

**Principles of the Organisational, Management
and Control Model pursuant to Italian
Legislative Decree 231/2001**

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CHAPTER 1 - INTRODUCTION

Italian Legislative Decree No. 231 of 8th June 2001 (hereinafter, “**Legislative Decree No. 231/2001**” or the “**Decree**”), adopted pursuant to the delegation granted to the Government by Article 11 of Italian Law No. 300 of 29th September 2000, introduced into the Italian legal system the concept of liability of legal entities for administrative offences resulting from criminal acts.

Under the provisions of the Decree, a company may be held liable for certain crimes committed or attempted in its interest or for its benefit by (i) individuals in senior positions (i.e., those representing, managing or directing the entity), or (ii) individuals subject to their direction or supervision (Article 5, paragraph 1 of the Decree).

This form of administrative liability is autonomous and separate from the criminal liability of the individual who committed the offence. It extends the scope of liability to include the company’s assets and, indirectly, the economic interests of its shareholders, who until the Decree’s entry into force were generally unaffected by crimes committed by managers or employees in the company’s interest.

The Decree significantly reforms the Italian legal framework by allowing the direct imposition of financial and disqualifying sanctions on entities for offences attributable to individuals functionally linked to them under Article 5 of the Decree.

However, legal entities may be exempted from liability if, among other conditions, they have adopted and effectively implemented, prior to the commission of the offence, an Organisation, Management and Control Model (hereinafter, the “**231 Model**” or the “**Model**”) capable of preventing such crimes.

An integral and essential component of the Model is the Group Code of Conduct, approved by resolution of the Board of Directors, which sets out the ethical values and principles that form the foundation of Acciaieria Arvedi S.p.A.’s corporate culture. These values guide the conduct of all those acting in the name and on behalf of Acciaieria Arvedi (hereinafter, the “**Company**”), both internally and externally, with the aim of preventing behaviours that could give rise to criminal liability under the Decree.

In this context, the Company considers it essential that its suppliers, business partners and other third parties with whom it engages also adhere to these principles. Acceptance of, and compliance with, the Group Code of Conduct and the 231 Model by suppliers constitutes a fundamental prerequisite for establishing and maintaining business relationships, thereby fostering an environment of integrity and transparency and enhancing the overall effectiveness of the Model.

The Board of Directors of Acciaieria Arvedi S.p.A. first approved its Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 on 17 December 2012. Since then, the Model has been periodically updated to reflect regulatory developments, jurisprudential trends, and changes in the company’s organisational structure and risk profile.

The most recent update was approved on 15 December 2023.

This document, titled “Principles of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001” was prepared by Acciaieria Arvedi S.p.A. on the basis of the most recent version of the Model.

CHAPTER 2 – DESCRIPTION OF THE REGULATORY FRAMEWORK

2.1 *Offenders: persons in senior positions and persons under their direction*

Pursuant to Legislative Decree No. 231/2001, a company may be held liable for crimes committed in its interest or to its advantage by:

- persons who hold functions of representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy, as well as by persons who, even *de facto*, exercise management and control of the entity (so-called “persons in senior positions” or “top management”; Article 5, paragraph 1, letter a) of Legislative Decree No. 231/2001);
- individuals under the direction or supervision of a person in a senior position (so-called “subordinates” or “persons under the management of others”; Article 5, paragraph 1, letter b) of the Decree).

It is important to note that, under Article 5, paragraph 2, of the Decree the company shall not be held liable if the individuals mentioned above acted exclusively in their own interest or in the interest of third parties, rather than in the interest or for the benefit of the company.

2.2 *Types of offences*

Pursuant to Legislative Decree No. 231/2001, a legal entity may be held liable only for the specific offences expressly referred to in Articles 24 to 25-duodevices, provided that such offences are committed in its interest or to its advantage by individuals as defined under Article 5, paragraph 1 of the Decree. Liability may also arise under other legal provisions that explicitly refer to the Decree, such as Article 10 of Italian Law No. 146/2006 (transnational crimes).

For ease of reference, the predicate offences currently covered by the Decree can be grouped as follows:

- **Offences against the Public Administration** (Articles 24 and 25): initially introduced by the Decree, this category includes bribery, embezzlement, and fraud against public entities. Amendments have expanded this group over time, notably: Italian Law No. 3/2019, which introduced trafficking in unlawful influence and amended sanctions; Italian Legislative Decree No. 75/2020, implementing the EU PIF Directive 2017/1371, introduced offences such as fraud in public supplies, fraud against EU agricultural funds, embezzlement, and abuse of office; Italian Decree-Law No. 13/2022, amending offences concerning misappropriation and unlawful receipt of public funds; Italian Law No. 137/2023, which added bid rigging and distortion of contractor selection procedures to the catalogue.
- **Counterfeiting of currency and public instruments** (Art. 25-bis): offences relating to forgery of money, public credit cards, revenue stamps, and identification tools.
- **Corporate crimes** (Art. 25-ter): includes false corporate communications, unlawful influence over shareholder meetings, and more. Expanded by: Italian Legislative Decree No. 61/2002,

Italian Law No. 69/2015, Italian Legislative Decree No. 38/2017, and Italian Legislative Decree No. 19/2023, which introduced false or omitted statements for issuing the preliminary certificate.

- **Terrorism and subversion of democratic order** (Art. 25-quater): includes terrorism-related offences under national and international law, as well as violations of the 1999 UN Convention on Terrorist Financing.
- **Market abuse** (Art. 25-sexies): includes insider trading and market manipulation. Expanded by Italian Legislative Decree No. 107/2018 and Italian Law No. 238/2021.
- **Crimes against the individual** (Art. 25-quinquies): includes child prostitution, child pornography, human trafficking, slavery, and labour exploitation.
- **Transnational crimes** (Art. 10, Italian Law No. 146/2006): offences that are committed across multiple jurisdictions and are listed in the referenced law.
- **Crimes against life and personal safety** (Art. 25-quater.1): includes female genital mutilation.
- **Health and safety offences** (Art. 25-septies): manslaughter and serious bodily harm committed in breach of workplace safety regulations.
- **Money laundering and self-laundering** (Art. 25-octies): includes receiving, laundering, or using illicit assets, as well as self-laundering.
- **Cybercrime and unlawful data processing** (Art. 24-bis): includes unauthorised access, interception, and damage to IT systems, with updates from Italian Law No. 133/2019 and Italian Law No. 238/2021 on national cybersecurity.
- **Organised crime** (Art. 24-ter): includes mafia-type associations, kidnapping, drug trafficking, and human trafficking. Also includes electoral corruption offences and references to other serious crimes.
- **Crimes against industry and trade** (Art. 25-bis.1): includes commercial fraud, sale of counterfeit goods, and other unfair competition practices.
- **Copyright infringement** (Art. 25-nonies): includes unauthorised reproduction and distribution of protected works under Italian Law No. 633/1941, as amended by Italian Legislative Decree No. 19/2023.
- **Obstruction of justice** (Art. 25-decies): includes inducement not to testify or to give false statements to judicial authorities.
- **Environmental crimes** (Art. 25-undecies): includes environmental disaster, illegal waste trafficking, pollution by ships, destruction of habitats, and offences under: Italian Legislative Decree No. 152/2006 (Environmental Code), Italian Law No. 150/1992 (endangered species), Italian Law No. 549/1993 (ozone protection), Italian Legislative Decree No. 202/2007 (marine pollution).
- **Unlawful employment of irregular third-country nationals** (Art. 25-duodecies): covers the employment of undocumented or expired-permit foreign workers (Art. 2 of Italian Legislative Decree No. 109/2012).
- **Hate crimes, racism, and xenophobia** (Art. 25-terdecies): based on Article 604-bis of the Italian Criminal Code.
- **Sports fraud and illegal betting** (Art. 25-quaterdecies): includes manipulation of sports competitions and unauthorised betting activities.
- **Tax crimes** (Art. 25-quinquiesdecies): covers fraudulent and unfaithful tax declarations, issuance of false invoices, destruction of accounting records, and tax evasion. Expanded by: Italian Law No. 157/2019, Italian Legislative Decree No. 75/2020 (PIF Directive), and Italian Legislative Decree No. 156/2022, which includes attempted cross-border VAT frauds involving amounts \geq €10 million.

- **Smuggling offences** (Art. 25-sexiesdecies): refers to the violations under Italian Presidential Decree No. 43/1973, added via Italian Legislative Decree No. 75/2020.
- **Offences involving non-cash payment instruments** (Art. 25-octies.1): introduced by Italian Legislative Decree No. 184/2021, covering: improper use and counterfeiting of electronic payment instruments, possession/distribution of devices or software for such purposes, aggravated IT fraud involving monetary or crypto transfers, fraudulent asset transfers.
- **Offences against cultural heritage** (Arts. 25-septiesdecies and 25-duodevices): introduced by Italian Law No. 22/2022, covering crimes under Articles 518-bis et seq. of the Italian Criminal Code (e.g., destruction, theft, and trafficking of cultural property).

The scope of predicate offences under Legislative Decree No. 231/2001 continues to expand, in line with ongoing legislative reforms and Italy's obligations under EU and international law.

2.3 *Attempted offences*

In the event that one of the offences covered by Legislative Decree No. 231/2001 is committed in the form of an attempt, both pecuniary and disqualifying sanctions are reduced by one third to one half, pursuant to Article 26 of the Decree.

However, no sanction shall be applied if the entity voluntarily prevents the commission of the act or the occurrence of the harmful event.

2.4 *Offences committed abroad*

Under Article 4 of Legislative Decree No. 231/2001, a legal entity may be held liable in Italy for offences falling within the scope of the Decree even if they are committed abroad.

The Explanatory Report to the Decree emphasises the importance of preventing regulatory loopholes and avoiding impunity for cross-border crimes committed in the interest or for the benefit of Italian companies.

The following conditions must be met in order to establish liability for offences committed abroad:

- (i) the offence must be committed by a person functionally linked to the entity, as defined under Article 5, paragraph 1 of the Decree;
- (ii) the entity must have its registered office in Italy;
- (iii) The offence must be prosecutable under the conditions set out in Articles 7 to 10 of the Italian Criminal Code (e.g., in certain cases prosecution requires a request by the Ministry of Justice; in such cases, proceedings against the entity may only be initiated if the request also explicitly concerns the entity);
- (iv) the principle of legality under Article 2 of the Decree must be respected (i.e., the offence must be expressly included among those for which corporate liability is provided by law).

2.5 *Examination of suitability*

The liability of the company is assessed on the basis of two key elements:

- verification of the commission of a criminal offence that constitutes a prerequisite for corporate liability;
- evaluation of the suitability of the Organisational, Management and Control Model adopted by the company.

The judge assesses the abstract suitability of the Model to prevent the offences covered by Legislative Decree No. 231/2001 using the so-called “posthumous prognosis” criterion.

This involves an *ex-ante* assessment, whereby the judge must ideally place themselves within the company’s organisational context at the time of the offence, in order to evaluate whether the Model in place was adequate (i.e., whether it was logically and effectively structured to prevent the type of offence that occurred).

In other words, an Organisational Model shall be considered suitable for the purposes of the Decree if, at the time it was adopted and implemented, it could reasonably be expected to eliminate or significantly reduce the risk of the offence being committed.

CHAPTER 3 – STRUCTURE OF THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

3.1 The Organisational, Management and Control Model of Acciaieria Arvedi

In implementing its Organisational, Management and Control Model pursuant to Legislative Decree No. 231/2001, Acciaieria Arvedi S.p.A. conducted an in-depth assessment of its existing organisational and control systems, with the aim of aligning them with the principles and requirements introduced by the Decree. The objective was to ensure that the Model would be suitable for preventing the commission of the offences contemplated therein.

Under Articles 6 and 7 of Legislative Decree No. 231/2001, the adoption and effective implementation of an Organisational, Management and Control Model may exempt the company from liability, provided that the Model is capable, with reasonable certainty, of preventing the commission or attempted commission of the relevant offences.

In particular, under Article 6, paragraph 2, the Model must:

- identify the corporate activities in which crimes may be committed;
- establish specific protocols for planning the formation and implementation of the Company's decisions in relation to the offences to be prevented;
- define procedures for managing financial resources in a manner that reduces the risk of criminal conduct;
- introduce reporting obligations to the Supervisory Body responsible for overseeing the effectiveness and compliance of the Model;
- implement a disciplinary system suitable for sanctioning violations of the Model's provisions.

On this basis, and in line with the guidelines issued by Confindustria, the Company developed a Model tailored to its specific organisational structure, its corporate governance system, and its existing control mechanisms, with a view to enhancing their effectiveness.

Although not mandatory under the law, the Company has voluntarily adopted the Model as a tool to:

- establish or strengthen controls capable of preventing or promptly responding to unlawful conduct carried out by individuals in senior positions or those under their direction, in relation to which the Company could be held administratively liable;
- raise awareness among all individuals who interact with the Company – including external collaborators, consultants and suppliers – regarding the importance of adopting conduct that avoids the risk of committing offences;
- safeguard the Company's integrity by complying with the provisions of Article 6 of the Decree;
- enhance transparency and efficiency in business management;

- ensure that any potential offender understands that the commission of an offence is firmly condemned by the Company and is contrary to its interests, even in cases where it might appear to offer an advantage.

The Model represents a coherent and structured set of principles, rules and control measures which:

- govern the internal operations of the Company and its relations with third parties;
- define the framework for managing and monitoring sensitive activities in order to prevent criminal conduct falling within the scope of Legislative Decree No. 231/2001.

The Model, as approved by the Company's Board of Directors, comprises the following key components:

- a process for identifying corporate activities at risk of criminal conduct (so-called "sensitive activities");
- the definition of control protocols in relation to such activities;
- procedures for the management of financial resources aligned with the objective of crime prevention;
- the establishment of a Supervisory Body;
- specific obligations and information flows to and from the Supervisory Body;
- a disciplinary system designed to sanction non-compliance with the Model;
- a training and communication plan addressed to employees and all personnel interacting with the Company;
- criteria and procedures for updating and revising the Model;
- a Group Code of Conduct.

These elements are detailed in the following documents:

- the Organisational, Management and Control Model pursuant to Legislative Decree No. 231/2001 (this document);
- the Code of Conduct of the Arvedi Group.

The Model is divided into two main parts:

(i) General Part

Describes:

- the regulatory framework;
- the Company's structure, governance model, and organisational profile;
- the composition, powers, responsibilities and information flows of the Supervisory Body;
- the function of the disciplinary system and applicable sanctions;
- the training and awareness plan to ensure widespread understanding of the Model;
- the procedures and criteria for periodic updates and adjustments to the Model.

(ii) Special Part

Describes:

- the categories of offences under Legislative Decree No. 231/2001 that are considered relevant based on the Company's business activities;
- the sensitive processes and activities, together with the corresponding control standards adopted to mitigate the related risks.

An integral and essential part of the Model is the Group Code of Conduct, which was approved by resolution of the Board of Directors.

The Group Code of Conduct sets out the ethical values and principles that represent the foundation of the Company's corporate culture. It guides the conduct of all those who act in the name and on behalf of the Company, both internally and externally, with the aim of preventing behaviours that could give rise to criminal liability under the Decree.

By adopting the Group Code of Conduct, the Arvedi Group has established a coherent and effective internal regulatory framework that is fully integrated with the Model and reinforces its preventive function.

3.2 *Recipients of the Model*

The Model applies to all individuals who contribute to the pursuit of the objectives and interests of Acciaieria Arvedi S.p.A., regardless of their role or contractual relationship.

Recipients of the Model are required to strictly comply with all the provisions, protocols, and procedures set out therein, and to act at all times with the utmost integrity, diligence, and transparency in the performance of their duties.

CHAPTER 4 – THE SUPERVISORY BODY OF ACCIAIERIA ARVEDI S.P.A.

4.1 *Members*

Pursuant to Article 6, paragraph 1, letter b) of Legislative Decree No. 231/2001, the task of overseeing the effectiveness, proper implementation, and continuous updating of the Model must be entrusted to a body within the entity endowed with autonomous powers of initiative and control: the “**Supervisory Body**”.

The Supervisory Body of Acciaieria Arvedi S.p.A. is established in accordance with the above provision and is granted the necessary autonomy and independence to carry out its duties effectively. This autonomy is guaranteed both by the position formally recognised within the Company’s organisational structure and by the reporting lines and powers conferred upon it.

In performing its duties and ensuring full compliance with the requirements of the Decree, the Supervisory Body may, where necessary, rely on specialised internal resources or engage external professionals with proven expertise in legal, organisational, compliance, or audit matters.

4.2 *General principles on the establishment, appointment and replacement of the Supervisory Body*

The Supervisory Body of Acciaieria Arvedi S.p.A. is established by resolution of the Board of Directors, which also determines its term of office.

The appointment as a member of the Supervisory Body is subject to the existence of specific eligibility requirements.

In the selection of members, the only relevant criteria are those related to the specific professionalism and competence required for the performance of the Body’s functions, along with integrity and full autonomy and independence from the Company. Once appointed, the Board of Directors must provide adequate disclosure on the principles of independence, autonomy, integrity and professionalism of the selected members.

In particular, following the approval of the Model or upon the appointment of new members, each person designated as a member of the Supervisory Body must provide a written declaration confirming the absence of the following grounds for ineligibility:

- family, marital or kinship relationships (up to the fourth degree) with any member of the Board of Directors, the Board of Statutory Auditors, or the audit firm’s representatives;
- actual or potential conflict of interest with the Company that could affect the independence required for the Supervisory Body’s role;
- direct or indirect ownership of shareholdings conferring significant influence over the Company;
- having held, in the three financial years preceding the appointment or the beginning of a consulting/collaborative relationship with the Supervisory Body, administrative positions in companies subject to bankruptcy, compulsory liquidation or other insolvency proceedings;

- convictions (final or not), or plea bargaining rulings in Italy or abroad, for offences falling under Legislative Decree No. 231/2001, or other offences compromising professional integrity and honourability;
- convictions (final or not) entailing permanent or temporary disqualification from holding public office, or temporary disqualification from holding managerial positions within legal entities or companies;
- pending proceedings for the application of preventive measures under Italian Law No. 1423 of 27th December 1956 and Italian Law No. 575 of 31st May 1965, or seizure orders under Article 2-bis of Italian Law No. 575/1965, or the application of personal or accessory preventive measures;
- failure to meet the honourability requirements provided for by Italian Ministerial Decree No. 162 of 30th March 2000, as adopted pursuant to Article 148, paragraph 4, of Italian Legislative Decree No. 58 of 24th February 1998.

Where any of the above grounds for ineligibility are found to exist, as verified by resolution of the Board of Directors, the appointee shall be immediately removed from office.

When performing its duties, the Supervisory Body may be assisted – under its direct supervision and responsibility – by internal functions and structures, or by external consultants with proven professionalism and specific expertise. This support enables the Supervisory Body to maintain the necessary continuity and high standards of performance.

The ineligibility criteria described above must also be considered for any external consultants involved in supporting the activities and responsibilities of the Supervisory Body.

Specifically, before receiving an assignment, each external consultant must issue a declaration confirming:

- the absence of any ineligibility conditions or other reasons that may prevent the acceptance of the assignment (including, but not limited to, conflicts of interest or family relationships with members of the Board of Directors, the Board of Statutory Auditors, senior management or audit firm representatives);
- awareness of and commitment to comply with the provisions and rules of conduct set forth in the Model.

The revocation of the Supervisory Body's powers and the reassignment of such powers to other persons may occur only for cause (including corporate reorganisation) by specific resolution of the Board of Directors and with the prior approval of the Board of Statutory Auditors, where applicable. For the purposes of this paragraph, "the causes" for revocation includes, but is not limited to:

- serious negligence in the performance of duties, such as failure to submit the semi-annual information report, the annual summary of activities, or to prepare the supervision plan;
- omitted or insufficient supervision by the Supervisory Body – pursuant to Article 6, paragraph 1, letter d) of Legislative Decree No. 231/2001 – as established in a conviction (final or not) or plea bargain ruling against the Company;
- for internal members, the assignment of operational duties or responsibilities within the organisation that are incompatible with the requirements of autonomy, independence, and continuity of action required for the Supervisory Body. Any organisational change affecting such persons (e.g., termination of employment, reassignment, dismissal, disciplinary action, or appointment to a new role) must be submitted to the Board of Directors for acknowledgment;

- for external members, serious and substantiated circumstances compromising their independence and autonomy;
- the lack of any eligibility requirement.

The Board of Directors is the sole body authorised to take decisions regarding the removal, replacement, or suspension of individual members or of the Supervisory Body.

4.3 *Supervisory Body's functions and powers*

The activities carried out by the Supervisory Body cannot be challenged by any individual or function within the Company. Its role of verification and oversight is closely linked to the effective implementation of the Model and must not be understood as a replacement for the Company's institutional control functions.

Pursuant to Article 6 of Italian Legislative Decree No. 231/2001, the Supervisory Body is vested with the necessary powers of initiative and control to ensure effective and efficient monitoring of the implementation and observance of the Model.

The Supervisory Body operates with full autonomy and independence, and its powers extend to all areas and functions within the Company. These powers must be exercised in a timely and effective manner to fulfil the responsibilities established under the Model and related implementing rules.

In particular, the Supervisory Body is entrusted with the following duties and powers:

- to regulate its own operations, including the adoption of internal rules, the scheduling of activities, the definition of timelines for controls, the identification of analysis criteria and procedures, and the management of information flows from corporate departments;
- to monitor the adequacy and effectiveness of the Model in preventing the offences envisaged under Legislative Decree No. 231/2001 and in detecting unlawful conduct;
- to carry out periodic and *ad hoc* inspections and checks, as defined in the Action Plan, taking into account operational areas and activity-related risks, in order to assess the effectiveness and efficiency of the Model;
- to access, without prior authorisation, any Company department or unit, and to request and obtain any information, documentation or data necessary to perform its duties from employees and executives. In case of denial of access or refusal to provide documentation with reasons given, the Supervisory Body may submit a report to the Board of Directors if it deems the reasons unjustified;
- to request relevant information and documentation, including in electronic format, from the Board of Directors, control bodies, audit firms, collaborators, consultants, and, more generally, all parties subject to the Model. The obligation to cooperate must be formalised in the respective contractual arrangements;
- to propose updates and improvements to the Model to the Board of Directors in response to: (i) significant breaches of the Model; (ii) material changes in the Company's organisational structure or business operations; (iii) legislative amendments;
- to assess compliance with procedures adopted under the Model and identify any misconduct based on analysis of information flows or reports from Function Managers, and to act in accordance with the provisions of the Model;
- to ensure regular updates to the identification, mapping and classification of sensitive areas;
- to liaise with, and report to, the Board of Directors and the Board of Statutory Auditors;

- to promote information and training initiatives on Legislative Decree No. 231/2001, the Model, applicable regulations, and rules of conduct, and to monitor the frequency and effectiveness of such activities. These initiatives must be tailored based on the roles and responsibilities of those operating in sensitive areas;
- to verify the effectiveness of the internal communication system regarding information relevant to the Decree, guaranteeing protection and confidentiality to the reporting person;
- to ensure widespread awareness of what conduct must be reported and how such reports must be made;
- to provide clarifications on the interpretation and application of the Model's provisions;
- to prepare and submit an annual budget to the Board of Directors for approval, estimating the resources required to carry out its functions independently and effectively. The Supervisory Body may exceed its allocated budget where extraordinary and urgent situations arise, provided it informs the Board of Directors at the next available meeting;
- to promptly report to the Board of Directors any established breach of the Model that could give rise to corporate liability, enabling the Board to take appropriate action;
- in relation to monitoring the application of the Model within Group companies, to directly acquire documentation and information without intermediation, and to conduct periodic and targeted checks on high-risk activities.

In performing its duties, the Supervisory Body may be supported by relevant Company Functions, depending on their specific competencies.

4.4 Information flows from and to the Supervisory Body

The Supervisory Body must be promptly informed, through a dedicated reporting system, of any act, conduct or event that might lead to a breach of the Model or, more generally, is significant for the purposes of Legislative Decree No. 231/2001.

The obligation to report any conduct contrary to the provisions of the Model falls within the broader duty of care and loyalty that applies to all employees.

Company Functions and any committees operating in sensitive areas must provide the Supervisory Body with information regarding: i) the results of periodic controls carried out in accordance with the Model, including upon request (e.g., summary reports of activities); ii) any anomalies or irregular activities identified in the available information.

This information includes, but is not limited to:

- operations classified as sensitive activities (e.g., accident reports, information on contracts awarded by public entities, etc.);
- measures and/or information issued by police or other authorities indicating that investigations are being conducted – including investigations against unknown persons – for any of the offences referred to in Legislative Decree No. 231/2001 that might involve the Company;
- requests for legal assistance submitted by employees involved in legal proceedings in connection with offences under Legislative Decree No. 231/2001, unless expressly prohibited by judicial authorities;

- reports prepared by the Managers of other Company functions in the course of their control activities, where such reports highlight facts, actions, events or omissions relevant to compliance with the Model;
- information on any disciplinary procedures undertaken and sanctions imposed (including those against employees), or the closure of such procedures with justification;
- any other information that, even if not included in the above list, is relevant for the effective monitoring and updating of the Model.

The Company has adopted a specific procedure governing the information flows to the Supervisory Body, which defines the roles, responsibilities, and procedures for managing the related activities.

Partners, consultants, external collaborators, suppliers, and similar parties are contractually obliged to promptly report any direct or indirect request from a Company employee or representative to engage in conduct that may constitute a breach of the Model.

4.5 Whistleblowing

Pursuant to Article 6, paragraph 2-bis of Legislative Decree No. 231/2001, a reporting system is made available to all recipients of the Model, allowing them to report unlawful conduct based on precise and consistent factual elements.

This provision was supplemented by Italian Legislative Decree No. 24 of 10th March 2023 (hereinafter, the “**Whistleblowing Decree**”), which transposed the European Directive on the protection of persons reporting breaches of Union law. The new legislation broadened the range of entities required to implement whistleblowing systems, expanded the scope of reportable violations, and provided clearer requirements for the structure of internal reporting channels. Article 4.1 of the Whistleblowing Decree specifically requires that the organisation and management models referred to in Article 6, paragraph 1, letter a), of Legislative Decree 231/2001 include internal reporting channels.

The Company and, more broadly, the Arvedi Group have implemented the relevant legislation through the development of a whistleblowing system, which is also used for reports previously addressed to the Supervisory Body concerning breaches of the Model and of Legislative Decree 231/2001 more generally. The procedures for using the whistleblowing system are set out in the Group Guidelines, available at the following link: [Whistleblowing | Arvedi Group](#).

Reports submitted through the whistleblowing channels may concern (by way of example but not limited to), in addition to breaches of Legislative Decree No. 231/2001 and the Model:

- labour, health, safety and environmental law and regulations;
- corruption or extortion;
- money laundering;
- antitrust and competition law;
- fraud;
- conflicts of interest;
- privacy violations;
- disclosure of confidential information;
- breaches of the Group Code of Conduct;
- human rights violations;

- unethical or unprofessional business conduct;
- misuse of corporate resources;
- non-compliance with Group rules, regulations or procedures.

Reports must be based on substantial and verifiable facts. They must not concern complaints about business relationships with the Company, or personal grievances, claims or requests related solely to the reporter's individual employment relationship or issues with hierarchical superiors.

Reports may be submitted through the following channels:

- **Web Platform**

Using the link:

<https://digitalplatform.unionefiduciaria.it/whistleblowingnew/it/accessoprincipale/identificazionegruppo?TOKEN=GRUPPOFINARVEDIWB>,

- **Email**

By writing to the dedicated email addresses listed for each Group company in Annex 1 of the "Group Guidelines – Management of internal reports (Whistleblowing)", available under the "Documentation" section at: [Group Guidelines 009](#).

For greater confidentiality, it is recommended to include the word "CONFIDENTIAL" in the subject line and attach the report as a separate file.

- **In-person meeting**

By submitting a request via email to the dedicated addresses listed in Annex 1 of the "Group Guidelines – Management of internal reports (Whistleblowing)", available under the "Documentation" section at: [Group Guidelines 009](#). Further instructions will be provided in response.

The web platform is provided by Unione Fiduciaria S.p.A., an independent third party, and is hosted on an external domain. The platform ensures appropriate levels of protection and confidentiality for submitted reports.

The Company's Supervisory Body and the Group Compliance Officer jointly manage the internal reporting channels.

In accordance with the procedures and timelines established by law and internal guidelines, reports are handled through the following phases.

- **Acknowledgement:** the report is received, properly registered, and assigned a unique reference number. A receipt is sent to the reporting person.
- **Preliminary assessment:** the report is reviewed to determine admissibility, and further information may be requested, while safeguarding anonymity where applicable.
- **Investigation:** if the report is deemed admissible, specific analyses are initiated and appropriate follow-up actions are undertaken. Additional information may be requested, again with full respect for the whistleblower's anonymity.
- **Conclusion and outcome:** once the investigation is complete, the findings are communicated to the whistleblower in writing.

During the investigation process, the reported person will always be guaranteed the right to defend themselves against the facts alleged.

Any report submitted with the intention of harming or defaming the reported person may result in disciplinary action against the whistleblower, in accordance with the Company's disciplinary system, as well as the potential pursuit of legal action.

The Company undertakes to protect all individuals who submit a report in good faith from any form of intimidation or retaliation.

In accordance with Article 6, paragraph 2-bis, letter d), of Legislative Decree 231/2001 and Legislative Decree 24/2023 – in addition to the disciplinary measures described in Chapter 5 – sanctions are also envisaged for those who violate whistleblower protection measures, or who submit false reports with intent or gross negligence.

4.6 Reporting by the Supervisory Body to the Corporate Bodies

The Supervisory Body reports on the implementation of the Model, identifies any criticalities encountered, and submits proposals for any necessary revisions.

There are several guidelines for reporting by the Supervisory Body:

- on an ongoing basis, it reports to the Board of Directors, through the Managing Director;
- on a regular basis, at least every six months, it submits a report to the Board of Directors, in the presence of the Board of Statutory Auditors.

Meetings with the corporate bodies to which the Supervisory Body reports must be documented. The Supervisory Body is responsible for archiving the related documentation.

The Supervisory Body prepares:

1. a periodic report (at least every six months) on its activities, to be submitted to the Board of Directors and, if appointed, also to the Board of Statutory Auditors;
2. specific written reports on individual aspects of its activities deemed particularly important and relevant for prevention and control purposes, to be submitted to the Board of Directors;
3. communications whenever extraordinary circumstances arise (such as significant breaches of the principles set out in the Model, new legislation on the administrative liability of entities, significant changes in the Company's organisational structure, etc.), or when it receives information requiring urgent reporting to the Directors.

The periodic reports drawn up by the Supervisory Body also serve to enable the Board of Directors to carry out any necessary assessments and update the Model. These reports must include at least:

- any issues arising in the implementation of the procedures established by the Model or adopted in order to implement or comply with it;
- a description of any information reported by individuals inside or outside the Company concerning the Model and the Group Code of Conduct;
- disciplinary procedures and any sanctions or prohibitions imposed on the Company, but only in relation to activities at risk;
- an overall assessment of the effectiveness of the Model, including any recommendations for additions, corrections or amendments.

CHAPTER 5 – STRUCTURAL ELEMENTS OF THE DISCIPLINARY SYSTEM

5.1 *Functions of the disciplinary system*

Article 6, paragraph 2, letter e) and Article 7, paragraph 4, letter b) of Italian Legislative Decree No. 231/2001 indicate, as a condition for the effective implementation of the Organisational, Management and Control Model, the introduction of a disciplinary system suitable to sanction non-compliance with the measures set out in the Model itself. Therefore, the definition of an adequate disciplinary system is an essential prerequisite for the Model's exempting effect with respect to the administrative liability of entities.

The adoption of disciplinary measures in the event of violations of the provisions contained in the Model does not depend on the commission of an offence or on the course and outcome of any criminal proceedings instituted by the judicial authorities.

Compliance with the provisions contained in the Model adopted by the Company must be considered an essential part of the contractual obligations of the recipients of the Model.

Violation of the provisions of the Model undermines the relationship of trust established with the Company and may lead to disciplinary, legal or criminal action. In the most serious cases, the violation may lead to the termination of the employment relationship, if committed by an employee, or to the interruption of the contractual relationship, if committed by a third party.

For this reason, each recipient is required to be familiar with the rules contained in the Company's Model, in addition to the applicable rules governing the activities carried out within the scope of their function.

This system of sanctions, adopted pursuant to Article 6, paragraph 2, letter e) of Italian Legislative Decree No. 231/2001, must be considered complementary to, and not a substitute for, the disciplinary system established by the applicable National Collective Labour Agreements (hereinafter, the "CCNL") for the various categories of Company employees.

The imposition of disciplinary sanctions for violations of the Model does not depend on whether criminal proceedings are instituted for the commission of one of the offences provided for by the Decree. The Supervisory Body constantly monitors the system of sanctions and its application.

No disciplinary procedure may be closed, nor may any disciplinary sanction be imposed for violation of the Model, without prior notification and opinion of the Supervisory Body.

5.2 *Sanctions against Employees*

The Group Code of Conduct and the Model constitute a set of rules with which the employees of the Company must comply, also pursuant to the provisions of Articles 2104 and 2106 of the Italian Civil Code and the applicable CCNL concerning behavioural rules and disciplinary sanctions. Therefore, all conduct by employees that violates the provisions of the Group Code of Conduct, the Model or its implementing procedures constitutes a breach of the fundamental obligations of the employment relationship and, consequently, may give rise to a disciplinary procedure and the application of related sanctions.

Furthermore, pursuant to Article 6, paragraph 2-bis of the Decree, any employee who, in breach of the internal procedures provided by the Model on whistleblowing, or by adopting conduct that is not compliant with the provisions of the Model, engages in acts of retaliation or discrimination, direct or indirect, against the reporting person for reasons directly or indirectly linked to the report, or submits reports with malice or gross negligence that prove to be unfounded, is subject to disciplinary action.

The provisions of Articles 8, 9, 10 and 11 of the CCNL for employees in the metalworking and plant installation sector apply to employees classified as workers, clerks and middle managers, in accordance with the procedures established in Article 7 of Italian Law No. 300 of 20th May 1970 (“Workers’ Statute”).

These measures are those provided for by the disciplinary rules and, depending on the seriousness of the violations, the following sanctions may be applied:

- verbal warning;
- written warning;
- a fine not exceeding three hours’ pay calculated on the minimum wage scale;
- suspension from work and pay for up to three days;
- dismissal for failure to comply with Article 10 of the CCNL.

The employer may not impose any disciplinary sanction on the employee without first notifying them of the charge and allowing them to present a defence. Except for verbal warnings, the notification must be made in writing, and disciplinary sanctions may not be imposed until five days have passed, during which time the employee may submit their justifications. If the sanction is not imposed within six days after the submission of justifications, they shall be deemed accepted (Article 8 of the CCNL).

Based on the above principles and criteria:

- a) In accordance with Article 9 of the CCNL, the employee may be subject to a written warning, fine, or suspension for:
 - failing to report to work or leaving the workplace without valid reason or failing to justify an absence within the day following the start of the absence, except in the case of a valid impediment;
 - unjustified delays in starting work or premature suspension or termination of work;
 - minor insubordination toward superiors;
 - negligently or wilfully slowing down assigned work;
 - damaging plant materials or processing materials through negligence or carelessness;
 - being visibly intoxicated during working hours;
 - performing, outside the Company, work on behalf of third parties relating to the Company’s business;
 - violating the no-smoking policy where clearly indicated by signs;
 - performing minor work in the Company workshop on their own or on behalf of third parties, outside of working hours and without theft of materials, using Company equipment;
 - any other violations or conduct that undermines discipline, morale, hygiene or safety in the workplace.
- b) Dismissal with notice (Article 10 letter A of the CCNL) will be applied when the employee commits the following offences:
 - insubordination toward superiors;

- serious negligent damage to plant materials or processing materials;
- performing minor unauthorised personal or third-party work within the Company without using Company materials;
- fighting in the factory outside processing departments;
- leaving the workplace without authorisation by employees specifically assigned surveillance, security or monitoring duties;
- unjustified absences of more than four consecutive days or absences repeated three times a year immediately following public holidays or weekends;
- final criminal conviction for a crime not related to the employment relationship that damages the employee's moral standing;
- repeated offences of those listed in point a).

Dismissal without notice (Article 10 letter B of the CCNL) will be applied if the employee causes material or moral damage to the Company or, in connection with the employment relationship, engages in conduct that constitutes a criminal offence.

In the event of dismissal without notice, the Company may order the employee's precautionary suspension, not for disciplinary reasons, with immediate effect, for a maximum of 6 days. If the dismissal is then confirmed, it will take effect from the moment of suspension (Article 11 of the CCNL).

5.3 Sanctions against Executives

The executive relationship is characterised by its fundamentally fiduciary nature. The conduct of an Executive (employee formally classified as "*Dirigenti*" under the CCNL for Executives) not only has internal significance within the Company – serving as a model and example for all employees – but also affects the Company's external image. Therefore, compliance by Executives with the provisions of the Group Code of Conduct, the Model, and the related implementation procedures is an essential element of the executive employment relationship.

In relation to Executives who commit a violation of the Group Code of Conduct, the Model, or the procedures established for its implementation, the function holding disciplinary authority shall initiate the relevant procedures to contest the violation and apply the appropriate sanctions, in compliance with the provisions of the applicable CCNL for Executives and, where necessary, with due regard to the procedures set out in Article 7 of Italian Law No. 300 of 30th May 1970.

Sanctions shall be applied in accordance with the principles of graduality and proportionality, considering the seriousness of the act and the degree of fault or intentional misconduct, if any. As a precautionary measure, the revocation of any powers of attorney granted to the individual concerned may also be ordered, up to and including the possible termination of the employment relationship in the event of violations serious enough to compromise the fiduciary relationship with the Company.

5.4 Sanctions against Directors

In the event of violations of the provisions contained in the Model by one or more Directors, the Board of Directors and the Board of Statutory Auditors shall be informed so that appropriate measures may be taken in accordance with the applicable regulations or the provisions adopted by the Company.

It should be noted that, pursuant to Article 2392 of the Italian Civil Code, Directors are liable to the Company for failing to perform the duties imposed by law with due diligence. Therefore, with regard to damage resulting from specific harmful events directly attributable to such failure, the shareholders' meeting may consider bringing a corporate liability action pursuant to Article 2393 of the Italian Civil Code and subsequent articles.

To ensure full exercise of the right to defence, a deadline must be set within which the person concerned may submit justifications and/or written defences and may be heard.

5.5 *Sanctions against Statutory Auditors*

Upon notification of a violation of the provisions and rules of conduct set forth in the Model by one or more Statutory Auditors, the Supervisory Body must promptly inform the entire Board of Statutory Auditors and the Board of Directors of the event.

The recipients of the Supervisory Body's report may, in accordance with the provisions of the Articles of Association, take appropriate measures, including, for example, calling a shareholders' meeting to adopt the measures deemed most appropriate.

To ensure full exercise of the right to defence, a deadline must be set within which the person concerned may submit justifications and/or written defences and may be heard.

5.5 *Sanctions against collaborators and external parties operating on behalf of the Company*

With regard to collaborators or external parties operating on behalf of the Company, the sanctions and methods of application for violations of the Group Code of Conduct, the Model and related implementation procedures are defined in advance.

These measures may include termination of the relationship in the case of more serious violations, or in any event where such violations compromise the Company's trust in the person responsible. In the event of a violation by such parties, the Supervisory Body shall inform the Managing Director in writing.

5.5 *Measures against the Supervisory Body*

In the event of negligence and/or lack of diligence by the Supervisory Body in overseeing the correct implementation of the Model and ensuring its compliance, or in failing to identify and address violations of the Model, the Board of Directors, in agreement with the Board of Statutory Auditors, shall take appropriate measures in accordance with applicable legislation, including revocation of the appointment and without prejudice to any claims for damages.

To ensure the full exercise of the right to defence, a deadline must be set within which the person concerned may submit justifications and/or written defences and may be heard.

In the event of alleged unlawful conduct by one or more members of the Supervisory Body, the Board of Directors, once the report is received, shall investigate the alleged misconduct and then determine the appropriate disciplinary measure to be applied.

CHAPTER 6 – CONTROL SYSTEM

The system for the prevention of offences developed by the Company, based on the guidelines issued by Confindustria and international best practices, has been implemented by applying to each sensitive activity:

- general control standards, applicable to all sensitive activities considered;
- specific control standards applicable to each of the sensitive activities for which they are identified.

The general control protocols, based on the tools and methodologies used to structure the specific control principles, can be summarised as follows:

- **Segregation of duties:** the system must ensure the application of the principle of separation of functions, whereby the authorisation to perform an operation must be entrusted to a person other than the one who records it, executes it operationally or verifies it. Furthermore, it is necessary that: i) no individual is assigned unlimited powers; ii) powers and responsibilities are clearly defined and known within the organisation; iii) authorisation and signing powers are consistent with the organisational responsibilities assigned. This segregation is ensured by involving, within the same macro-business process, several parties to guarantee the independence and objectivity of the processes. The separation of functions is also implemented using IT systems that allow certain operations only to identified and authorised persons. Segregation is assessed by considering the sensitive activity within the context of the relevant process and its complexity.
- **Traceability:** for each operation there must be adequate documentary support allowing, at any time, checks to be carried out that confirm the characteristics and reasons for the operation, and identify those who authorised, executed, recorded and verified the operation. In any case, detailed rules must govern the possible cancellation or deletion of recorded data. The safeguarding of data and procedures in the IT environment can be ensured by adopting the security measures already provided for by Italian Legislative Decree No. 196/2003 for all data processing carried out using electronic instruments.
- **Proxies and powers of attorney:** the authorisation and signature powers assigned must be: i) consistent with the assigned organisational and managerial responsibilities, providing, where required, an indication of expenditure approval thresholds; ii) clearly defined and known within the Company. Corporate roles are defined to which the power to bind the Company to certain expenditures is assigned, specifying the limits and nature of the expenses. The act of assignment must comply with legal requirements (e.g. delegation in the field of health and safety at work). In addition to the adoption of general and specific powers of attorney, intercompany proxies are adopted within the Group to carry out specific centralised activities governed by service contracts.
- **Regulation:** the existence of internal provisions suitable to provide behavioural guidelines, operational procedures for the performance of sensitive activities, and methods for archiving relevant documentation (such as procedures, policies, guidelines and internal regulations, as well as organisational provisions and service orders).
- **Monitoring activities:** aimed at the periodic/timely updating of proxies, functional delegations and the control system, in line with the decision-making process and the structure of the organisation as a whole. Lastly, the protocol provides for the existence of process controls.

CHAPTER 7 – TRAINING AND COMMUNICATION PLAN

7.1 Introduction

In order to effectively implement the Model, the Company intends to ensure the correct dissemination of its contents and principles both within and outside its organisation.

In particular, the Company's objective is to communicate the contents and principles of the Model not only to its own employees but also to subjects who, although not formally qualified as employees, operate – even occasionally – for the achievement of the Company's objectives by virtue of contractual relations. In fact, the Model is intended for both persons who hold representative, administrative or management positions in the Company, and persons subject to the management or supervision of one of the aforesaid persons (pursuant to art. 5 of Legislative Decree No. 231/2001), and, more generally, for all those who work for the achievement of the Company's purpose and objectives. The recipients of the Model therefore include the members of the corporate bodies, persons involved in the functions of the Supervisory Body, employees, collaborators, agents, traders, external consultants, and commercial and/or industrial and/or financial partners.

The Company aims to:

- ensure that all those who act in its name and on its behalf in sensitive areas are aware that, should they violate the provisions contained in the Model, they may commit an offence subject to penalties;
- inform all those who act in its name, on its behalf or in its interest, that violations of the Model's provisions will result in the application of appropriate sanctions or termination of the contractual relationship;
- reaffirm that the Company does not tolerate unlawful conduct of any kind and for any purpose, as such conduct (even if the Company were to benefit from it) is, in any case, contrary to the ethical principles to which the Company adheres.

Communication and training activities vary according to the recipients but are always based on the principles of completeness, clarity, accessibility and continuity, in order to ensure that the various recipients are fully aware of the Company provisions they are required to comply with, as well as the ethical standards that must guide their conduct.

These recipients are required to comply fully with all the provisions of the Model, also in fulfilment of the duties of loyalty, correctness and diligence arising from the legal relationships established with the Company.

Communication and training activities are supervised by the Supervisory Body, which is assigned, among other things, the tasks of promoting and defining initiatives for the dissemination of knowledge and understanding of the Model, as well as for the training of personnel and raising their awareness of compliance with the principles contained in the Model and promoting and developing communication and training measures on the contents of Legislative Decree No. 231/2001, on the impact of legislation on the Company's activities and on rules of conduct.

7.2 Employees

Each employee is required to: i) acquire awareness of the principles and contents of the Model and the Group Code of Conduct; ii) understand the operating procedures according to which their activities must be carried out; iii) actively contribute, in relation to their role and responsibilities, to the effective implementation of the Model, by reporting any shortcomings identified.

To ensure effective and rational communication activities, the Company promotes knowledge of the contents and principles of the Model, with varying levels of detail depending on the employee's position and role.

Employees and new hires are provided with a copy of the Model and the Group Code of Conduct or are guaranteed the opportunity to consult them directly on the Company Intranet in a dedicated area; they are required to sign a declaration acknowledging and committing to comply with the principles set forth in the Model and the Group Code of Conduct.

In any case, for employees who do not have access to the Intranet, this documentation must be made available through alternative means, such as attaching it to payslips or posting it on Company notice boards.

Communication and training on the principles and contents of the Model and the Group Code of Conduct are ensured by the heads of the individual functions, who, as indicated and planned by the Supervisory Body, identify the best way to deliver these initiatives. Training initiatives may also be carried out remotely using information systems (e.g., video conferences, e-learning, staff meetings, etc.).

At the end of each training session, participants must complete a questionnaire to certify their participation and understanding of the course.

Completing and submitting the questionnaire serves as a declaration of knowledge of and compliance with the contents of the Model.

Appropriate communication tools will be adopted to update the recipients of this section on any changes to the Model, as well as any significant procedural, regulatory or organisational changes.

7.3 *Members of the executive bodies and persons with representative functions of the Company*

Members of the Company's governing bodies and individuals with representative functions will be provided with a copy of the Model at the time of acceptance of the office conferred on them and will be required to sign a declaration of compliance with the principles of the Model and the Group Code of Conduct.

Appropriate communication and training tools will be adopted to update them on any changes made to the Model, as well as any significant procedural, regulatory or organisational changes.

7.4 *Supervisory Body*

Specific training or information (e.g., on any organisational and/or business changes in the Company) is provided to the members of the Supervisory Body and/or to the persons it relies on in the performance of its functions.

7.5 *Other recipients*

The activity of communicating the contents and principles of the Model must also be addressed to third parties who have contractually regulated collaboration relationships with the Company (for example: commercial/industrial partners, agents, traders, consultants, and other independent collaborators), with particular reference to those operating in the context of activities considered sensitive pursuant to Legislative Decree No. 231/2001.

To this end, the Company will provide third parties with an extract of the relevant principles of the Model and the Group Code of Conduct and will assess the opportunity to organise ad hoc training sessions if deemed necessary.

Training initiatives may also take place remotely through the use of computer systems (e.g., video conference, e-learning).