



ORGANISATIONAL, MANAGEMENT
AND CONTROL MODEL PURSUANT TO LGS. D. 231/2001

adopted pursuant to Italian Legislative Decree no. 231 of 8 June 2001

“Regulations dealing with the administrative liability of legal entities, companies and associations also without legal personality”

Approved by the Board of Directors of 30 October 2018

TABLE OF CONTENTS

General Part

TOC

GENERAL PART

1. LUCCHINI INDUSTRIES S.R.L. - Activity and organisation

Lucchini Industries S.r.l. (hereinafter also referred to as "LIND" or "the Company") was established in June 2018, as part of a strategic review process within the Lucchini RS Group, in order to separate the more strictly productive activities from the commercial, planning and research and development activities necessary for the various Group companies that remain under the control of the parent company Lucchini RS S.p.A. and to optimise customer orientation and ensure greater efficiency of the production process.

The Company has its registered office in Brescia, Via G. Oberdan, N.6/A and, since 1 September 2018, following the transfer of the operating branches relating to forging and mechanical workshops in general, headed by the parent company Lucchini RS S.p.A., has been carrying out the activities of mechanical workshops and the processing and sale of forged steel consisting, by way of example but not limited to, of turbine shafts, valve bodies, transmission components and bushing. The Company carries out the above activities at its two production sites in Lovere (BG).

The Board of Directors is the governing body of the corporate governance system.

The Board of Directors formally delegates part of its powers to the Managing Director and some Directors.

2. Italian Legislative decree no. 231 of 8 June 2001

2.1 The administrative liability system for legal entities, companies and associations including those without legal personality

Italian Legislative decree no. 231 of 8 June 2001 "*Regulations dealing with the administrative liability of legal entities, companies and associations including those without legal personality, under Article 11 of Italian law no. 300 of 29 September 2000*" (hereinafter referred to as the "**Decree**") introduced into Italian law the administrative liability of legal entities, companies and associations, including those without legal personality (hereinafter referred to as "**Entities**" and, individually, the "**Entity**") when

certain offences, specifically identified by the Decree, are committed in their interest or for their benefit by (i) natural persons entrusted with the representation, administration or management of the Entities or of their organisational unit with financial and functional autonomy, as well as by natural persons who actually manage and control the Entities (hereinafter referred to as “**Managerial staff**”), or (ii) natural persons submitted to the management or supervision of one of the Managerial staff.

This administrative liability of the Entity is in addition to that of the natural person who materially committed the offence and, by express provision of Article 8 of the Decree, is independent from that of the perpetrator of the offence.

The provision of administrative liability of Entities arising from an offence is aimed at involving in the punishment of certain criminal offences, expressly identified in terms of law in accordance with the principle of legality, legal entities, companies and associations, including those without legal personality, who have benefited from the commission of the offences. All the offences for which there is administrative liability of the Entities are currently identified by the Decree.

The competence to know the administrative offences of an Entity deriving from the commission, in its interest or for its benefit, of one or more of the offences indicated above lies with the competent criminal judge for the crimes or fines from which such offences derive; for reasons of effectiveness, homogeneity and procedural economy, article 40 of the Decree provides for the mandatory reunification of the criminal proceedings against the perpetrator of the offence and the administrative proceedings against the Entity in whose interest or benefit the offence was committed.

The penalty system imposed on the Entity envisages particularly afflictive measures such as:

- a) *fine*. It is applied following the acknowledgement of the Entity's guilt following the commission of any unlawful behaviour among those referred to in the Decree itself and is determined by the criminal judge through a system based on «units».
- b) *debarment sanction*. It is applied *for certain types* of offences and for the most serious cases. It can also be imposed as a precautionary measure and results in the disqualification from carrying on the business; in the suspension and revocation of authorisations, licences or concessions functional to the commission of the offence; in the prohibition of negotiating with the public administration (except to obtain a public service); in the exclusion from facilities, loans, contributions or subsidies and in the withdrawal of those already granted, if any; in the prohibition of advertising assets or services.

In any case, the debarment sanctions do not apply (or are revoked, if already applied as a precautionary measure) if the Entity - prior to the opening statement of the first instance hearing:

1. has paid compensation for damages, or has made amends for it;
2. has eliminated the harmful or dangerous consequences of the offence (or, at least, has taken steps to do so);
3. has made the profit of the offence available to the Judicial Authority for confiscation; has eliminated the organisational shortcomings that led to the offence, adopting organisational models suitable for preventing the commission of new offences
4. has paid compensation for damages, or has made amends for it;
5. has eliminated the harmful or dangerous consequences of the offence (or, at least, has taken steps to do so);
6. has made the profit of the offence available to the Judicial Authority for confiscation;
7. has eliminated the organisational shortcomings that led to the offence, adopting organisational models suitable for preventing the commission of new offences

If all these types of behaviour occur - considered to be a voluntary correction of errors - the fine will be applied instead of the Debarment sanction.

- c) *confiscation*. It consists of the acquisition of the price or profit of the offence by the State or the acquisition of sums of money, goods or other benefits of value equivalent to the price or profit of the offence; however, it does not affect that part of the price or of the profit of the offence that can be returned to the damaged party. Confiscation is always ordered with conviction.
- d) the *issuing the sentence*. It can be imposed when a debarment sanction is applied to the Entity; it is carried out at the expense of the Entity in one or more newspapers indicated by the Judge in the sentence well as by posting in the municipality where the Entity is based.

The Decree strictly lists the offences from the commission of which the administrative liability of Entities is derived. Please refer to annex II for a detailed description of the offences listed in the Decree as amended and supplemented.

2.2 Offences that can be contested pursuant to LGS. D. 231/2001

The illustrated regulations limit the administrative liability of Entities to the commission of the following offences:

1. offences committed in relations with the Public Administration: Misappropriation, fraud and computer fraud against the State or a public body and Extortion and corruption (art. 24 and 25, Lgs. D. 231/2001);

2. offences of counterfeiting currencies, securities, revenue stamps and identifying marks or tools (art. 25-*bis*, Lgs. D. 231/2001);
3. corporate offences (art. 25-*ter*, Lgs. D. 231/2001);
4. offences for the purposes of terrorism or overthrow of democracy (art. 25-*quater*, Lgs. D. 231/2001)
5. practices of female genital mutilation (art. 25-*quater* 1, Lgs. D. 231/2001);
6. crimes against the individual (art. 25-*quinquies*, Lgs. D. 231/2001);
7. market abuse offences (art. 25-*sexies*, Lgs. D. 231/2001);
8. offences of negligent homicide and serious or very serious personal injury in violation of occupational health and safety regulations (art. 25-*septies*, Lgs. D. 231/2001);
9. transnational offences (Italian Law no. 146 of 16 March 2006, art. 3 and art. 10);
10. offences of money laundering, receiving stolen goods and use of money, goods or benefits of unlawful origin as well as self-money laundering (art. 25-*octies*, Lgs. D. 231/2001);
11. computer crimes (art. 24-*bis*, Lgs. D. 231/2001);
12. organised crime offences (art. 24-*ter*, Lgs. D. 231/2001);
13. crimes against the industry and trade (art. 25-*bis*.1, Lgs. D. 231/2001);
14. crimes relating to copyright violation (art. 25-*novies*, Lgs. D. 231/2001);
15. incitement not to make statements or to make false statements in court (art. 25-*decies*, Lgs. D. 231/2001);
16. environmental offences (art. 25-*undecies*);
17. employment of illegally staying third-country nationals (art. 25-*duodecies*, Lgs. D. 231/2001);
18. offences of racism and xenophobia (art.25-*terdecies*, Lgs. D. 231/2001).

It follows that, if one of the offences specifically mentioned is committed, the "administrative" liability of the entity is added to the criminal liability of the natural person who has materially committed the offence, if and in so far as all other regulatory requirements are integrated. For a more in-depth analysis of the individual offences envisaged by Lgs. D. 231/2001, which will be analytically set out in the following paragraphs, reference should be made to the relevant articles of the Italian Penal Code and the Italian Civil Code.

Offences committed in relations with the Public Administration and its assets (art. 24 and art. 25, Lgs. D. 231/2001)

- Embezzlement against the State or other public body (art. 316-*bis*, Italian Penal Code);
- Misappropriation of contributions, loans or other grants from the State or other public body or European Communities (art. 316-*ter*, Italian Penal Code);
- Fraud against the State or other public body or European Communities (art. 640, paragraph 2, no. 1, Italian Penal Code);

- Aggravated fraud to obtain public funds (art. 640-*bis*, Italian Penal Code);
- Computer fraud against the State or other public body (art. 640-*ter*, Italian Penal Code);
- Extortion (art. 317, Italian Penal Code);
- Corruption with the intent to influence an official act (art. 318 and art. 321, Italian Penal Code);
- Corruption of a public official with the intent of omission or delay, or breach of his/her duties (art. 319, Italian Penal Code);
- Aggravating circumstances (art. 319-*bis*, Italian Penal Code);
- Judicial corruption (art. 319-*ter*, Italian Penal Code);
- Undue inducement to give or promise benefits (art. 319-*quater*, Italian Penal Code);
- Corruption of public servants (art. 320, Italian Penal Code);
- Punishments for the corrupter (art. 321, Italian Penal Code);
- Incitement to corruption (art. 322, Italian Penal Code);
- Embezzlement of public funds, extortion, undue inducement to give or promise benefits, corruption and incitement to corruption of members of the International Criminal Court or bodies of the European Communities and of officials of the European Communities and Foreign Countries (art. 322-*bis*, Italian Penal Code).

Offences of counterfeiting currencies, securities, revenue stamps and identifying marks or tools (art. 25-*bis*, Lgs. D. 231/2001)

- Counterfeiting money, spending and introduction into the State, subject to agreement, of counterfeit money (art. 453, Italian Penal Code);
- Forgery of money (art. 454, Italian Penal Code);
- Spending and introduction into the State, not subject to agreement, of counterfeit money (art. 455, Italian Penal Code);
- Spending counterfeit money received in good faith (art. 457, Italian Penal Code);
- Counterfeiting revenue stamps, introduction into the State, purchase, possession or circulation of counterfeit revenue stamps (art. 459, Italian Penal Code);
- Counterfeiting watermarked paper used for the production of securities or revenue stamps (art. 460, Italian Penal Code);
- Production or possession of watermarks or instruments intended for counterfeiting money, revenue stamps or watermarked paper (art. 461, Italian Penal Code);
- Use of counterfeit or forged revenue stamps. (art. 464, Italian Penal Code);
- Counterfeit, forgery or use of trademarks or distinctive sign or patents, models and drawings (art. 473, Italian Penal Code);
- Introduction and marketing of products in Italy under false trademarks (art. 474, Italian Penal Code).

Corporate offences (art. 25-*ter*, Lgs. D. 231/2001)

- Fraudulent corporate communications (art. 2621, Italian Civil Code);
- Minor offences (art. 2621-*bis*, Italian Civil Code);
- Fraudulent corporate communications of listed companies (art. 2622, Italian Civil Code);
- Obstructed control (art. 2625, par. 2, Italian Civil Code);
- Undue return of contributions (art. 2626, Italian Civil Code);
- Unlawful distribution of profits and reserves (art. 2627, Italian Civil Code);
- Illicit operations on corporate quotas (or shares) or on quotas (or shares) of the parent company (art. 2628, Italian Civil Code);
- Transactions to the detriment of creditors (art. 2629, Italian Civil Code);
- Failure to disclose a conflict of interest (art. 2629-*bis*, Italian Civil Code);
- Fictitious capital formation (art. 2632, Italian Civil Code);
- Undue allocation of company assets by liquidators (art. 2633, Italian Civil Code);
- Corruption in the private sector (art. 2635, Italian Civil Code);
- Incitement to corruption in the private sector (art. 2635-*bis*, Italian Civil Code);
- Unlawful influence on the general shareholders' meeting (art. 2636, Italian Civil Code);
- Market rigging (art. 2637, Italian Civil Code);
- Obstacle to the performance of the functions of public supervisory authorities (art. 2638, par. 1 and 2, Italian Civil Code).

Crimes against the individual (art. 25-*quinqüies*, Lgs. D. 231/2001)

- Enslavement (art. 600, Italian Penal Code);
- Child prostitution (art. 600-*bis*, Italian Penal Code);
- Child pornography (art. 600-*ter*, Italian Penal Code);
- Possession of pornographic material (art. 600-*quater*, Italian Penal Code);
- Virtual pornography (art. 600-*quater* 1, Italian Penal Code);
- Tourism aimed at the exploitation of child prostitution (art. 600-*quinqüies*, Italian Penal Code);
- Trafficking in persons (art. 601, Italian Penal Code);
- Purchase and sale of slaves (art. 602, Italian Penal Code);
- Illegal intermediation and labour exploitation (art. 603-*bis*, Italian Civil Code);
- Child grooming (art. 609- *undecies*, Italian Penal Code).

Offences of market abuse (art. 25-*sexies*, Lgs. D. 231/2001)

- Abuse of inside information (art. 184 TUF (Consolidated Law on Finance))

- Market manipulation (art. 185 TUF (Consolidated Law on Finance))

Administrative offences (art. 187-quinquies TUF (Consolidated Law on Finance))

- Abuse of inside information (art. 187-*bis* TUF (Consolidated Law on Finance));
- Market manipulation (art. 187-*ter* TUF (Consolidated Law on Finance));

Offences relating to safety at work (art. 25-*septies*, Lgs. D. 231/2001)

- Negligent homicide (art. 589, Italian Penal Code);
- Negligent serious personal injury (art. 590, Italian Penal Code);

Transnational offences (Italian Law no. 146 of 16 March 2006, art. 10)

- Criminal association (art. 416, Italian Penal Code);
- Association with the Mafia (art. 416-*bis*, Italian Penal Code);
- Criminal conspiracy for smuggling foreign tobaccos (art. 291-*quater* of the Consolidated Act set forth in Italian Presidential Decree no. 43 of 23 January 1973);
- Criminal conspiracy engaged in illicit traffic in narcotic drugs or psychotropic substances (art. 74 of the Consolidated Act set forth in Italian Presidential Decree no. 309 of 9 October 1990);
- Provisions against clandestine immigration (art. 12, paragraph 3, 3-*bis*, 3-*ter* and 5, of the Consolidated Act set forth in Italian Legislative Decree no. 286 of 25 July 1998);
- Inducement not to make statements or to make false statements in court (art. 377-*bis*, Italian Penal Code);
- Aiding and abetting (art. 378, Italian Penal Code).

Offences of money laundering, receiving stolen goods and use of money, goods or benefits of unlawful origin as well as self-money laundering (art. 25-*octies*, Lgs. D. 231/2001)

- Receiving stolen goods (art. 648, Italian Penal Code);
- Money laundering (art. 648-*bis*, Italian Penal Code);
- Use of money, goods or benefits of unlawful origin (art. 648-*ter*, Italian Penal Code);
- Self-money laundering (art. 648-*ter* 1, Italian Penal Code).

Computer crimes (art. 24-*bis*, Lgs. D. 231/2001)

- Forgery of public electronic documents (art. 491-*bis*, Italian Penal Code);
- Computer or telematic hacking (art. 615-*ter*, Italian Penal Code);
- Unauthorised possession and dissemination of access codes to IT or telematic systems (art. 615-*quater*, Italian Penal Code);
- Dissemination of equipment, devices or software intended to damage or disrupt an IT or telematic system (art. 615-*quinquies*, Italian Penal Code);

- Illegal tapping, impediment or disruption of IT communications or telecommunications (art. 617-*quater*, Italian Penal Code);
- Installation of equipment designed to tap, prevent or disrupt IT communications or telecommunications (art. 617-*quinquies*, Italian Penal Code);
- Damage to information, data and computer programmes (art. 635-*bis*, Italian Penal Code);
- Damage to information, data and computer programmes used by the State or other public body, or however of public interest (art. 635-*ter*, Italian Penal Code);
- Damage to IT or telematic systems (art. 635-*quater*, Italian Penal Code);
- Damage to IT or telematic systems of public interest (art. 635-*quinquies*, Italian Penal Code);
- Computer fraud of the subject providing electronic signature certification services (art. 640-*quinquies*, Italian Penal Code).

Organised crime offences (art. 24-*ter*, Lgs. D. 231/2001)

- Criminal association (art. 416, Italian Penal Code);
- Association with the Mafia including at international level (art. 416-*bis*);
- Electoral exchanges between politicians and the mafia (art. 416-*ter*);
- Kidnapping for robbery or extortion purposes (art. 630, Italian Penal Code);
- Crimes committed to facilitate the activity of the associations envisaged by art. 416-*bis* (*Italian Law 203/1991*);
- Criminal association engaged in illicit traffic in narcotic drugs or psychotropic substances (art. 74, Italian Presidential Decree 309/90);
- Illegal manufacture, introduction into the State, offering for sale, transfer, possession and carrying in public places or open to the public of weapons of war or warlike weapons or parts thereof, explosives, illegal weapons as well as the most common gunpowder weapons, excluding those envisaged by Article 2, paragraph 3, of Italian Law no. 110 of 18 April 1975 (art. 407, paragraph 2, let. a), no. 5) of the Italian Code of Criminal Procedure).

Crimes against the industry and trade (art. 25-*bis.1*, Lgs. D. 231/2001)

- Disruption of the freedom of industry and trade (art. 513, Italian Penal Code);
- Fraudulent trading (art. 515, Italian Penal Code);
- Unlawful competition under threat or violence (art. 513-*bis*, Italian Penal Code);
- Fraud against national industries (art. 514, Italian Penal Code);
- Sale of non-genuine food products as genuine (art. 516, Italian Penal Code);
- Sale of industrial products with false signs (art. 517, Italian Penal Code);
- Manufacture and trade of goods produced in encroachment of industrial ownership rights (art. 517-*ter*, Italian Penal Code);
- Counterfeiting of geographical indications or designations of origin of agri-food products

(art. 517-*quater*, Italian Penal Code).

Crimes relating to copyright violation (art. 25-*novies*, Lgs. D. 231/2001)

- Criminal-law protection of commercial and moral usage rights (art. 171, paragraph 1, let. a)-*bis* and paragraph 3, Italian Law no. 633/1941); Unauthorised duplication, for profit, of computer programmes; import, distribution, sale, possession for commercial or entrepreneurial purposes or rental of programmes on media not marked by the Italian Authors' and Publishers' Association (SIAE, Società italiana degli autori ed editori); preparation of the means to remove or avoid software protections (Article 171-*bis*, paragraph 1, Italian Law 633/1941);
- Reproduction, transfer to other media, distribution, communication, presentation or public demonstration of the contents of a database; extraction or re-utilisation of the database; distribution, sale or rental of databases (art. 171-*bis*, Italian Law no. 633/1941 paragraph 2)
- Criminal-law protection of audiovisual works (art. 171-*ter*, Italian Law no. 633/1941);
- Criminal liability for media (art. 171-*septies*, Italian Law no. 633/1941);
- Criminal liability for conditional-access audiovisual transmissions (art. 171-*octies*, Italian Law no. 633/1941).

Environmental offences (art. 25-*undecies*, Lgs. D. 231/2001)

- Environmental pollution (art. 452-*bis*, Italian Penal Code);
- Environmental disaster (art. 452-*quater*, Italian Penal Code);
- Negligent crimes against the environment (art. 452-*quinquies*, Italian Penal Code);
- Trafficking and abandonment of highly radioactive material (art. 452-*sexies*, Italian Penal Code);
- Aggravated associative crimes (art. 452-*octies*, Italian Penal Code);
- Killing, destruction, capture, taking, possession of specimens of protected wild flora or fauna (art. 727-*bis*, Italian Penal Code);
- Damage to habitat (art. 733-*bis*, Italian Penal Code);
- Discharge of water (art. 137, Italian Legislative Decree 152/2006);
- Unauthorised waste management (art. 256, Italian Legislative Decree 152/2006);
- Reclamation of sites (art. 257, Italian Legislative Decree 152/2006);
- Violation of the requirements to notify, keeping of mandatory records and of forms (art. 258, Italian Legislative Decree 152/2006);
- Illicit trafficking in waste (art. 259, Italian Legislative Decree 152/2006);
- Organised activities for illicit trafficking in waste (art. 260, Italian Legislative Decree 152/2006);
- Computerised system for waste tracking control (art. 260-*bis*, Italian Legislative Decree 152/2006);
- Offences relating to emissions (art. 279, Italian Legislative Decree 152/2006);

- Import or export, without a certificate or licence, of endangered species of wild fauna and flora (art. 1, Italian Law 150/1992);
- Trade in species of wild fauna and flora (art. 2, Italian Law 150/1992);
- Forgery or alteration of certificates, licences, import notifications, declarations, information notifications in order to obtain a licence or a certificate, use of false or altered certificates or licences (art. 3 *bis*, Italian Legislative Decree 150/1992);
- Prohibition to keep specimens that may constitute a danger to public health and safety (art. 6, Italian Law 150/1992);
- Termination and reduction of the use of depleting substances (art. 3, Italian Law no. 549/1993);
- Fraudulent pollution (art. 8, Italian Legislative Decree 202/2007);
- Negligent pollution (art. 9, Italian Legislative Decree 202/2007).

Employment of foreign workers without a residence permit (art. 25-*duodecies*, Lgs. D. 231/2001)

The article establishes that “In relation to the commission of the crime set forth in Article 22, paragraph 12-*bis*, of Italian Legislative Decree no. 286 of 25 July 1998, the fine ranging from 100 to 200 units, within the limit of Euro 150,000, applies to the entity.” With Italian Law 161/2017 concerning “*Amendments to the code of anti-mafia laws and preventive measures*”, the crimes envisaged in Article 12 of Italian Legislative Decree 286/1998 concerning the illegal entry of foreigners and aiding and abetting illegal immigration were also introduced in Article 25-*duodecies* of Lgs. D. 231/01, with the application of the relative fines and debarment sanctions.

2.3 Offences committed abroad.

According to what is expressly established in Lgs. D. 231/2001, the entity may be held liable in the territory of the Italian State for unlawful behaviour committed abroad.

The assumptions on which this liability is based are:

- a. the offence must be committed abroad by a person functionally related to the entity;
- b. the entity must have its head office in the territory of the Italian State;
- c. the company is liable only in the cases and under the conditions envisaged by articles 7, 8, 9, 10 of the Italian Penal Code (provisions of the Italian Penal Code regulating the offences committed abroad; if the law envisages that the perpetrator of the unlawful behaviour is punished at the request of the Minister of Justice, proceedings are brought against the entity only if the request is also made against the entity itself);
- d. the entity is liable provided that the State of the place where the offence was committed does not take action against it.

2.4 The adoption of an Organisational and management model as a possible exemption from administrative liability

Article 6 of the Decree envisages that Entities must not be liable for the offence committed in their interest or for their benefit by one of the Managerial staff if they are able to prove that:

- (i) they have adopted and effectively implemented, before the offence was committed, an Organisational and management model fit for preventing the commission of offences such as those occurred;
- (ii) they have entrusted their own body, enjoying independent powers of initiative and control, with the task of supervising the operation of and compliance with the Model and of ensuring that it is updated;
- (iii) the commission of the offence by the Managerial staff occurred only after the fraudulent circumvention of the prepared Organisational and management model; and
- (iv) the commission of the offence was not the result of an omission or insufficient supervision by the Supervisory Body.

Pursuant to Article 7 of the Decree, if the offence in the interest of or for the benefit of the Entity is committed by a person subject to the management or supervision of a managerial staff, the adoption and effective implementation of an organisational and management model aimed at preventing offences such as those occurred exempts the Entity from liability.

Pursuant to art. 12 and art. 17 of the Decree, the adoption of an Organisational and management model is important, in addition to being a possible exemption for the Entity from administrative liability, also for the purposes of reducing the fine and of the inapplicability of debarment sanctions, provided that it is adopted prior to the opening statement of the first instance hearing and is fit for preventing the commission of offences such as those occurred.

Pursuant to the second paragraph of Article 6 of the Decree, the Organisational and management model of an Entity must:

- (i) identify the activities within which the offences envisaged by the Decree can be committed;
- (ii) establish procedures aimed at preventing the commission of offences with which the managerial staff must comply when taking and implementing the decisions of the Entity;
- (iii) identify methods for managing financial resources that are suitable for preventing the occurrence of situations likely to favour the commission of offences, such as typically the creation of concealed funds;
- (iv) envisage disclosure obligations of various business sectors vis-à-vis the body in charge of supervising the operation of the model; and

- (v) introduce a disciplinary system capable of punishing the non-compliance with the provisions of the Model, so as to ensure its effective implementation.

Organisational and management models envisaged by the Decree consist of a set of rules of procedure aimed at the prevention of offences and of a series of measures for notifying the violations of the identified procedures. Therefore, the adopted Model must envisage appropriate measures to ensure that the Entity's activity is carried out in compliance with the law and to find and eliminate in a timely manner situations of risk that may lead to the commission of an offence in the interest of or for the benefit of the Entity.

3. Adoption of the Organisational and Management Model by Lucchini Industries.

3.1 Objectives pursued by Lucchini Industries with the adoption of the Organisational and management model

The Company - in order to ensure fair and transparent business management and in carrying out the activities that constitute its corporate purpose, to protect its position and image and that of its subsidiaries, the expectations of its shareholders and the work of its employees - decided to implement an Organisational and management model pursuant to Article 6, paragraph 2 of the Decree (hereinafter referred to as the "Model"). The process for defining the Model was carried out taking into account the provisions of Lgs. D. 231/2001 and the Guidelines drawn up on the subject by Confindustria.

With the adoption of this Model, the Board of Directors of LIND will also appoint a Supervisory Body (hereinafter also referred to as the "SB") to oversee the operation, effectiveness and compliance with the Model and be responsible for its updating.

3.2 The specific objectives of the Model

The purpose of this Model is to adopt a structured and organic system of rules of behaviour and control that makes it possible to prevent the commission, in the interest of or for the benefit of LIND, of the different types of offences envisaged by the Decree.

In particular, by identifying the areas in which it is possible to commit the offences envisaged by the Decree (hereinafter referred to as the "**Risk Areas**") and by providing specific rules for controlling the activities concerning such areas, the Model intends:

- (i) to allow LIND, by monitoring the Risk Areas, to intervene immediately to prevent or counter the commission of the offences for which the Decree envisages an administrative liability of the Entities;

- (ii) to determine, in all those who work in the name or on behalf of LIND in the Risk Areas, the awareness of being able to give rise to an administrative liability of the Company, should they commit in the interest or for the benefit of the company the offences covered by the Decree; and
- (iii) to reaffirm that the behaviour constituting the offences referred to in the Decree is strongly condemned by LIND, even if carried out in its interest or for its benefit, in that it is contrary not only to law provisions, but also to the ethical and social principles on which the corporate activity of LIND is based.

In order to achieve the above purposes, LIND carried out first of all a “risk assessment” activity (in the manner described in point 3.6 below) aimed at identifying, within its company, the activities at risk of committing the offences indicated in the Decree. For the pursuit of the above purposes, LIND has also deemed it necessary to carry out the following activities:

- (i) establish methods for documenting activities relating to Risk Areas that allow *ex-post* verification of such activities;
- (ii) define the responsibilities of the subjects operating in the Risk Areas in compliance with the principle of separation between operational and control functions;
- (iii) define the powers of authorisation of the Managerial staff in a manner consistent with the responsibilities assigned to it;
- (iv) assign to the Supervisory Body specific tasks of supervising the effective and correct operation of the Model and updating it; and
- (v) raise awareness and disseminate on all business levels the rules of behaviour and procedures established by the Model.

3.3 Recipients of the Model

The rules contained in the Model apply to those who perform, even de facto, functions of management, administration or control of the Company, to employees of the Company, even if seconded abroad to carry out the activity, as well as to those who, although not belonging to the Company, operate on its behalf.

Consultants, external collaborators, suppliers and partners are required to comply with the requirements of Lgs. D. 231/2001 and the ethical principles adopted by LIND, through appropriate contractual clauses.

LIND checks whether the ethical principles on which the activities of consultants, external collaborators, suppliers and partners are based are consistent with those of the Code of Ethics of the Company.

3.4 Structure of the Model

This Model consists of a General Part, which contains the general principles and rules of the Model, and a Special Part, which is the heart of the Model.

The General Part describes the regulatory framework of the Model, identifies the recipients and defines the purpose and structure. It also sets out the functions and powers of the Supervisory Body, the rules governing the updating of the Model, the disciplinary system, the obligations to disclose and disseminate the Model and the training of personnel.

On the other hand, the Special Part identifies the types of offence that must be prevented and the "sensitive" activities (i.e. those where it is theoretically possible to commit the offence). In this regard, the Company identified seven categories of important offences (the Offences):

- offences against Public Administration;
- Corporate offences;
- offences committed in violation of accident-prevention regulations and on the protection of occupational health and safety.
- offences committed in violation of environmental regulations
- crimes against public faith, the industry and trade and relating to copyright violation
- offences of money laundering, use of money, goods or benefits of unlawful origin, of self-money laundering
- computer crimes

For each type of offence, the Special Part contains the offences that could potentially be committed by the company and the sensitive activities, the rules of behaviour that must guide the Recipients of the Model in the management of company business.

This Model is also accompanied by the prevention protocols that indicate the rules of organisation and control to be adopted in order to prevent unlawful behaviour, Annex 2.

3.5 Amendments and additions to the Model

In compliance with the provisions of Article 6, paragraph 1, letter a) of the Decree, pursuant to which the Model is a deed adopted by the "governing body" of the Entity, the Company adopts, also on the

basis of indications and proposals from the Supervisory Body, amendments and additions to the Model, following:

- amendments and additions to Lgs. D. 231/2001 and to white-collar crimes and administrative offences;
- significant changes in the organisational structure of the Entity, new activities, new products and/or new services that make significant changes to the organisational structure of the Entity.

3.6 Operating procedures followed for the adoption of the Organisational, Management and Control Model

3.6.1 Risk Assessment - First adoption of the Model

In order to determine for which criminal offences, among those covered by the Decree, there are risks of commission in its interest or for its benefit and in order to identify the Risk Areas existing within its company, LIND has put in place, by means of an external consultant, a "risk assessment" that was carried out through the participation of corporate management in individual interviews and by filling out self-assessment questionnaires. With a special reference to issues relating to health and safety at work and environmental protection, the available documentation was collected and the company representatives responsible for occupational safety and the environment were interviewed (in particular, Employer, Head of the Prevention and Protection Service, Head of the Environmental Management System) in order to:

- support them in self-assessing the risk assessment activities and other fulfilments carried out by the Company and the relevant identified findings and areas for improvement;
- describe the roles, responsibilities and activities *assigned* to the players involved in the field of safety and environmental protection.

Interventions to adapt the Model to the occurrence of violations and/or findings that have emerged during checks on its effectiveness or as a result of regulatory changes and changes in the organisational structure may also be assessed.

3.6.2 Sensitive activities of Lucchini Industries

Following the mapping of the activities carried out by the Company, the relevant processes for the commission of white-collar crimes and administrative offences were highlighted. Due to the specific operations of the Company, it was decided to focus more attention on the risks of committing the offences referred to in Articles 24, 24-bis, 25, 25-bis, 25-ter, 25-septies, 25-octies, 25-novies, 25-

undecies and *25-duodecies* of Lgs. D. 231/2001. On the other hand, with regard to counterfeiting currencies (art. 25-bis), offences for the purposes of terrorism or overthrow of democracy (art. 25-*quater*), offences of incitement to racism and xenophobia (art. 25 *terdecies*), mutilation practices (art. 25.*quater*.1), crimes against individual freedom (art. 25-*quinquies*), transnational offences (art. 10 Italian L. 146/2006), white-collar crimes and administrative offences of market abuse (art. 25 *sexies*), the offence relating to inducement not to make statements or to make false statements in court (art. 25-*decies*), the risk of their commission was considered an off-chance in the interest or for the benefit of LIND and with regard to the current operations of the Company. Nevertheless, the reference to the principles contained both in this Model, including its annexes, and in the Code of Ethics seemed comprehensive, where, among others, the company representatives of LIND and its collaborators, suppliers and service providers are bound to respect the values of protection of the individual personality, fairness, morality, dignity and equality as well as respect for the laws.

On the basis of the above analysis, the "**Sensitive Activities**" were as follows:

- Management of relations with the public administration:
 - relations with civil servants, public servants;
 - management of relations with civil servants during inspections;
 - request for authorisations, licences and certifications.
- Management of gifts, donations and sponsorships.
- Selection and recruitment of personnel.
- Procurement of goods, services and consultancy.
- Cash flow management.
- Management of financial statements and their annexes.
- Management of occupational health and safety requirements.
- Management of environmental requirements.
- Management of copyright and industrial property rights and patents.
- Management of software applications, infrastructures and IT resources.
- Management of commercial activities to prevent crimes against industry and trade.
- Management of administrative and tax obligations to prevent the commission of the offence of self-money laundering.

3.6.3 The procedures defined by the Model: Analysis of the internal supervisory system and Gap Analysis

For the Sensitive Activities identified above, the Company carried out the recognition and evaluation of the effectiveness of the existing organisational, management and control systems used within the Company and codified, where necessary, in written documents the company practices in progress, aimed at preventing the unlawful behaviour identified by Italian Lgs. D. 231/2001.

At the end of a process of codifying the existing organisational, management and control practices and updating the company's procedures/rules of behaviour, the Company identifies and approves the procedures relating to the Sensitive Activities referred to in point 3.6.2. of this Model and ensures their correct dissemination and application within the company.

The procedures/rules of behaviour that refer to the Model are integrated with the other organisational guidelines, with the organisational charts, the service orders, the system for the attribution of powers and the company proxies, in that functional to the Model, already used or operating within the Company.

Specifically, the areas relevant for the purposes of the aforementioned regulations were assessed in relation to the system of controls existing at the Company in order to identify any misalignments with respect to best practices and to look for possible useful solutions and remedy them.

The Company also defined its own Code of Ethics, in order to implement and formalise the principles and rules of ethics and behaviour and adapt it in relation to the specific requirements expressed by the Decree and the company's activities, as well as to define protocols 231 to prevent the commission of offences.

3.7 Code of Ethics

LIND also defined its own Code of Ethics (Annex 1), in order to implement and formalise the principles and rules of ethics and behaviour and adapt it in relation to the specific requirements expressed by the Decree and the company's activities.

3.8 Provision of services

The provision of services to Lucchini Industries, which may involve the sensitive activities set forth in the following Special Parts, is regulated by a written service contract, a copy of which is sent to the Supervisory Body of the Company.

The Company, in the circumstances in which it is the beneficiary of the services, is responsible for the truthfulness, completeness and adequacy of the documents or information communicated for the purposes of carrying out the requested services.

In providing services to the Company, the supplier complies with the Code of Ethics and the Organisational Model of Lucchini Industries.

In particular, the following services are provided by the parent company Lucchini RS S.p.A. to the subsidiary Lucchini Industries S.r.l.:

- Personnel management service;
- Managing the procurement of goods and services;
- Real estate services;
- Commercial services;
- Accounting, management control and insurance management;
- Storage;
- Management Services: Quality, Legal, Communication and Commercial Events;
- Finance and treasury;
- Networks and services to users, infrastructure management and IT resources.

The service contract regulates the conditions, criteria and methods of providing the service, as well as the criteria for invoicing it.

In preparing the contract, the Company, among other things:

- sees to the compliance of the service with Lgs. D. 231/2001, the Code of Ethics and related procedures, punishing any behaviour contrary to these provisions;
- refers to the policies and procedures that regulate the specific operating procedures of each service;
- sees to the accounting criteria and methods for determining the amounts that the Company is required to pay to the company providing the service.

The process for preparing this Model took into account these elements for the purposes of the correct representation of the system of behavioural and operational rules regulating the activities of LIND.

4. The Supervisory Body

4.1 Identifying the Supervisory Body

Article 6 paragraph 1, letter b) of the Decree requires, as a condition for granting the Entity exemption from administrative liability, that the task of supervising the operation and compliance of this Organisational Model as well as its updating has been entrusted to a body with independent powers of initiative and control.

In compliance with the provisions of Lgs. D. 231/2001, it is necessary for the Supervisory Body ("**SB**"), considered as a whole, to base its activities on the principles of autonomy and *independence*,

professionalism and continuity of action, so as to ensure effective and efficient implementation of the Model.

The *autonomy* and *independence* of the SB result in the autonomy of the control initiative with respect to any form of interference or conditioning by any representative of the legal entity and, in particular, of the governing body.

In order to ensure these requirements, the SB reports exclusively to the Board of Directors. The SB must also have guarantees such as to prevent the SB or any of its members from being removed or penalised as a result of the carrying-out of their duties.

On the other hand, the requirement of *professionalism* results in the ability of the SB to perform its inspection functions in compliance with the actual application of the Model as well as in the qualities required to ensure the dynamics of the Model itself, through proposals for updates to be submitted to the top management of the company.

Finally, with regard to *continuity of action*, the SB must constantly supervise the compliance with the Model, continually monitor the efficiency and effectiveness thereof, ensure its ongoing updating and represent a constant point of reference for every person who works for the Company. Internal resources of the Company or external consultants can assist the SB.

The indications that can be obtained from the explanatory report to the Decree, from the "Guidelines for the construction of organisational, management and control models pursuant to Lgs. D. 231/2001" of Confindustria and from best practices suggest that the SB must be placed within the operational structure of the Entity and that this body must have a direct link both with the top management and with the control body. The SB is required to report to the Board of Directors and the Board of Statutory Auditors.

As for the members of the SB, the Guidelines of Confindustria recommend different solutions, depending on the size and operations of the entity: therefore, it is considered feasible to define the structures specifically created within the body and to assign the SB's tasks to existing bodies. Likewise, and again due to the specific business carried out by the legal entity, the SB can be made up of either one or several members.

Given the size and operational context of the Company, it considers it appropriate to appoint a monocratic body. Therefore, the SB is made up of a professional with specific and proven professionalism, competence and experience in corporate matters and in inspection activities.

The SB remains in office for a period of three years and can be revoked for just cause or for loss of the subjective requirements indicated below and can be re-elected at the end of its mandate.

In order to guarantee the SB full autonomy in the performance of its functions, at the time of appointment, the Administrative Body determines the adequate annual financial resources available to

the SB and pays the Supervisory Body a fee. The SB can autonomously commit resources that exceed its spending budget, when it is necessary to use such resources to deal with exceptional and urgent situations. In these cases, the SB must inform the Administrative Body of the Company without delay.

(i) Appointment

The appointment as a member of the SB is subject to the presence of subjective requirements of good repute, integrity and respectability and the existence of adequate technical skills on corporate control. If, during the term of office, the SB or one of its members ceases to exist - due to resignation, revocation or other cause - the Administrative Body will immediately replace them.

Those who have been sentenced without appeal, or with a judgement issued pursuant to Articles 444 et seq. of the Italian code of criminal procedure, even if the judgement has been suspended, without prejudice to the effects of rehabilitation:

1. to imprisonment for a period of time that is not less than a year for any of the crimes listed in the royal decree no. 267 of 16 March 1942;
2. to imprisonment for a period of time that is not less than a year for any of the offences listed in the laws that govern banking, financial, security, insurance activities and in the laws on market and movable property and means of payment;
3. to imprisonment for a period of time that is not less than a year for a crime against public administration, public faith, property, the public economy, or for a tax-related crime;
4. for any non-negligent crime with a prison sentence for a period of time not less than two years;
5. for any of the offences stated in title XI of book V of the Italian Civil Code as rephrased in Italian Legislative Decree 61/2002;
6. for an offence that results and has resulted in the sentence of a punishment leading to disqualification, even temporary, from public offices, or temporary disqualification from the management offices of legal entities and businesses;
7. for one of the white-collar crimes or administrative offences mentioned in the Decree even if minor offences compared to what is stated in the above-mentioned points;
8. those who have acted as members of the Supervisory Body within the company against whom the penalties set out in art. 9 of the Decree were applied;
9. those against whom one of the prevention measures set out in art. 10, paragraph 3, of Italian law no. 575 of 31 May 1965, as replaced by art. 3 of Italian law no. 55 of 19 March 1990 as amended, have been definitely applied, cannot be appointed as members of the Supervisory Body.

(ii) Removal

The Administrative Body of LIND can remove the members of the SB in the event of serious breaches with regard to the given mandate, in relation to the tasks indicated in the Model, including violations of the confidentiality obligations in relation to the news and information acquired as a result of the mandate, as well as when the Administrative Body becomes aware of causes of ineligibility, prior to the appointment as a member of the SB.

(iii) Termination

The members of the Supervisory Body fall from their office if, after their appointment:

- they find themselves in one of the situations envisaged in art. 2399 of the Italian Civil Code;
- they are found to have acted as members of the Supervisory Body of a company against which the penalties envisaged by art. 9 of the Decree, in relation to white-collar crimes or administrative offences committed while in office, have been applied;
- the Administrative Body ascertains negligence, inexperience or gross negligence in the performance of their duties and, in particular, in the identification and consequent elimination of violations of the Model, as well as, in the most serious cases, the commission of crimes.

(iv) Suspension

The following are causes of suspension from the function as member of the Supervisory Body:

- the application of a personal precautionary measure;
- the temporary application of one of the precautionary measures set out in art. 10, paragraph 3, of Italian law no. 575 of 31 May 1965, as replaced by art. 3 of Italian law no. 55 of 19 March 1990 as amended.

This is without prejudice to the possibility that the Administrative Body may convene the SB whenever clarifications, news or evaluations are required.

4.2 Functions and powers of the Supervisory Body

The SB is entrusted with the task of:

- (i) checking, through the acquisition of relevant information and documents and the carrying-out of inspections, that the provisions of the Model are complied with by the recipients of the model identified in each Special Part, in relation to the different types of offences envisaged by the Decree for which there is a risk of commission in the interest or for the benefit of LIND;
- (ii) preparing and implementing a monitoring programme by drawing up a timetable for its activities;
- (iii) carrying out targeted checks on certain transactions or acts carried out within the Risk Areas;
- (iv) reporting any established violations of the Model to the Board of Directors;

- (v) promoting the start of disciplinary procedures against those recipients who do not comply with the requirements of the Model;
- (vi) checking the actual effectiveness of the Model - in relation to the company structure - to prevent the commission of the offences referred to in the Decree;
- (vii) assessing the validity of the reports of violations of the Model that it receives;
- (viii) keeping confidential the identity of the subjects who report possible violations of the Model or the possible commission of an offence envisaged by the Decree in the interest or for the benefit of LIND;
- (ix) taking care of and promoting the constant updating of the Model, where there is a need to adapt it in relation to changed company conditions or legislative changes;
- (x) monitoring the company's activity in order to update the Risk Areas;
- (xi) ensuring adequate information flows to the Board of Directors and the Board of Statutory Auditors;
- (xii) preparing an effective internal communication system for the information relevant to the implementation of the Model, which adopts methods that guarantee the confidentiality of the communicating party;
- (xiii) promoting initiatives for the dissemination of knowledge and understanding of the Model at all levels of the company structure of LIND;
- (xiv) assessing on a regular basis the knowledge of the personnel of the provisions of the Model, through sample interviews; and
- (xv) providing clarifications on the meaning and application of the provisions contained in the Model.

In carrying out its supervisory and control activities, the SB, without the need for any prior authorisation, will have free access to all the structures and offices of LIND and will be able to communicate with any subject operating in these structures and offices, in order to obtain any information or document that it deems relevant.

In carrying out its supervisory and control duties, the SB may avail itself of any internal resource of LIND that, from time to time, becomes necessary for this purpose, as well as, where necessary, of external consultants for the performance - under their own responsibility - of the activities indicated in points (i), (ii), (iii), (vi), (vii), (ix), (x), (xii), (xiii) and (xiv).

4.3 Reports to the SB

By means of a specific internal communication system, the SB must constantly receive the data and information envisaged by the document "Reports and information flows to the Supervisory Body" and be promptly informed of the behaviour in violation of the Model or that can in any case be relevant pursuant to the Decree.

The Managerial staff and employees of LIND are required to inform the SB, in writing, of the commission, or the reasonable possibility of committing, in the interest or for the benefit of LIND, of an offence envisaged by the Decree and of the violation of the Model.

Employees who intend to report the commission of an offence envisaged by the Decree or the violation of the Model can contact their superior or the Supervisory Body.

The SB, in assessing the reports received, may listen to the reporting party and/or the person responsible for the violation; the SB is required to give written reasons for its decision if, following rough checks, it does not consider it necessary to carry out an internal investigation into the reported facts.

The SB must also be promptly informed of any information coming from, or any measure issued by public authorities, from which it can be inferred that investigations are being carried out, even with regard to unknown persons, which could lead to an administrative liability of LIND pursuant to the Decree.

The SB takes appropriate measures to protect the reporting parties from any type of retaliation, discrimination, penalisation or any consequence resulting therefrom, ensuring them confidentiality on their identity, without prejudice to law obligations and the protection of the rights of Lucchini Industries or of persons accused wrongly and/or in bad faith.

The SB establishes an internal communication channel that guarantees, if the nature of the report requires it, the confidentiality of what has been reported, so as to avoid retaliatory attitudes on the part of top management towards the whistle-blower (*whistle-blower protection*).

To this end, each report/communication sent to the SB is kept by the SB itself in a special computer and/or paper file kept in compliance with the provisions on Privacy, except for the performance of its reporting duties to top management.

Access to these communications is allowed only to the SB, which undertakes to use them only for the purposes of inspection and verification of the position held by it; failure by the members of the SB to comply with this duty of confidentiality constitutes non-compliance with the tasks assigned to them by the Administrative Body.

For all other operational aspects, please refer to the specific document that will be issued to regulate the "Reports and information flows to the Supervisory Body".

Anonymous reporting

Any question relating to alleged violations of the provisions of Lgs. D. 231/2001, other sources of law, the Code of Ethics and the Model must be raised directly to the SB. This concern could be raised anonymously. Non-anonymous reporting is better. Employees who wish to remain anonymous must use regular mail and send the report to the SB or to its email, or other safe mechanisms, in that other sending methods could reveal the identity of the sender. However, anonymous Whistle-blowers are encouraged to provide sufficient information related to a fact or a situation to allow for a proper investigation.

4.4 Notifications of the SB to the corporate bodies

The SB informs the Board of Directors and the Board of Statutory Auditors periodically, or whenever deemed appropriate, of the implementation of the Model, the established violations, the emergence of critical profiles and the need to modify or update it.

The SB sends the Board of Directors and the Board of Statutory Auditors a half-yearly report in which it illustrates the activities carried out, the results of the checks made and the activities to be undertaken in the following year.

5. Personnel training and information

5.1 Personnel training

The Model, by reason of the resulting obligations on the personnel, becomes part of the company's regulations for all contractual and legal purposes.

Personnel training in order to implement the Model is managed by the Human Resources Department in close cooperation with the SB and will be broken down into the levels set out below:

- (i) Executives with representation functions: information on the obligations deriving from the Model, on the penalties applicable in case of their violation and on the relative procedures for contesting them; seminar on the subject matter and obligations of the Model; making available a copy of this Model; organisation, on an annual basis, of a seminar on the obligations deriving from the Model for all newly hired employees; *ad hoc* communications to update the subject matter through the procedures in use for service orders by the SB;
- (ii) Executives without representation functions: sending of a specific communication - which must be signed for acceptance - on the obligations deriving from the Model, on the penalties applicable in the event of their violation and on the relative procedures for contesting them; seminar on the subject matter and obligations of the Model; making available a copy of this Model; organisation, on an annual basis, of a seminar on the obligations deriving from the

Model for all newly hired employees; ad hoc communications to update the subject matter through the procedures in use for service orders by the SB;

- (iii) Middle managers and clerical staff: sending by email with acknowledgement of receipt, or alternatively, by hand-delivered registered letter, a specific information communication on the obligations deriving from the Model, on the penalties applicable in the event of their violation and on the relative procedures for contesting them, by specifying that the Model is to all intents and purposes part of the company regulations; *ad hoc* communications to update the subject matter through the procedures in use for service orders by the SB; billposting in places accessible to all employees of the provisions of the Model, of the penalties applicable in case of their violation and on the relative procedures for contesting them.

5.2 Obligations of external collaborators, suppliers and partners

In the contracts signed by LIND with external collaborators, suppliers and partners, these subjects will be required not to behave in contrast with the lines of behaviour indicated in this Model and such as to involve the commission, in the interest or for the benefit of LIND, of an offence relevant pursuant to the Decree; such contracts must also envisage the violation of this obligation as an express termination clause pursuant to Article 1456 of the Italian Civil Code, where Italian law is applicable, or of a similar provision - where existing - pursuant to the different applicable law.

6. Disciplinary system

6.1 General principles

The introduction of an adequate penalty system, with penalties proportionate to the seriousness of the violation with respect to infringements of the rules set out in this Model by the recipients, is an essential requirement for the full effectiveness of the Model itself.

The application of penalties does not depend on the criminal relevance of the behaviour or on any criminal proceedings started by the Judicial Authority if the behaviour to be censured constitutes an offence, whether or not relevant under the Decree. Therefore, the application of penalties may take place even if the recipients have exclusively committed a violation of the principles set out in the Model that does not constitute an offence or does not give rise to direct liability on the part of the Company.

With specific reference to violations of the Model in relation to health and safety at work, the penalty system of reference remains that already envisaged by the Company, in compliance with what is expressly indicated by the relative regulations in force on the subject.

6.2 Measures for non-compliance by employees

6.2.1 Non-executive employees

The violation of the rules of behaviour envisaged by this Model and by the company procedures by employees, and therefore subject to the National Collective Labour Agreement, constitutes a disciplinary offence falling within the case provided for by the National Collective Labour Agreement for workers employed in the private engineering industry and in the installation of systems, as disciplinary offences established by the Company and brought to the attention of the workers.

The penalties are proportionate to the level of responsibility and operational autonomy of the worker, the possible existence of previous disciplinary measures against him/her, intent and seriousness of his/her behaviour (assessable in relation to the level of risk to which the Company is exposed) and, finally, the special circumstances in which the behaviour in violation of the Model occurred.

In line with the process currently adopted by the Company, it is envisaged that the penalties to be imposed as a result of violations of this Model are those envisaged by the current National Collective Agreement for workers employed in the private engineering industry and installation of systems.

Following notification to the SB of the violation of the Model, an assessment procedure will be started in compliance with the provisions of the National Collective Labour Agreement. The assessment procedure will be carried out by the SB, in agreement with the competent functions, in compliance with the procedures envisaged by article 7 of Italian Law no. 300 of 20 May 1970 (Workers' Statute), in relation to both the presentation of the disciplinary codes and, in particular, the obligation to notify the employee in advance of the charge, also in order to allow him/her to prepare an appropriate defence and to provide any justification.

The measures of verbal reprimand and written warning are applied in case of minor non-compliance with the principles and rules of behaviour envisaged by this Model or minor violation of internal procedures and regulations envisaged and/or referred to as part of the Sensitive Activities or of the directives and instructions issued by management or superiors.

The measure of a fine (not higher than three hours of the hourly pay calculated according to the minimum pay-scale) and of suspension from work and from remuneration up to a maximum of three days apply in the event of major non-compliance with the principles and rules of behaviour envisaged by this Model or major violation of the internal procedures and regulations envisaged and/or referred to as part of the Sensitive Activities, or of the directives and instructions issued by management or superiors. The violation of the obligations to inform the Supervisory Body regarding the commission or alleged commission of offences, even if attempted, as well as the repeated non-participation, without justified reason, in the training courses relating to Lgs. D. 231/2001, the Organisational, management and control model adopted by the Company or with regard to related issues is part of the behaviour

punished with a fine not higher than three hours of the hourly pay and with suspension from work and remuneration up to a maximum of three days.

The measure of dismissal with notice is applied in case of more significant violations than those above and always committed when carrying out the activities included in Sensitive Activities, in violation of the requirements and/or procedures and/or internal regulations established by this Model and detrimental to the relationship of trust on which the employment relationship is based.

The measure of dismissal without notice is applied in case of major violations always committed when carrying out the activities included in Sensitive Activities, in violation of the requirements and/or procedures and/or internal regulations established by this Model and of such seriousness that it is not possible to continue the employment relationship.

6.2.2 Employees with managerial qualifications

The violation and/or adoption by the personnel with managerial qualification of both commissive and omissive behaviour that does not comply with the principles and rules of behaviour referred to in this Model and the requirements of company procedures, will result in the exercise by LIND of the disciplinary action, until the termination of the relationship in accordance with the law and/or National Collective Labour Agreement for the sector, in the most serious cases. The action and/or the measure will be commensurate with a logic of balance between offending behaviour and disciplinary consequence, in relation to the following parameters:

- level of responsibility and autonomy of the offender;
- existence, if any, of previous violations to his/her charge;
- wilfulness of the behaviour and relative seriousness, intended as the level of risk to which the Company can reasonably be considered exposed as a result of the censured behaviour;
- other special circumstances in which the offence took place.

The failure of the manager to supervise the correct application, by hierarchically subordinate workers, of the rules and procedures envisaged by the Model and by company procedures as well as the violation of the obligations to inform the Supervisory Body regarding the commission or alleged commission of offences, even if attempted, constitute a disciplinary offence.

6.2.3 Measures for non-compliance by suppliers, consultants, external collaborators and partners

Any violation of the requirements set forth in the specific rules referred to by appropriate contractual clauses and that the suppliers, consultants, external collaborators and partners of the Company are required to comply with, is communicated to the Supervisory Body by the Area/Service Manager to

which the contract or relationship refer, using a concise written report. These offences are punished by the competent bodies on the basis of the internal rules of the Company, in accordance with the aforesaid clauses, and in any case with the application of conventional penalty clauses and/or the automatic termination of the contract (pursuant to art. 1456 of the Italian Civil Code) without prejudice to compensation for damages.

6.2.4 Handling of reports

The Company punishes any unlawful behaviour attributable to Company personnel that may emerge as a result of checking the reports made pursuant to the processing and regulation policy of reports (Whistle-blowing) in order to prevent any behaviour that violates the Code of Ethics and/or the Organisational, Management and Control Model pursuant to Lgs. D. 231/2001 and/or the Internal Control System of the Company. If the results of the investigation:

(i) show groundless reports and/or reports clearly in bad faith, these reports are the source of liability of the reporting entity in disciplinary procedures and the SB proposes any action to be taken against the employee;

(ii) show alleged unlawful or irregular behaviour on the part of one or more employees of the Company, the SB sends the results of the checks to the Human Resources Manager. The SB periodically receives from the Human Resources Manager the assessments made in this regard.

The Company will take adequate disciplinary measures in accordance with the provisions of the Disciplinary System, the disciplinary procedures in place and the Collective Labour Agreement or other national rules applicable to personnel who:

i) as a result of checks on reports, are responsible for the violation of internal or external regulations relevant to reports of violation of the Code of Ethics, the Organisational, Management and Control Model pursuant to Lgs. D. 231/2001 and the Internal Control System.

ii) who intentionally fail to report any violations or threats or adopt retaliation against others who report any violations.

Disciplinary measures will be proportionate to the size and seriousness of the assessed unlawful behaviour and may go as far as terminating the employment relationship.

Signed: The Chairman

Mr. Giuseppe Lucchini

SPECIAL PART

7. General rules

For all the offences described below and in the carrying out of all operations relating to organisational management, the internal and external Subjects, to the extent required by the functions they perform, **MUST** in general be aware of and observe in a correct and transparent manner:

- (i) the applicable Italian and foreign regulations;
- (ii) the principles set out in the Code of Ethics adopted by the Company;
- (iii) documents and provisions concerning the hierarchical and functional structure of the Company and the management control system;
- (iv) the organisational procedures.

In general, it is expressly **FORBIDDEN** for internal and external Subjects to:

1. engage in, collaborate in or cause others to engage in such a behaviour that constitutes the offences falling under those considered by the Decree;
2. violate internal organisational principles and procedures.

8. Offences against Public Administration

8.1. Type of offences

Offences that could potentially be committed by the Company

- Embezzlement against the State [art. 316-bis, Italian Penal Code]
- Misappropriation of funds against the State [art. 316 ter, Italian Penal Code]
- Corruption of a public officer or of a public servant [art. 321, Italian Penal Code]
- Incitement to corruption [art. 322, Italian Penal Code]
- Undue inducement to give or promise benefits [art. 319 quater, Italian Penal Code]
- Embezzlement of public funds, extortion, corruption and incitement to corruption of members of the bodies of the

- European Communities and of officials of the European Communities and of Foreign Countries [art. 322-bis, Italian Penal Code]
- Fraud [art. 640, Italian Penal Code]
 - Aggravated fraud to obtain public funds [art. 640-bis, Italian Penal Code]
 - Computer fraud [art. 640-ter, Italian Penal Code]

Offences that could reasonably not be committed by the Company

- Extortion [art. 317, Italian Penal Code]
- Corruption with the intent to influence an official act [art. 318, Italian Penal Code]
- Corruption of a public official with the intent of omission or delay, or breach of his/her duties (art. 319, Italian Penal Code)

8.2. Sensitive activities

With reference to the above mentioned crimes, the sensitive activities carried out by the Company are:

- management of public funds: application, management and reporting phases
- management of authorisations and licences by public bodies
- management of gifts, donations, sponsorships
- management of public relations with subjects of the public administration
- management of the selection and recruitment of personnel, of the social security pays of personnel and/or management of the related checks/inspections;
- management of financial flows;
- management of procurement of goods and services
- preparation of information for the drafting of tax returns or of withholding agents and other declarations functional to the payment of taxes in general;
- management of relationships with institutional subjects (e.g. Revenue Agency, Guardia di Finanza, Local Authorities, Chambers of commerce, etc.)
- legal affairs and disputes.

8.3. Rules of behaviour

The following rules of behaviour must be complied with by the Recipients of the Model and by the suppliers of services of which Lucchini Industries avails itself for carrying out the activities relating to the Risk Areas described in this Model.

When carrying out all the operations relating to the management of relations with the Public Administration, the aforesaid subjects must comply with the rules and principles contained in the following documents:

- (i) the Code of Ethics;
- (ii) the operating procedures and practices used by Lucchini Industries; and
- (iii) any other documents relating to the internal control system of LIND.

In order to prevent the commission, in the interest or for the benefit of Lucchini Industries, of offences against the Public Administration, and with reference to the management of relations with officials of the Public Administration and with similar subjects, the Recipients of the Model must ensure:

- (i) that they occur in full compliance with laws, regulations in force, principles of loyalty and fairness, at any stage of the relationship management;

- (ii) the participation, in case of inspections, of at least two company resources, by recording the meetings and telephone contacts, their contents and participants;
- (iii) the truthfulness of the data reported in the technical and economic documents forwarded to the public administrations;
- (iv) the traceability, in case of participation in tenders called by customers of the public sector, of any association agreements with partners; in particular, they must always be defined in writing, specifying all the terms of the agreement and paying attention to the economic terms agreed for joint participation in the tender.

It is also forbidden to:

- (i) make promises or unlawful money donations or other benefits of any kind to civil servants or public servants or to persons indicated by them, in order to guide the decisions of the Public Administration in their favour;
- (ii) give in to recommendations or pressure from civil servants or public servants;
- (iii) present false statements by showing false or forged documents or deeds, or removing or omitting the production of documents, and behave deceptively to induce members of the Public Administration to make an error in the assessment of the documents submitted to request authorisations, licences, contracts and participation in tenders called by customers belonging to the public sector.

With reference to obtaining and managing public funds, the Recipients of the Model must ensure that:

- (i) the statements made to national or Community public bodies in order to obtain disbursements, contributions or loans, contain only absolutely true elements and, should they be obtained, a special report must be issued;
- (ii) those who control and supervise the fulfilment of the obligations related to the performance of the aforesaid activities must pay special attention to the implementation of the Model and immediately report any irregular situation to the SB.

It is forbidden to:

- (i) present false statements or statements without the information due, also via computer, to national or Community public bodies in order to obtain public funds, contributions or subsidised loans and to carry out any act that may mislead the public body in granting funds or making payments of any kind;
- (ii) allocate amounts received from national or Community public bodies by way of funds, contributions or loans for purposes other than those for which they were allocated.

With reference to the management of gifts, presents and sponsorships, it is allowed to grant benefits and presents to customers, suppliers or others, both directly and indirectly, including gifts, acts of kindness and hospitality provided that:

- (i) the value, nature and purpose of the gift are considered legal and ethically correct such as not to compromise the Company's image, such as not to be interpreted as a means to obtain a preferential treatment for the Company and in any case influence the independent judgement of the official or induce him/her to secure any kind of benefit to the Company;
- (ii) the allowed gifts are in any case characterised by their limited value and because they are aimed at promoting artistic initiatives or the brand image of Lucchini Industries; the gifts offered must be properly documented in order to enable the required inspections;

- (iii) they have been duly authorised and documented in an appropriate manner;
- (iv) any critical problem is reported immediately to one's own Manager and to the Supervisory Body.

As part of personnel selection, the Recipients of the Model must ensure:

- (i) compliance with the criteria of merit and ability, in relation to the real requirements of the Company and avoiding favouritism and subsidies;
- (ii) selection activities are carried out based on the technical and aptitude ability;
- (iii) the documentation attesting to the correct performance of the selection and recruitment procedures is complete and properly filed;
- (iv) the definition of the economic conditions is consistent with the position held by the applicant and the responsibilities/duties assigned to him/her;
- (v) within the Company, working conditions respect individual dignity, equal opportunities and a proper working environment.

It is explicitly forbidden to:

- (i) operate according to the logic of favouritism;
- (ii) promise or grant promises of recruitment to resources "close" to or "appreciated" by civil servants;
- (iii) recruit or promise to recruit employees of the Public Administration (or their relatives, friends, etc.) who participated personally and actively in a business negotiation or who participated, also individually, to authorisation processes of the Public Administration or inspections with regard to the Lucchini Industries.
- (iv) employ foreign workers without a residence permit or with a revoked or expired permit for which no request for renewal has been submitted, documented by the relevant postal receipt.

As part of the procurement process for goods and services, it must be envisaged that:

- (i) the tasks assigned to external collaborators must be drawn up in writing, with an indication of the agreed remuneration;
- (ii) the choice of any contractor must be made (i) through clear, certain and non-discriminatory procedures, (ii) from a list of potential suppliers, ensuring the best quality/convenience ratio, (iii) leaving a trace of the reason for the choice itself;
- (iii) no relationship is started with persons or entities who do not intend to comply with the ethical principles of the Company;
- (iv) all consultants and suppliers must be required to strictly observe the laws and regulations applicable in Italy, as well as the principles and procedures set out in the Code of Ethics and, where deemed appropriate, in the Model, by adding specific clauses to their contracts;
- (v) any subcontracting of tasks by the supplier may take place only in the presence of an explicit consent from Lucchini Industries dependent on the assessment of the moral and professional requirements of the potential supplier/consultant;
- (vi) the actual performance of the service subject-matter of the contractual relationship and any state of progress is checked by means of a specific written declaration issued by the personnel in charge on the basis of the actual verification, if necessary accompanied by the declaration issued by the supplier/consultant;

- (vii) the control activities envisaged by business procedures are carried out systematically, both in the selection of the supplier and in the subsequent management of the contract;
- (viii) all documentation produced as part of the procurement process of goods, services and professional assignments is correctly filed and, in particular, that certifying: (i) the reasons of the choice made when selecting the supplier (ii) the actual performance of the service subject-matter of the contractual relationship and any state of progress;
- (ix) the fees are paid in a transparent manner, always verifiable and can be reconstructed ex post.

It is explicitly forbidden to:

- (i) assign supply tasks to persons or companies close or appreciated by public entities in order to obtain a preferential treatment or benefits for the Company, and in any case in the absence of the necessary quality and convenience requirements of the purchase;
- (ii) make payments to suppliers, consultants, professionals and the like working on behalf of the Company, which are not adequately justified in the context of the contractual relationship established with them and the services provided;
- (iii) recognise reimbursement of expenses in favour of suppliers, consultants, professionals and the like that are not adequately justified in relation to the type of task carried out;
- (iv) create funds in connection with acquisitions of supplies and/or professional services totally or partially non-existent;
- (v) be represented by consultants or by third parties in case of conflicts of interests.

in the management of monetary and financial flows and reimbursement of expenses, the following must be ensured:

- (i) the access to Lucchini Industries' financial resources must be reserved only for those who have been granted specific power of attorney/proxy and their use must always be duly authorised;
- (ii) manage the banking flows by means of a computer system of structured user profiles;
- (iii) authorise in advance, by persons with appropriate powers, travelling allowance and entertainment expenses and subject all requests for reimbursement and related supporting documents to completeness, relevance and suitability checks, keeping track of the various phases of the process and systematically filing the documents;
- (iv) ascertain the identity of the commercial counterparties (in particular, suppliers of goods and services), whether natural persons or legal entities, and of the subjects on whose behalf they may act.

Moreover, it is not allowed to:

- (i) make payments in cash or in kind;
- (ii) make payments not properly documented;
- (iii) create funds in connection with unjustified payments (totally or partially);
- (iv) promise, offer or pay money, also by means of third parties, to officials of the Public Administration personally, with a view to promoting or favouring the interests of the Company or of Subsidiaries, also as a result of unlawful pressures;
- (v) carry out payments or recognise fees in favour of third parties working on behalf of the Company, which are not adequately justified in the context of the contractual relationship established with them;

- (vi) recognise reimbursement of travelling allowance and entertainment expenses that are not adequately justified in relation to the type of task carried out;
- (vii) support entertainment expenses with the intent to promote or favour personal interests also as a result of unlawful pressures;
- (viii) make transfers of bearer bank or post office savings books or bearer securities in Euro and in foreign currency, when the value of the transaction, also parcelled, totals or is greater than Euro 1,000.00;
- (ix) make requests for the issue and use of forms for bank and postal negotiable cheques, instead of those with a non-transferability clause;
- (x) make money transfers in respect of which there is not full agreement between the payees/payers and the counterparties actually involved in the transactions;
- (xi) open, in any form, accounts or savings account books anonymously or with fictitious name and use those, if any, opened in Foreign countries;
- (xii) carry out international credit transfers without the indication of the counterparty;
- (xiii) make transfers in cash to countries other than the country of origin of the order.

8.4. Specific procedures

In addition to what is already regulated by the existing system of procedures, Annex 2 of this Model contains the specific protocols for the prevention of offences against the Public Administration.

9. Corporate offences

9.1. Type of offences

Offences that could potentially be committed by the Company:

- Fraudulent corporate communications [art. 2621, Italian Civil Code]
- Fraudulent corporate communications against shareholders or creditors [art. 2622, Italian Civil Code]
- Obstructed control [art. 2625, Italian Civil Code]
- Undue return of contributions [art. 2626, Italian Civil Code]
- Transactions to the detriment of creditors [art. 2629, Italian Civil Code]
- Fictitious capital formation [art. 2632, Italian Civil Code]
- Unlawful influence on the general shareholders' meeting [art. 2636, Italian Civil Code]
- Obstacle to the performance of the functions of Public Supervisory Authorities [art. 2638, Italian Civil Code]
- Corruption in the private sector [art. 2635, Italian Civil Code]
- Incitement to corruption [art. 2635-bis, Italian Civil Code]
- Market rigging [art. 2637, Italian Civil Code]

Offences that could reasonably not be committed by the Company:

- Fraudulent corporate communications against shareholders or creditors [art. 2622, Italian Civil Code]
- Unlawful distribution of profits and reserves [art. 2627, Italian Civil Code]

- Illicit operations on corporate quotas (or shares) or on quotas (or shares) of the parent company [art. 2628, Italian Civil Code.]
- Failure to disclose a conflict of interest [art. 2629 bis, Italian Civil Code]
- Undue allocation of company assets by liquidators [art. 2633, Italian Civil Code]

9.2. Sensitive activities

With reference to the above mentioned crimes, the sensitive activities carried out by the Company are:

- preparation and publication of company documents - financial statements;
- relations with shareholders;
- relations with the auditing company;
- communications, minutes and carrying out of shareholders' meetings;
- management of contracts, customers, suppliers and agents, orders as well as payments made and received.

9.3. Rules of behaviour

The following rules of behaviour must be complied with by the Recipients of the Model and by the partners and suppliers of which Lucchini Industries avails itself for carrying out the activities relating to these Risk Areas.

When carrying out all the operations relating to corporate management, in addition to the rules set out in this Model and its annexes, the aforesaid subjects must comply with the rules and principles contained in the following documents:

- (i) the Code of Ethics;
- (ii) the operating instructions for the preparation of the financial statements (notes on the accounting principles of reference), used by the parent company Lucchini RS and adopted by it in providing the general accounting service to Lucchini Industries, as part of service contracts;
- (iii) the accounting and financial procedures used by the parent company Lucchini RS and adopted by it in providing general accounting, finance and treasury services to Lucchini Industries under service contracts;
- (iv) any other documents relating to the existing internal control system of Lucchini Industries;
- (v) sales procedures, issuing of orders, selection of suppliers, management of contracts used by the parent company Lucchini RS and adopted by it in providing commercial services and procurement of goods and services to Lucchini Industries, within the scope of service contracts.

9.4. Specific procedures

In addition to what is already regulated by the existing system of procedures, Annex 2 of this Model contains the specific protocols for the prevention of corporate offences.

10. Crimes against the industry and trade and relating to copyright violation

10.1. Type of offences

Offences that could potentially be committed by the Company:

- Counterfeiting, alteration or use of trademarks or distinctive signs or patents, models and designs (art. 473, Italian Penal Code)
- Fraudulent trading (art. 515, Italian Penal Code)
- Manufacture and trade of goods produced in encroachment of industrial ownership rights (art. 517-ter, Italian Penal Code)
- Unlawful duplication of computer programmes (art. 171-bis Italian Law 633/1941, paragraph 1)
- Offences relating to software and databases (art. 171-bis, paragraph 1 and 2, Italian Law no. 633/1941)

Offences that could reasonably not be committed by the Company:

- Introduction and marketing of products in Italy under false trademarks (art. 474, Italian Penal Code)
- Disruption of the freedom of industry and trade (art. 513, Italian Penal Code);
- Unlawful competition under threat or violence (art. 513-bis, Italian Penal Code);
- Sale of industrial products with false signs (art. 517, Italian Penal Code);

10.2 Sensitive activities

- management of intra-group relations
- management of industrial property rights
- possession and use of licensed computer software (adequacy of number of licences)
- extraction or re-utilisation of data available on third party databases
- management of computer systems, use of hardware and software
- management and verification of the material and products made available to the public/customer in any form (publishing, audiovisual material, web publications, files or parts thereof)
- file duplication.

10.3 Rules of behaviour

The following rules of behaviour must be complied with by the Recipients of the Model and by the partners and service suppliers that Lucchini Industries uses to ensure compliance with current regulations on trademarks and patents.

As part of the **management of industrial property rights and patents**, the recipients of the Organisational, Management and Control Model who, by reason of their position, function or mandate, must resort to protected intellectual property or parts thereof, must ensure that:

- (i) the relevant regulations and directives are complied with;
- (ii) the internal procedures for the management of changes in plant parts/components (with the aim of verifying the presence of patent-protected components) are complied with, with a special reference to emergency situations;

- (iii) they are protected by appropriate procedures;
- (iv) the procedures laid down are strictly observed, acting constantly with transparency and clarity in the use of the works themselves required for carrying out their duties;
- (v) they do not have business relations with persons (natural or legal) known to have or suspected of having carried out illegal activities with reference to the offence against industry and trade.

In any case, it is not allowed to:

- (i) behave in such a way as to access business documents protected by patent with the aim of providing them to third parties regardless of the constraints contractually assumed;
- (ii) behave in such a way as to disseminate confidential information relating to protected intellectual property or parts thereof with third parties without their authorisation;
- (iii) behave in such a way as to disseminate confidential information relating to future intellectual property, before patent applications have been processed or before the final decision on whether or not to patent the product has been taken.

As part of the management or use of software applications, infrastructures and IT resources, it must be ensured that:

- the relevant regulations and directives are complied with;
- the payment of the rights takes place in a timely manner and in compliance with the principles established in the contracts signed with the suppliers;
- compliance with the communication relating to the number of licences used for third-party programmes or software applications; rules are adopted for the correct use of the *Internet* and electronic mail that provide mechanisms to block the downloading, receipt and sending of special types of annexes (e.g. mp3, exe, etc.); constant action is taken with transparency and clarity, in strict compliance with the procedures envisaged by the applicable regulations;
- the company's IT tools and supports must be used in compliance with the company's procedures used by the parent company Lucchini RS and adopted by it in the supply of IT services to Lucchini Industries, within the scope of service contracts;
- user credentials are checked on a regular basis in order to prevent any misuse of application systems;
- there is organisational separation in the management of system access between the User Function Manager who defines the profile and the Manager who creates the user profile and subsequently the IT Manager who regulates the levels of access;
- Internet browsing and the use of electronic mail and smart cards through company information systems are carried out in accordance with the rules laid down by the Company.

In any case, it is not allowed to:

- behave, also with the help of third-party subjects, in such a way as to access information systems of others in order to:
 - (i) illegally acquire information contained in the above-mentioned information systems;
 - (ii) damage, destroy data contained in the above-mentioned information systems;
 - (iii) use without authorisation access codes to computer and electronic systems as well as disseminate them;
- behave in such a way as to destroy or alter IT documents for evidentiary purposes without specific authorisation:
 - (i) use or install programmes other than those authorised by the personnel of the organisational unit responsible for managing the Company's information systems;
 - (ii) circumvent or attempt to circumvent the company security systems (Antivirus, Firewall, proxy server, etc.);
 - (iii) leave the Personal Computer without password protection and unattended;
 - (iv) disclose to anyone one's own authentication credentials (username and password) to the company network;
 - (v) unlawfully hold or disclose access codes to computer or electronic systems of third parties or public bodies;
 - (vi) disseminate equipment, devices or computer programmes aimed at unlawfully damaging an IT or telecommunication system;
 - (vii) enter the company network and programmes with a user identification code other than the one assigned.
 - (viii) Violate company guidelines in the management of computer systems, use of hardware and software.

10.4. Specific procedures

In addition to what is already regulated by the existing system of procedures, Annex 2 of this Model contains the specific protocols for the prevention of above-mentioned offences.

11. Offences relating to health and safety at work

11.1. Type of offences

Offences that could potentially be committed by the Company

- Negligent homicide [art. 589, Italian Penal Code]
- Negligent personal injury [art. 590, paragraph 3, Italian Penal Code.]
- Personal injury and aggravating circumstances [art. 582 and art. 583, Italian Penal Code]

11.2. Sensitive activities

With reference to the above mentioned offences, the sensitive activities carried out by the Company are:

- management of occupational health and safety requirements
- ordinary and extraordinary maintenance of instruments, plant, machinery and, in general, company structures at work.

11.3. Rules of behaviour

The following rules of behaviour must be complied with by the Recipients of the Model and by the partners that Lucchini Industries uses to ensure safety and health at the workplace. In particular, the Employer and all subjects having duties and responsibilities in the management of the obligations required by the accident-prevention and occupational health and safety regulations (by way of example: PPSM - Prevention and protection service manager, PPSO - Prevention and Protection Service Officers, WRS - Workers' representative for safety, OHP - Occupational health specialist, persons in charge of first aid, persons in charge of emergency in case of fire) must guarantee, each insofar as it concerns them:

- (i) the definition of the objectives for the health and safety of workers and the continuous identification of dangers;
- (ii) an adequate level of information/training of employees and suppliers/contractors on the management system of occupational safety and health defined by Lucchini Industries and on the consequences deriving from the failure to comply with the laws and rules of behaviour and control defined by the Company;
- (iii) the definition and updating (based on changes in the organisational and operational structure of the Company) of specific procedures for accident and disease prevention, which, among other things, regulate the way in which "relevant" signals, such as accidents and "near misses", and emergencies are managed;
- (iv) the suitability of human resources - in terms of number and professional qualifications - and materials, required to achieve the objectives set by the Company for the safety and health of workers;
- (v) ordinary and extraordinary maintenance of instruments, plant, machinery and, in general, company structures;
- (vi) the application of disciplinary measures in case of violations of the principles of behaviour, protocols and company procedures defined and communicated by the Company.

In general, all the Recipients of the Model must comply with what is defined by the Company in order to protect the safety and health of workers and communicate immediately to the identified structures and in the manner defined in the business procedures any risk/danger signs (for example, "near misses"), accidents (regardless of their seriousness) and violation of the rules of behaviour and of business procedures.

Furthermore, it is expressly forbidden for all Recipients of the Model to:

- engage in, collaborate or cause others to engage in such a behaviour that, taken individually or collectively, constitute, directly or indirectly, the offences falling under those considered above (art. 25-septies of Lgs. D. 231/2001);
- implement or cause violations of the principles of behaviour, protocols and business procedures.

In any case, the procedures for greater protection envisaged within Lucchini Industries for carrying out the activities in question are not affected

11.4. Specific procedures

The main documents adopted by the Company with reference to the management of occupational health and safety are as follows:

- (i) Factory Safety Report
- (ii) Safety Management System Documents and Safety at work (including the “*PSGSL*” and “*POSL*” procedures)
- (iii) Internal Emergency Plan
- (iv) STA Procurement Procedure
- (v) Risk assessment document (RAD)

In addition to what is already regulated by the existing system of procedures, Annex 2 of this Model contains the specific protocols for the prevention of offences on occupational health and safety.

12. Environmental offences

12.1. Type of offences

- Killing, destruction, capture, taking, possession of specimens of protected wild flora or fauna [art. 727 bis, Italian Penal Code]
- Destruction or deterioration of habitats within a protected site [art. 733 bis, Italian Penal Code]
- Discharge of industrial wastewater [art. 137, Italian Legislative Decree no. 152 of 3 April 2006, Environmental Code]
- Unauthorised management of waste [art. 256, Italian Legislative Decree no. 152 of 3 April 2006, Environmental Code]
- Reclamation of sites [art. 257, Italian Legislative Decree no. 152 of 3 April 2006, Environmental Code]
- Violation of the requirements to notify, keeping of mandatory records and of forms [art. 258, Italian Legislative Decree no. 152 of 3 April 2006, Environmental Code]
- Illicit trafficking in waste [art. 259, Italian Legislative Decree no. 152 of 3 April 2006, Environmental Code]
- Organised activities for illicit trafficking in waste [art. 260, of 3 April 2006, Environmental Code]
- Computerised system for waste tracking control [art. 261 bis, Italian Legislative Decree no. 152 of 3 April 2006, Environmental Code]
- Emissions during the operation of a factory [art. 279 Italian Legislative Decree no. 152 of 3 April 2006, Environmental Code]
- International Trade in Endangered Species of Wild Fauna and Flora, as well as marketing and keeping of live specimens of mammals and reptiles that can constitute a danger to public health and safety [Italian Law no. 150 of 7 February 1992]
- Production and use of substances referred to in Italian Law no. 549 of 28 December 1993 Measures to protect stratospheric ozone and the environment

- Pollution from the use of ships [set forth in Italian Legislative Decree no. 202, 6 November 2007)
- Environmental pollution [art. 452-bis, Italian Penal Code]
- Environmental disaster [art. 452-quater, Italian Penal Code]
- Negligent crimes against the environment [art. 452-quinquies, Italian Penal Code]
- Aggravated associative crimes [art. 452-octies, Italian Penal Code]
- Trafficking and abandonment of highly radioactive material

12.2. Sensitive activities

With reference to the above-mentioned offences, the sensitive activities carried out by the Company are:

- management of plant, machinery and, in general, company structures
- waste management;
- wastewater treatment
- emissions into the atmosphere
- spills of pollutants in the soil
- management of authorisations *and requirements*

12.3. Rules of behaviour

The following rules of behaviour must be complied with by the Recipients of the Model and by the partners and suppliers that Lucchini Industries uses to ensure compliance with existing environmental regulations. In particular, the Employer and all subjects having duties and responsibilities in the management of the obligations required by environmental protection regulations (by way of example: PPSM - Prevention and protection service manager, PPSO - Prevention and Protection Service Officers, persons in charge of emergency in case of fire) must guarantee, each insofar as it concerns them:

- (vii) the definition of the objectives for the protection of the environment and the continuous identification of dangers;
- (viii) an adequate level of information/training of employees and suppliers/contractors on the management system of the environment defined by Lucchini Industries and on the consequences deriving from the failure to comply with the laws and rules of behaviour and control defined by the Company;
- (ix) the definition and updating (based on changes in the organisational and operational structure of the Company) of specific procedures for preventing the commission of environmental offences and the management of emergencies;
- (x) the suitability of human resources - in terms of number and professional qualifications - and materials, required to achieve the objectives set by the Company for the protection of the environment;
- (xi) ordinary and extraordinary maintenance of instruments, plant, machinery and, in general, company structures;
- (xii) the application of disciplinary measures in case of violations of the principles of behaviour, protocols and company procedures defined and communicated by the Company.

In general, all the Recipients of the Model must comply with what is defined by the Company in order to protect the environment and communicate immediately to the identified structures and in the manner defined in the business procedures any risk/danger signs, accidents (regardless of their seriousness) and violation of the rules of behaviour and of business procedures.

Furthermore, it is expressly forbidden for all Recipients of the Model to:

- engage in, collaborate or cause others to engage in such a behaviour that, taken individually or collectively, constitutes, directly or indirectly, the offences falling under those considered above (Article 25-undecies of Lgs. D. 231/2001);
- implement or cause violations of the principles of behaviour, protocols and business procedures.

In any case, the procedures for greater protection envisaged within Lucchini Industries for carrying out the activities in question are not affected.

12.4. Specific procedures

The main documents adopted by the Company with reference to the management of the environment are as follows:

- (vi) Initial Environmental Analysis
- (vii) Environmental Management System Manual (MSA)
- (viii) Environmental Management System Procedures "PSGA"
- (ix) Environmental Operating Practices "PAM"
- (x) Quality System Procedures
- (xi) Quality Assurance System Procedure
- (xii) Related documents (A.I.A., waste loading/unloading register, P.E.I.)

In addition to what is already regulated by the existing system of procedures, Annex 2 of this Model contains the specific protocols for the prevention of environmental offences.

13. Receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-money laundering

13.1. Type of offence

Offences that could potentially be committed by the Company

- Receiving of stolen goods [art. 648, Italian Penal Code]
- Money laundering [art. 648-bis, Italian Penal Code]
- Use of money, goods or benefits of unlawful origin [art. 648-ter, Italian Penal Code]

13.2. Sensitive activities

With reference to the above-mentioned crimes, the sensitive activities carried out by the Company are:

- management of financial transactions - payments, collections.
- management of accounting and administrative operations, purchases and sales.

13.3 Rules of behaviour

The Recipients of the Model who, for reasons of their position and function, are involved in the management of the following operations: (i) accounting/administrative, (ii) financial (iii) procurement of goods and services, works, (iv) sales, (v) tax obligations such as declarations, registrations and checks on the correctness of obligations and management of intercompany relations, must always make use only of economic and financial resources whose origin has been verified and only for operations that have an explicit cause and are recorded and documented.

In this sense, the Company and all recipients of the Model are required to operate with transparency and to formalise the conditions and contractual terms that regulate the relationships.

In any case, it is not expressly allowed to:

- engage in, collaborate or cause others to engage in such a behaviour that, taken individually or collectively, constitutes, directly or indirectly, the offences falling under those considered above;
- violate the accounting and financial principles and procedures used by the parent company Lucchini RS and adopted by it in the provision of its services: (i) general accounting, (ii) finance and treasury, (iii) commercial services, (iv) procurement of goods and services, to Lucchini Industries, as part of service contracts and/or regulations envisaged in the Model.

Specifically, it is strictly forbidden to:

- provide unnecessary services, invoice services not actually provided; duplicate invoicing for the same service; omit the issue of credit notes if services that do not exist or cannot be financed in full or in part have been invoiced, even in error;
- omit to record the Company's funds and their movements in documents;
- request or use contributions, loans, subsidised loans or other disbursements of the same type as those listed and disbursed by the State, by the Public Administration in general or by any public body or by the EU or other international bodies, through false statements, through false documents or by omitting any information due;
- grant any commercial incentive that is not in line with the allowed value limits and has not been approved and registered in accordance with internal procedures or as contractually agreed;
- recognise any commission, discount, credit and rebate that has not been granted in accordance with current regulations and officially granted to corporate entities, upon presentation of supporting documents

There is an express obligation to:

- behave correctly, transparently and collaboratively, in compliance with the law and internal business procedures, in all activities aimed at issuing invoices and related registration, keeping accounts, recording the related movements and preparing financial statements;
- ensure that the entire process of managing the company's accounts is carried out in a transparent and documentable manner.

13.4. Specific procedures

In addition to what is already regulated by the existing system of procedures, Annex 2 of this Model contains the specific protocols for the prevention of offences of money laundering and receiving stolen goods.

14. Computer crimes

14.1. Type of offence

Offences that could potentially be committed by the Company

- IT documents [art. 491-bis, Italian Penal Code.]
- Computer or telematic hacking [art. 615-ter, Italian Penal Code]
- Unauthorised possession and dissemination of access codes to IT or telematic systems [art. 615-quater, Italian Penal Code]
- Dissemination of equipment, devices or software intended to damage or disrupt an IT or telematic system [art. 615-quinquies, Italian Penal Code]
- Illegal tapping, impediment or disruption of IT communications or telecommunications [art. 617-quater, Italian Penal Code]
- Installation of equipment designed to tap, prevent or disrupt IT communications or telecommunications [art. 617-quinquies, Italian Penal Code]
- Damage to information, data and computer programmes [art. 635-bis, Italian Penal Code]
- Damage to information, data and computer programmes used by the State or other public body, or however of public interest [art. 635-ter, Italian Penal Code]
- Damage to IT or telematic systems [art. 635-quater, Italian Penal Code]
- Damage to IT or telematic systems of public interest [art. 635-quinquies, Italian Penal Code]

Offences that could reasonably not be committed by the Company

- Computer fraud of the subject providing electronic signature certification services [art. 640-quinquies, Italian Penal Code]

14.2. Sensitive activities

With reference to the above-mentioned offences, the sensitive activities carried out by the Company are:

- the management of the internal IT network (or part of it);
- the administration of the internal IT system;
- access to databases or IT networks;
- the possession of access codes to computer networks;
- access to the Internet via internal tools.

14.3. Rules of behaviour

As part of these activities, all Recipients of the Model are subject to the following **prohibitions**:

- forging electronic documents;
- access illegally to computer systems;
- disseminate access codes to IT or telematic systems;
- damage data or IT systems of public interest or not.

14.4. Specific procedures

For the concrete implementation of the above, the Company makes use of IT resources, networks and infrastructures of the procedures in use at the parent company Lucchini RS and adopted by it when providing information services, within the framework of service contracts. The parent company Lucchini RS S.p.A., through its competent functions, supports the carrying-out of the activities.