures provided for in the Model, the Code of Ethics and/or the Protocols due to the employee's negligence. For example, but not limited to, a verbal warning may be given to an employee who, through negligence, neglects to accurately keep the supporting documentation necessary to reconstruct the Company's operations in areas at risk;
- the sanction of written warning is adopted in the event of repeated failures punished with a verbal warning, or in the event of culpable violation of the principles and procedures provided for by the Model, Code of Ethics and Protocols, through non-compliant or inadequate conduct: for example, but not limited to, in the event of delay in reporting to the Supervisory Body 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 preceding points or in the event of culpable and/or negligent conduct on the part of employees working in areas at risk, which may undermine, even potentially, the effectiveness of the Model, the Code of Ethics and/or the Protocols.

More precisely:

- a fine may be applied to an extent not exceeding the amount corresponding to three hours of the normal hourly remuneration calculated on the minimum wage as set out in the CCNL for employees of industrial metalworking companies, in the event of non-compliance with the principles and rules of conduct set out in this Model, in the Code of Ethics and in the Protocols for conduct that is not compliant or not appropriate to the requirements of the Model to an extent that can be considered of a certain seriousness. By way of example but not limited to, such conduct includes the violation of the obligations to inform the Supervisory Body of irregularities committed in the performance of the activities, or the repeated failure to attend, without a justified reason, the training sessions provided by the Company relating to Legislative Decree No. 231/2001, the Organisation, Management and Control Model and the Code of Ethics or in relation to related issues;
- suspension from service and pay may not be ordered for more than three days and shall 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, non-compliance with the provisions of the Code of Ethics; the omission or issue of false declarations concerning compliance with the Model; failure to comply with the provisions of the signatory powers and the delegation system; failure to supervise the behaviour of personnel operating within their sphere of responsibility in order to verify their actions in risk areas; violation of the obligations to inform the Supervisory Body of any situation at risk of any offences found in the performance of their activities; any and all other failure to comply with contractual 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 a conduct that does not comply with the provisions of the Model, the Code of Ethics and the Protocols and that is unequivocally directed towards the commission of an offence sanctioned by the Decree and which may lead to the application against ABS of the administrative sanctions arising from the offence provided for by the Decree.

More precisely:

- dismissal with notice for justified reason is a sanction imposed as a consequence of a significant breach

of contract by the employee. The violations liable to the aforementioned sanction include the following intentional conduct: repeated failure to comply with the provisions of the Model, the Code of Ethics and the Protocols; wilful omission to perform the duties provided for by the Model, the Code of Ethics and the Protocols; adoption, in the company areas at risk, of conduct that does not comply with the provisions of the Model and that is unequivocally aimed at committing one of the offences provided for by the Decree; failure to inform the Supervisory Body of relevant information concerning the commission, even attempted commission, of one of the predicate offences;

- Dismissal without notice for just cause is a sanction imposed as a consequence of an offence that is so serious (on account of the wilfulness of the offence, or its criminal or pecuniary consequences, or its recidivism) as not to permit the continuation, even temporarily, of the employment relationship. Violations punishable by the aforementioned sanction include: fraudulent behavior unequivocally aimed at committing, even in concert, one or more of the offences provided for by the Decree such as to undermine the relationship of trust with the employer; drafting of incomplete or untrue documentation fraudulently aimed at preventing the transparency and verifiability of the activity carried out; wilful violation of procedures having an external relevance; failure to draft the documentation provided for by the Model and/or Protocols wilful violation or circumvention of the control system provided for by the Model and/or Protocols in any way carried out, including the removal, destruction or alteration of documentation relating to the procedure; conduct obstructing or circumventing the Supervisory Body's controls, obstructing access to information and documentation by the persons in charge of controls or decisions.

Upon receiving notice of a breach of the rules of conduct of the Model, the Code of Ethics and the Protocols by a non-managerial employee, the Supervisory Body shall inform the Human Resources Department for the adoption of the 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 Supervisory Body must be informed of disciplinary proceedings relating to violations of the Model, with evidence of the sanctioning initiatives taken or of the dismissal of proceedings with the related reasons.

2.3.3.2 Measures Against Managerial Staff

Compliance by ABS managers with the provisions and procedures provided for by the Model, the Code of Ethics and the Protocols, as well as with the obligation to enforce compliance with the provisions of the aforementioned documents, are fundamental elements of the relationship existing between them and ABS.

In the context of relations with managers, ABS has included a specific clause in the individual contractual letters providing for the application of sanctions in the event of conduct in conflict with the provisions of Legislative Decree No. 231/2001 and with the Model and the Code of Ethics adopted by the Company, and/or failure to supervise and coordinate activities by Department Managers.

Each manager shall receive a copy of the Model, the Code of Ethics and the Protocols and, if a manager is found to have adopted a conduct that does not comply with the provisions of the Model, or if it is proven that he/she has allowed employees hierarchically subordinate to him/her to engage in conducts constituting a violation of the Model, the Code of Ethics and the Protocols, the Company shall apply to the manager the sanction it deems

most appropriate, according to the seriousness and/or recidivism of the manager's conduct and in any case based on the provisions of the applicable CCNL.

In particular, the following sanctions may be applied against Managers:

- the manager is warned in writing and ordered to comply with the provisions of the Model, in the event of a non-serious breach of one or more behavioural or procedural rules laid down 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, again on a provisional basis and for a period not exceeding three months, the assignment to different functions, 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 measure of dismissal with notice in the event of repeated and serious violations of one or more provisions of the Model, of the Code of Ethics and of 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, of the Code of Ethics and of the Protocols is so serious 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 right of the Company to claim compensation for the greater damage suffered as a result of the conduct of the manager.

The manager may also have any powers of attorney or proxies granted to him revoked.

The type and extent of the sanction shall be determined taking into account the seriousness of the infringement, the recidivism of the non-compliance and/or the degree of wilful misconduct or gross negligence, assessing 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 responsibility with other workers colluding in the violation;
- any similar disciplinary precedent, within the two-year period provided for by law;
- the relevance of the breached obligations;
- the consequences for the Company, the extent of the damage or danger as a consequence of the infringement for the Company and the Company's stakeholders.

By way of example but not limited to, a serious breach of the obligation to inform the Supervisory Body of the commission of the relevant offences, even if attempted, constitutes a serious breach.

Upon receiving notice of violation of the rules of conduct of the Model, the Code of Ethics and the Protocols by a manager, the Supervisory Body shall inform the Board of Directors for the adoption of the appropriate initiatives. The proceedings will be entrusted to the Human Resources Department which will impose the sanction in accordance with the law and the contract.

The Supervisory Body must be informed of the disciplinary proceedings relating to violations of the Model with evidence of any sanctioning initiatives or orders to dismiss the proceedings with the related reasons.

2.3.3.3 Measures in Respect of Workers Seconded to Acciaierie Bertoli Safau S.P.A.

If any workers working on secondment (total or partial) from the Parent Company or other Group companies at ABS are responsible for violations or behaviour that does not comply with the requirements of the Model, the Code of Ethics and the ABS Protocols, the Human Resources function, after consulting the Supervisory Body, will inform without delay the management bodies of the seconding Company, the competent Human Resources function and the Supervisory Body of the same Company, so as to adopt any measure deemed appropriate and compatible with the regulations in force and in accordance with the internal sanctioning rules of the same seconding Company.

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

2.3.3.4 Measures Against Directors

In the event of an ascertained breach of the Model, the Code of Ethics or the Protocols by one or more directors, the Board of Directors, pursuant to Article 2406 of the Italian Civil Code and in compliance with the applicable provisions of law, or in the event of inaction by the Board itself, the Chairman of the Board of Statutory Auditors, upon notification of the breach by the Supervisory Body, shall immediately or in any case promptly convene the Shareholders' Meeting for resolutions on the possible revocation of the mandate or liability action against the directors pursuant to Article 2393 of the Italian Civil Code.

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

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

2.3.3.5 Measures Against Staff with Power of Attorney (Proxies)

Except for the previous cases (managers, directors), compliance by ABS proxies with the provisions and procedures set out in the Model, the Code of Ethics and the Protocols, as well as fulfilment of the obligation to enforce compliance with the provisions of the aforementioned documents, are essential elements of the relationship existing between them and ABS.

Each attorney shall receive a copy of the Model, the Code of Ethics and the Protocols and, if it is ascertained that a proxy has adopted a behavior that does not comply with the provisions of the Model, the Company will apply against the person in question the sanction it deems most appropriate, based on the seriousness and/or recidivism of the attorney's behaviour. In particular, the Board of Directors shall assess all appropriate measures to be taken against the attorney, up to and 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 Article 2407 of the Italian Civil Code and in compliance with the applicable provisions of law, upon prompt notification of the ascertained violation by the Supervisory Body, will immediately or in any case promptly convene the Shareholders' Meeting for resolutions on the possible revocation of the mandate or liability action against the statutory auditors pursuant to Article 2393 of the Italian Civil Code.

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

However, this is without prejudice to any liability action that may be brought against the members of the Board of Statutory Auditors and any claim for damages pursuant to 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 that, 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 to which the Decree applies, shall determine, in accordance with the provisions of the specific contractual clauses included in letters of appointment, contracts or commercial agreements, the early termination of the contractual relationship, without prejudice to the further right to claim compensation before the competent courts, should such conduct result in concrete damage to the Company.

Such conduct will be assessed by the Supervisory Body which, after hearing the opinion of the head of the company Department/Function which requested the intervention of the Third Party and/or the Additional Party, will promptly report to the Managing Director and, in the most serious 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 consistent and effective response in the operating behaviour of the recipients. In this respect, a communication and initial training activity concerning the adoption of the Model and a specific communication activity for each subsequent update of the document are essential.

With this in mind, ABS has structured an internal communication, information and training plan aimed at all company employees but diversified according to the recipients to whom it is addressed, which aims at creating widespread knowledge and a corporate culture appropriate to the issues in question, thus mitigating the risk of offences being committed.

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

In particular, with regard to **communication**, the Company envisages:

- an initial communication at the instigation of the Board of Directors to members of 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 the recipients on any changes to the Model and/or the Code of Ethics and Protocols.

With regard to **information** mechanisms:

- the members of the corporate bodies and persons who have representative functions are informed of 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, 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 231/2001;
- When new employees are hired, they receive a copy of the Model and the Code of Ethics or indications of where to find them, together with the other required documentation. The signing of an appropriate declaration certifies the delivery of the documents or indications 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, in particular:

- Target recipients (the recipients of the interventions, their organisational level and role);
- contents (topics related to the recipients' roles);
- delivery tools (classroom, e-learning).

The plan includes:

- basic training for all personnel allowing a 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 persons working in structures where the risk of unlawful conduct is higher, in which the specific Protocols are also illustrated;
- modules for in-depth analysis in the event of regulatory or internal procedural updates.

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

2.5 UPDATING 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 No. 231/2001.

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

Therefore, the power to update the Model - as 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 Supervisory Body, 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 adopted Model;
- changes in legislation entailing the extension of the administrative liability of entities to other types of offences for which there is a risk of commission in the interest or to the advantage of the Company;
- significant changes in the organisational structure, the system of powers and the operating procedures for carrying out activities at risk and the controls over them.

In order to make any formal and non-substantial amendments to the Model that may become necessary over time, in its decision-making autonomy the Company's Board of Directors may grant one of its members the power to make such amendments, with the obligation for the Director vested with such power to formally notify the Board of Directors of the amendments made.

2.6 ATTACHMENTS

ATTACHMENT 01 - LIST OF SIGNIFICANT OFFENCES PURSUANT TO LEGISLATIVE DECREE 231/2001

ATTACHMENT 02 - LIST OF GENERAL SECTION AND SPECIAL SECTION DOCUMENTS OF THE ORGANISATIONAL MODEL

ATTACHMENT 03 - WHISTLEBLOWER MANAGEMENT