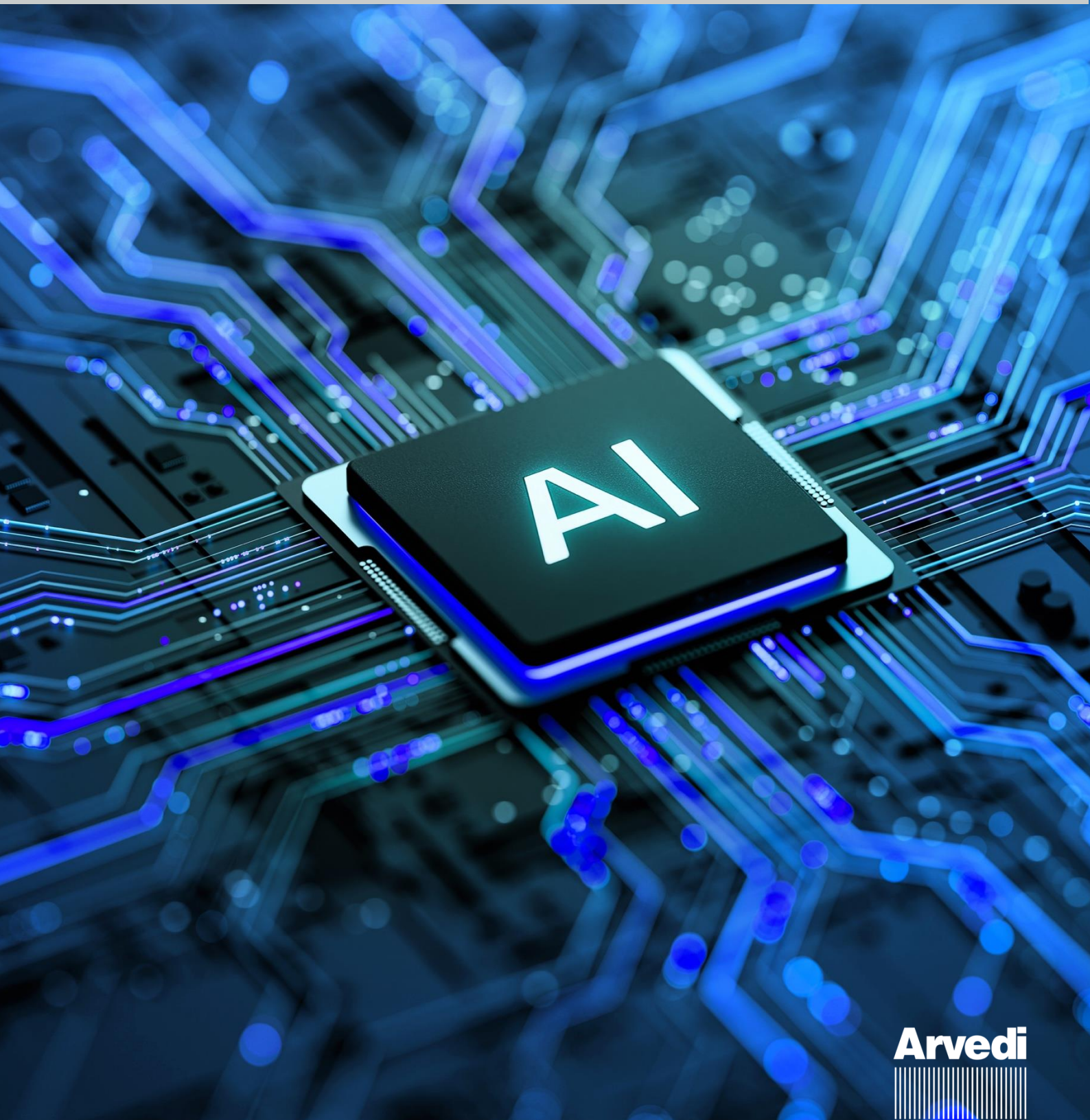




English version

POLICY FOR THE USE OF ARTIFICIAL INTELLIGENCE SYSTEMS WITHIN THE ARVEDI GROUP



1 Purpose and Objectives

This Policy defines how Artificial Intelligence systems are used within the Arvedi Group, with the following objectives:

- to promote the responsible use of Artificial Intelligence in support of work activities and to enhance safety, quality and productivity;
- to mitigate risks to individuals, data and the Arvedi Group;
- to ensure compliance with applicable law and regulations (AI Act, GDPR, safety regulations, etc.);
- ensure that all Artificial Intelligence systems are registered, assessed and approved before being used in production.

This Policy does not deal with technical details: It is a practical guide for all employees.

1.1 - ArIA in the context of the Policy

In the Arvedi Group the acronym ArIA (Arvedi Artificial Intelligence) identifies the set of initiatives, tools, procedures and training programmes that have been approved by the Group for the use of Artificial Intelligence in accordance with the present Policy.

When the acronym ArIA is applied to a system, project, training course or a document (for example operational guidelines), it means that :

- it has been evaluated in light of the principles and rules set out in this Policy;
- it is integrated into the ecosystem of 'Arvedi approved for AI' solutions, oriented towards personal protection, security and compliance with regulations.

This Policy therefore provides the basic reference for everything that, within the Arvedi Group, will be progressively marked by the acronym ArIA.

2 Field of application

This Policy applies to:

- all companies of the Arvedi Group that have adhered to it;
- all people working for Arvedi Group, for various reasons;
- all Artificial Intelligence systems used for Arvedi Group activities;

Any uses that are exclusively private and personal are excluded from this Policy, not related to working activity and not carried out through accounts or devices of the Arvedi Group.

3 What do we mean by Artificial Intelligence?

In the Arvedi Group, by Artificial Intelligence we mean IT systems that, using data and rules, are able to carry out activities similar to some human abilities: learning from experience, recognizing patterns, proposing suggestions, forecasts or supporting decisions.

Artificial Intelligence is not an "autonomous brain": it is a technology designed, trained and controlled by people, which works within the limits defined by the Arvedi Group and current regulations.

Artificial Intelligence, when designed and used responsibly, returns dignity to human work: its purpose is to support employees, reducing repetitive or risky activities, to improve efficiency, safety and quality. The final responsibility for decisions always remains human.

In the Arvedi Group, Artificial Intelligence is at the service of the individual, not the contrary: technology supports and enhances human capabilities, respecting the centrality of human being, freedom of judgement and the irreplaceable role in choices that arise from critical thinking, knowledge and human creativity.

3.1 - Types of Artificial Intelligence (ANI, AGI, ASI)

In the international scientific and educational literature on Artificial Intelligence, there is often mention of three major theoretical categories ¹:

1. 1 ANI – Artificial Narrow Intelligence (Narrow or specific Artificial Intelligence)

This is the most widespread form of Artificial Intelligence today: systems designed to perform specific tasks (e.g.

¹ Strelkova, O. (2017). Three types of Artificial Intelligence.

recognizing defects on a product, suggesting a text, analysing process data).

It does not have the typical cognitive abilities of a human being, but it is very effective in specific areas and is present in many systems used in the Arvedi Group.

2. **AGI – Artificial General Intelligence (General Artificial Intelligence)**

It refers to Artificial Intelligence systems able to handle a wide range of different tasks, learning and adapting to multiple contexts (e.g. general models that include texts, images, code and can support different activities).

In the Arvedi Group solutions based on the concept of general Artificial Intelligence may also be used, always within defined operational limits, with human responsibility and appropriate controls.

3. **ASI – Artificial Super Intelligence (Superhuman Artificial Intelligence)**

It is a theoretical Artificial Intelligence, that would exceed human capabilities in almost all fields (analysis, creativity, decision-making).

It is a useful concept for ethical and philosophical reflection, but it does not concern the Arvedi Group's operational applications in any way.

In the context of this Policy and activities of the Arvedi Group, when we talk about 'Artificial Intelligence', we are therefore referring to **Narrow Artificial Intelligence (ANI)** solutions and to **General Artificial Intelligence (AGI)** solutions, actually used in the Arvedi Group and always governed by responsible people, involved in controlled processes.

On the other hand **Superhuman Artificial Intelligence (ASI)** does not fall within the operational scope of the Arvedi Group.

Note: the acronyms ANI, AGI, ASI are a conceptual classification widely used in scientific and educational field to describe different possible levels of development of Artificial Intelligence; they do not derive directly from the AI Act, or other regulations, but help to clarify in a simple way the type of technologies with which the Arvedi Group works.

4 **Basic principles for the use of AI**

All uses of Artificial Intelligence in the Arvedi Group must comply with the following principles:

1. **Support, not replacement of human oversight**

Artificial Intelligence supports people's work, but strategic decisions remain the responsibility of competent personnel.

2. **Internal Transparency**

Artificial Intelligence systems used in the processes are declared, traced and approved. We will avoid informal or unshared technological introductions.

3. **Safety and human rights**

Artificial Intelligence must not cause unjustified risks to the health, safety, rights and dignity of employees, customers, suppliers or other stakeholders.

4. **Data Protection**

All systems that use Artificial Intelligence in Arvedi, act in compliance with privacy legislation (GDPR) and Arvedi Group procedures related to the protection, management and maintenance of personal and company data. With specific reference to privacy legislation, such systems must comply with the following principles:

- informed data management: those involved should be informed in a clear and transparent manner about their data management by ArIA;
- existence of a lawful legal basis, that legitimises the management of personal data by ArIA;
- management of interested parties' rights regarding privacy;
- execution of the PIA (Privacy Impact Assessment) and/or impact assessment for processing operations considered to be most at risk in terms of privacy;
- minimisation of processed data via ArIA .

In any case, the Arvedi Group will adopt the necessary safety measures to protect personal data of the interested parties, both organisational and technical.

5. **Intellectual property and image**

Contents and data used or generated by Artificial Intelligence must comply with Copyright, patents, trademarks, without ever damaging the image of the Arvedi Group.

6. **Regulatory Compliance**

The Arvedi Group undertakes to operate in compliance with the AI Act, all other applicable laws and the ethical

principles. that lead the company and that consider the centrality of the individual.

5 Management of Artificial Intelligence Systems (Project Charter Tool)

Each Artificial Intelligence system present in the Arvedi Group is classified with one of the following risk levels, according to the AI Act:

- **Level 1 – Not allowed (categories “prohibited” under the AI Act)**
Systems falling within practices expressly defined as ‘prohibited’ by law (e.g. generalized social scoring, hidden manipulation, mass biometric monitoring in forbidden contexts). These systems, classified as “prohibited” by the AI Act, are not part of the Arvedi Group’s activities and are not used in the Group’s activities, projects and processes.
- **Level 2 – High risk (High-risk)**
Systems that significantly affect physical safety, workers’ rights, access to essential services or that fall within the cases covered by the AI Act (for example certain HR systems, quality control in critical infrastructures, etc.). These systems are subject to specific requirements and dedicated additional controls, formal assessments and specific approvals.
- **Level 3 – Limited risk**
Systems that interact with people or can influence decisions, but with a more limited impact and human oversight.
These systems require transparency towards users, monitoring and clear rules of use.
- **Level 4 – Minimal/zero risk**
Internal supporting systems with low impact on people and processes (e.g. tools for drafts, models based on data not belonging to specific categories).

5.1 - Project Charter – Operational projects management tool

In the Arvedi Group, the Project Charter is a summary sheet for each individual project, used to describe the following in a structured manner:

- the AREA (company / plant / department);
- the TOOL or solution that is the subject of the project;
- the main roles (BUSINESS PARTNER, TECHNICAL PARTNER, CONTROLLER and PROJECT TEAM);
- elements such as business priority, critical issues, timing, budget, expected ROI and risk impacts.

For projects envisaging the use of Artificial Intelligence, the existing Project Charter is adopted and completed with the information required by this Policy and through the support provided by the IT competence centre. In particular, inside the Project Charter for Artificial Intelligence projects, are always explicitly present:

- name of the system/project (TOOL field);
- company/plant/department (AREA field);
- process owner/business manager (referable to the BUSINESS PARTNER/CONTROLLER fields);
- technical reference person (TECHNICAL PARTNER field);
- description of the Artificial Intelligence type and its intended use (descriptive text in the content fields);
- indication of the processed data (e.g. process data, personal data, any special and/or judicial data);
- project status (pilot / production);
- AI risk level (1–4), in line with the classification defined by this Policy
- (information that can be reported in the “IS RISK IMPACT” box or in an additional dedicated field).

In this way the Project Charter remains the same corporate tool already in use for all projects, but, when the project involves Artificial Intelligence, it also includes the specific elements required for Artificial Intelligence governance in the Arvedi Group.

5.2 - Commitment to a timely and up-to-date survey

In the Arvedi Group new Artificial Intelligence systems and projects are launched in the pilot or production phase only after that:

- the Project Charter related to the individual project has been drafted and completed;

- a risk assessment has been carried out in line with the present Policy (including the assignment of the risk level from 1 to 4).

The Project Charter is updated in the event of significant changes of the project (e.g. transition from pilot to production, change to the processed data or the intended use), to maintain an up-to-date and reliable survey of Artificial Intelligence solutions in place in the Arvedi Group.

6 Use of Artificial Intelligence by employees

In the Arvedi Group, the following uses of Artificial Intelligence are considered to be in line with this Policy:

- they are approved and recorded in the (pilot or production) inventory by the IT competence centre;
- they support work, without replacing people's professional skills (for example, suggestions, drafts, data analysis, decision-making support);
- they do not fall within the practices classified as "prohibited" by the AI Act or within the cases described in paragraph 7;
- they do not involve the inclusion, in unauthorised Artificial Intelligence tools, of industrial secrets, sensitive and/or judicial data, or confidential information of the Arvedi Group.

Employees who use authorised Artificial Intelligence systems must:

- check, with a critical spirit and competence, the accuracy of the results, particularly when they are used in official documents or for decisions that affect people;
- follow the operating instructions provided for the specific Artificial Intelligence system (handbooks, guidelines, procedures) where available;
- use systems in accordance with the applicable configurations and rules established by the Arvedi Group, without ever bypassing or forcing the systems in any way.

7 Practices not in line with the values and rules of the Arvedi Group

The Arvedi Group promotes an use of the Artificial Intelligence based on respect for the individual, their fundamental rights and their dignity.

For this reason, some ways of using Artificial Intelligence require particular attention, specific authorisations, or they do not fall within any of the allowed uses stated by the Arvedi Group.

The members of the Arvedi Group, in compliance with legislation, corporate values and rules, are not authorized to:

- use Artificial Intelligence systems to covertly check employees (performance, movements, emotions, etc.), compromising the respect for the person;
- use Artificial Intelligence systems for forms of "social scoring" that reduce an individual's assessment to an overall score, in breach of HR procedures and fundamental rights that consider human dignity above all;
- enter into unauthorised Artificial Intelligence tools personal data of employees, customers, suppliers, sensitive and/or judicial data, or confidential information, business plans, technical secrets of the Arvedi Group;
- generating or altering contents using Artificial Intelligence (text, images, audio, video) to represent as "real" something that is not (deepfake) without the necessary warnings, or information that could lead to misunderstandings or reputational damages to persons and to the Arvedi Group;
- Starting tests with Artificial Intelligence using infrastructures of the Arvedi Group without informing your responsible, record the project in the Project Charter and carry out at least the preliminary risk screening envisaged by the procedure.

Any exceptions or special situations are evaluated on a case-by-case basis and shared with the relevant functions, to ensure that the use of Artificial Intelligence always remains consistent with regulations and the Arvedi Group's values.

8 Data, confidentiality and intellectual property

1. In addition to complying with the GDPR and internal data protection procedures (paragraph 4.4), when using Artificial Intelligence systems based on third-parties data or models, it is appropriate to check this with the IT/Legal Department:
 - where the data are processed (Countries, Cloud services, suppliers management);
 - which guarantees are in place for Copyright, liability and compensation in the event of claims.

2. Contents generated by Artificial Intelligence must be checked before external use. Such contents:
 - they must not breach third parties rights (trademarks, Copyright, etc.);
 - They must be identified as having been generated by Artificial intelligence, to ensure transparency.

9 Roles and responsibilities

Arvedi Group Top Management

Top Management and CISO Committee

- approve the Policy and support its implementation;
- define priorities and resources for Artificial Intelligence governance.

Control Function (IT Competence Centre)

- maintains the inventory of Artificial Intelligence systems;
- coordinates risk assessments;
- supports business functions in classifying systems into the 4 risk levels;
- proposes possible updates of the Policy.

Control functions (IT Competence Centre, Legal/Compliance, HR)

- to contribute to the assessment of risks and mitigation measures;
- define specific rules for their respective areas (e.g. IT security, privacy, health and safety, human resources management).

CISO Committee

- encourages the fact, that the Artificial Intelligence systems in the company are surveyed and classified;
- promotes compliance with this Policy amongst its employees.

All employees of the Arvedi Group

- use Artificial Intelligence systems in accordance with this Policy;
- do not independently introduce unauthorised Artificial Intelligence systems;
- report potential anomalies, serious mistakes or uses that are inconsistent with this Policy and the values of the Arvedi Group.

10 Incidents reporting and management

The Arvedi Group handles reports according to the rules defined in the Arvedi Group, providing - where necessary - corrective actions and communications to the competent authorities, ensuring confidentiality and protection for those who report in good faith.

Following a non-exhaustive list of situations that may generate a report

- uses of Artificial Intelligence that are inconsistent with this Policy;
- malfunctions and mistakes of Artificial Intelligence that have caused or may cause damages to people, processes, equipments, customers, suppliers;
- potential privacy issues or Copyright infringement (intellectual property rights) related to the use of Artificial Intelligence.

11 Training and Awareness-raising

The Arvedi Group supports training and awareness-raising activities based on individual roles:

- basic training for all employees on the responsible use of Artificial Intelligence;
- specific training for those who develop, configure or manage Artificial Intelligence systems;
- periodic updates in the event of regulatory, technological or organizational changes.

12 Effective date and update

The present Policy takes effect from the date of approval by the Management of the Arvedi Group and:

- constitutes a common framework for all employees, who are required to comply with its principles as outlined in paragraph 2;
- this Policy is subject to periodical reviews, particularly in relation to the development in the AI Act and other applicable regulations.

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The Direction

