



**PM OIL&STEEL SPA**

ORGANISATION, MANAGEMENT AND CONTROL MODEL AS PER LEG. DECREE 231/01  
ON THE SUBJECT OF HEALTH AND SAFETY IN THE WORKPLACE

Adopted by PM Oil&Steel S.p.A. through a resolution by the Board of Directors of 10 April 2019.



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#### DEFINITIONS:

- “Activity at Risk”: the phase of the Sensitive Process within which conditions/potential risks may arise for the commission of an offence;
- “Instrumental Activities”: activity through which it is possible to commit predicate offences;
- “CLA”: Collective Labor Agreement presently in force and applied by PM Oil&Steel Spa;
- “Code of Conduct”: Code of Ethics adopted by the company;
- “Consultants”: persons acting in the name of and/or on behalf of PM Oil&Steel Spa based on a mandate or other form of collaborative relationship, including;
- “Recipients”: Corporate Bodies, Employees, Services Companies, Consultants, and Partners (these also include suppliers, customers and additional third parties which intend to cooperate with the Company within the scope of the Sensitive Processes);
- “Employees”: all the employees of PM Oil&Steel Spa (including the executives);
- “Legislative Decree 231/01”: legislative decree no. 231 of 8 June 2001 and subsequent amendments;
- “*Gap Analysis*”: the set of activities that allow a comparison to be made between the current positioning (*as-is*) and the desired one (*to-be*) in connection with sector-specific *best practices*, voluntary standards, laws, internal objectives;
- “Reference Guidelines”: the Guidelines for development of the organization, management and control models as per Leg. Decree 231/01, approved by Confindustria on 7 March 2002 and subsequent amendments and addendums;
- “Models” or “Model”: the organization, management and control model or models required by Leg. Decree 231/01;
- “Sensitive Transaction”: transaction or act that is performed within the scope of the Sensitive Processes, which may be of a commercial, financial or corporate nature (such as, with regards to the latter, reduction of share capital, mergers, demergers, transactions involving the shares of the parent Company, attribution of shares, reimbursements of capital to shareholders, etc.);
- “Corporate Bodies”: the members of the Board of Directors and of the Board of Statutory Auditors of PM Oil&Steel Spa;
- “Supervisory Body”: body responsible for monitoring the functioning and observance of the Model and for its update,
  - equipped with autonomous powers of initiative and control;
- “P.A.”: the Public Administrations, including the relative officials and subjects in charge of a public service;
- “Partners”: natural or legal persons with whom cui PM Oil&Steel Spa initiates any form of collaboration whatsoever governed by a contract, or the contractual counterparty or counterparties of PM Oil&Steel Spa, both natural and legal persons (suppliers, customers, agents) if destined to collaborate in a continuous manner with the company within the scope of Sensitive Processes;
- “Sensitive Processes”: the activities carried out by PM Oil&Steel Spa which are subject to the risk of commission of the offences;
- “Offences”: the Offences regulated by Leg. Decree 231/01 (also including the possible future integration of Offences);



## GENERAL PART

### SECTION I

#### INTRODUCTION

##### **1. Legislative Decree no. 231/01 and relevant regulations**

Leg. Decree 231/01 was issued on 8 June 2001 pursuant to the enabling provisions referred to in art. 11 of Law no. 300 of 29 September 2000. It came into force on the following 4 July, and aligned Italian legislation on the subject of liability of legal entities with certain international conventions previously underwritten by Italy.

Legislative Decree 231/01, entitled “*Standards governing the administrative liability of legal entities, companies and associations, including those without legal personality*”, introduced the concept of vicarious criminal liability of legal entities, for the first time in Italy, as a result of certain offences committed on behalf of or for the benefit of such entities. The provisions contained therein identify those persons who hold representative, administrative, or executive positions in those entities as active subjects of the offences or in any of their organizational units that have financial and operative autonomy, as well as persons who actually operate and control such entities; and, lastly, persons subordinate to or under the supervision of one of the persons indicated above. Such liability is in addition to the personal liability of the individual who actually committed the offence.

Legislative Decree 231/01 also penalizes the assets of entities that have benefited from the commission of certain criminal acts. The application of monetary sanctions is envisaged for all offences committed. In the more serious cases, interdiction measures may also be applied, such as suspension or revocation of licenses and permits, prohibition to maintain relations with Public Administrations, debarment from performance of activity, exclusion or revocation of loans and grants, and prohibition to advertise goods and services.

The Decree foresees a form of exemption from administrative liability that is effective whenever the company, prior to the commission of the illegal act, proves the adoption and efficient implementation of an Organizational and Control Model suitable for preventing crimes of any type similar to those which occurred, entrusting the task of supervising the functioning and observance of the Model itself to a body that is equipped with autonomous initiative and control powers (Supervisory Body); that the act was committed by fraudulently eluding the Model and that there was no omitted or insufficient monitoring by the Supervisory Body.

##### **2. The function of the Model as per Leg. Decree 231/01**

The adoption of the Model, pursuant to the law as optional and not obligatory, is considered by PM Oil&Steel Spa as a relevant opportunity to implement an “active” prevention of offences by strengthening its own Corporate Governance and Internal Control System, as well as the diffusion of suitable ethical/behavioural principles.

The Model identifies the rules and procedures that must be respected by all Recipients, that is, by all those who operate on behalf of or in the interest of the Company within the scope of the Sensitive Processes, such as Employees, Social Bodies, Service Companies,



Consultants, and Partners, with regard to the commission of offences implied by the responsibility as per Leg. Decree 231/01.

The Supervisory Board, for the purposes mentioned, guarantees constant supervision of the Model implementation, through monitoring activities and the eventual application of disciplinary or contractual sanctions aimed at actively censuring all illicit behaviors.

### **3. Reference guidelines**

During the drafting of this Model, PM Oil&Steel Spa drew upon the Confindustria Guidelines, the principles of which are referred to in the text of this Model.

It is understood that, since the Model must be drawn up in connection with the Company's real situation, it may very well deviate from these reference Guidelines which, by their very nature, are of the general type.

## **SECTION II**

### **DEVELOPING THE MODEL**

#### **1. Principles, inspiring elements and objectives of PM Oil&Steel Spa's Model.**

Although the adoption of this model represents an "option" and not an obligation, PM Oil&Steel Spa proceeded to its drafting and implementation since it is fully aware that this type of a system is actually an opportunity for strengthening its Corporate Governance, at the same time taking advantage of the activity carried out in order to make employees aware with regards to the topic of control of company processes, aimed at an "active" prevention of offences concerning the health and safety of its own workers and of third-party subjects (art. 25 –*septies* Leg. Decree 231/01).

PM OIL & STEEL S.P.A. originates from the merger by incorporation of the companies OIL & STEEL S.p.A., VAT no. 02313650364 and AIR SERVICE S.R.L. VAT no. 02868420361 into the company PM GROUP S.p.A., VAT no. 03520360961. The incorporated companies were already a part of the same corporate group, they being control one directly and the other indirectly by the PM GROUP S.P.A., therefore the transaction is more like the results of an operational restructuring of the Group which allowed the activities carried out by the three companies to be integrated with a view to achieve an overall improvement of the corporate efficiency.

The merger was concluded on 02/11/2018 and, following said transaction, the incorporating company PM GROUP S.P.A. changed its corporate name to PM OIL & STEEL S.p.A.

Both PM Group S.p.A. and Oil & Steel S.p.A. came from a process which resulted in the obtainment of the ISO 9001 certification; at present, the natural integration process of the two systems is underway.

PM Group S.p.A. had already obtained the BS OHSAS 18001:2007 certificate and, following the merger by incorporation process, the application of the system to the activities carried out by the incorporated company Oil & Steel S.p.A. is in progress. This Organizational Model, drafted pursuant to Leg. Decree 231/01, is consequently joins the existing workplace safety management systems (hereinafter also "SGSL 18001") and Quality management systems (hereinafter also "SGQ 9001"), operational and certified, with the objective of providing an immediate and effective operational tool which all recipients are allowed to access for the



purpose of gaining knowledge of, understanding and properly applying the risk control measures contained herein.

With respect to the existing management systems, the Organizational Model represents an evolution aimed at strengthening the procedures contained therein in order to make them suited to preventing the predicate offences.

The pronounced operational imprint of this Organizational Model also represents the reason why PM Oil&Steel Spa intended to aim it exclusively at the prevention of offences on the subject of health and safety in the workplace (art. 25 –*septies* Leg. Decree 231/01).

Therefore, the primary objective of this Model is to develop - by integrating with and incorporating the existing Management Systems - an effective tool for the elimination and /where this is not possible) the reduction of risks.

In preparing this Model, the prescriptions of Leg. Decree 231/01 were taken into account, in addition to the control systems and procedures (identified in the “as is” phase) already implemented by the company as a result of the previous adoption of the Management Systems and deemed suitable to also apply as measures for the prevention of offences and control over the Sensitive Processes.

In particular, the following systems are implemented at PM Oil&Steel Spa:

- the “Quality, Safety and Environment Policy”, which sets out the ethics principles to which the Company adheres;
- the “Workplace Health and Safety Management System Manual” and the “Quality Management System” which describe the organization of PM Oil&Steel Spa and the Quality and Safety Management System implemented for the purpose of the objectives established for the Quality and Safety Policy and issued by the Company for the prevention of accidents and occupational diseases and the pursuit of continuous improvement;
- the system procedures and the operational instructions contained in the SGSL 18001 and SGQ 9001 systems;
- the documentation and provisions pertaining to the corporate hierarchical - functional and organizational structure;
- the Top Management Review and auditing system;
- rules pertaining to the administrative, accounting, financial and reporting system;
- internal communication and the personnel training and information;
- the disciplinary system referred to in the CLAs;
- Generally speaking, applicable Italian and foreign regulations (among which, for example, rules on the subject of workplace safety).

### **1.1 Characteristics of the Model of PM Oil&Steel Spa**

In line with the provisions of Leg. Decree 231/01, this Model is characterized by the following elements: *effectiveness, specificity and relevance*.

#### **Effectiveness**

The effectiveness of an Organizational Model depends on its actual ability to elaborate, or at least significantly reduce, the risk of committing the offences by Legislative Decree 231/01. This ability is ensured by the existence of decision-making, preventive and detective control mechanisms capable of identifying transactions of an anomalous nature, as well as of



denoting conduct relevant to the risk areas and the appropriate urgent measures to be taken. The effectiveness of an organizational model also depends upon the efficiency of the tools suited to identifying the “symptoms of illegal activity”.

### **Specificity**

Specificity is one of the elements that connotes the efficiency of the Model, pursuant to art. 6, comma 2, letters a and b.

The Model specificity is associated with the areas at risk – and requires a census of the activities within which the offences might be committed – and also with the training processes and implementation of Company decisions in the “sensitive” areas.

Similarly, the Program must also identify suitable methods for managing financial resources, fulfil information obligations and provide for an adequate disciplinary system, as well as take into account the Company characteristics and dimensions, the types of activities performed, and the Company’s history.

### **Relevance**

As regards this aspect, a Model is suited to reducing exposure to the commission of Offences if it is constantly adapted to the characteristics of the structure and of the company’s business activities.

According to the provisions of Art. 7 of Leg. Decree 231/01, the effective implementation of the Model requires periodical verification and the necessary modification to the Model whenever possible violations are discovered, or as a consequence to changes in the business activity or in the organizational structure of the company/entity.

Art. 6 of Leg. Decree 231/01 assigns the task of updating the Model to the Supervisory Body, since it is empowered to act and verify independently.

## **1.2 Definition of the PM Oil&Steel Spa Model**

The drafting of this Model was preceded by a complex series of preparatory activities broken down into different phases, all aimed at setting up a system for the prevention and management of risks, in line with the provisions contained in Leg. Decree 231/01, based on SGSL 18001 and SGQ 9001 and inspired, in addition to the rules contained in said Decree, by the Reference Guidelines as well.

### **1) Identification of Sensitive Processes (“*as-is analysis*”)**

The core business of PM Oil&Steel is the design, construction, conversion, installation, maintenance and repair of lifting equipment, in particular cranes and aerial platforms, mechanical, fluid dynamics and hydraulic systems and equipment of any type, and in any event of materials and metal constructions in general in the sector of hydraulic and fluid dynamics sector in the field of lifting of objects and/or people; fittings, including of the special type, on means of transport and the conversion of industrial vehicles; rental and leasing under any form, except for financial leasing, of the aforementioned equipment as well as of other products pertaining to the metal manufacturing sector.

The activity described above is carried out at the following production units located in:

- Via Verdi 22 San Cesario sul Panaro (Province of Modena)
- via Modenese, 4985 San Cesario sul Panaro (Province of Modena)



For the purpose of identifying the sectors where the risk of committing the offences may occur more easily and the ways in which these offences may take place, we proceeded to analyze the company organization (among which organization charts, activities carried out, main processes, minutes of the Board of Directors' meetings, powers of attorney, organizational provisions, risk assessment document, etc.) and to interview key personnel within the scope of the company structure (*Employer, Quality Function Manager, Production Manager, Purchasing Office Manager, Technical Office Manager, internal Legal Affairs, HR Manager, Head of the Prevention and Protection Service or RSPP, etc.*), asking questions aimed at delving deep into the Sensitive Processes and their control (existing procedures, accountability of operations and check, separation of duties, etc.).

In particular, the activity was carried out in close contact with the "HSEQ" (Health, Safety, Environment, Quality) structure of the Function and with the RSPP (Head of the Prevention and Protection Service).

In fact, this structure represents the main contact of the Function as regards the identification, planning and development of all activities pertaining to the health and safety of the employees of PM Oil&Steel Spa as well as product safety.

Moreover, during the first certification process, HSEQ actively contributed in the development of the SGSL 18001 and of the SGQ 9001, and today is one of the main players in terms of maintaining the certification, ensuring its constant evolution and its actual application on a daily basis.

## 2) Creation of the "gap analysis"

On the basis of the checks and of the existing procedures in connection with the Sensitive Processes and of the provisions and purposes of Leg. Decree 231/01, improvement measures were identified with regards to the current Management Systems and the basic organizational requisites for the definition of a "specific" organization, management and control model pursuant to Leg. Decree 231/01.

In particular, we proceeded to the identification of protocols and procedures, the adoption of a Code of Ethics, the definition of a disciplinary system, the appointment of a Supervisory Body, as well as to the training of all subjects who work at the Function on the principles and measures of the Model, in relation to the position they cover.

## 3) Preparation of the Model

This Model is organized in sections containing principles and rules of behavior intended to prevent commission of the offences envisaged in Leg. Decree 231/01 and specified in Annex A, as well as references to protocols contained in the Management Systems.

## 4) Updating of the Model

In order to assist the Supervisory Body in updating the Model, PM Oil&Steel Spa has set up a methodological support that, through a self-assessment, allows the identification of Sensitive Processes.

Pursuant to art. 6, comma 1, letter a, of Leg. Decree 231/2001, the Company's administrative body is responsible for the adoption of the organization and control model.



This means that the Board of Directors is responsible for approving this Model.

Likewise, said body is also responsible for any change and/or addition that may become necessary for the purpose of:

- (i) implementing the Model;
- (ii) improving the efficacy and effectiveness of the Model itself;
- (iii) adapting the Model to any changes that may have taken place in the regulatory framework and/or in the company's organizational structure.

This Model is subject to two types of checks, which must be conducted by the Supervisory Body:

- (i) checks on the deeds: periodically, a verification is conducted on the main corporate deeds and of the most important contracts concluded by the Company in the areas of activities at risk;
- (ii) checks on the procedures: the actual functioning of this Model is periodically verified. Moreover, a review is conducted of all the whistleblowing reports received during the course of the year, of all subjects concerned, of the events deemed to be risky, of the personnel' awareness as regards the offence envisaged in Leg. Decree 231/2001, through sample interviews.

The outcome of the verification was a report to be submitted to the attention of the Board of Directors highlighting any possible shortcomings and suggesting the measures to be undertaken.

In compliance with the provisions of article 2381 Civil Code., the Board of Directors may delegate some or all of the powers concerning the update of the aforementioned Model to individual directors.

The Board of Directors arranges for suitable updates to the Model only after having consulted with the Supervisory Body and on the basis of the latter's indications.

In any event, pursuant to art. 7 comma 4 of Leg. Decree 231/2001, we proceed to a mandatorily change the Model any time there are significant violations of the prescriptions (protocols) or in case of changes in the company's organization or activity.

### **1.3 Adoption of the Model of PM Oil&Steel Spa and its subsequent changes**

This Model was adopted by a resolution of the Board of Directors of PM Oil&Steel Spa, which also established the Supervisory Body.

Each member of the Board of Directors, just like the Board of Statutory Auditors of the Company, is committed to complying with this Model.

Since this Model is issued by the Board of Directors (in compliance with the prescriptions of art. 6, comma I, letter a) of Leg. Decree 231/01), the Board of Directors is responsible for making changes or additions to it.

The Board of Directors may delegate specific changes to individual directors, without prejudice to the fact that it will have to annually ratify any changes that may have been made.



## 2. THE SUPERVISORY BODY

### 2.1 Identification of the Supervisory Body: appointment and revocation

Leg. Decree 231/01 requires for the body assigned the task of supervising on observance of the Model to be a corporate body equipped with autonomous powers of initiative and control (art. 6. 1, *b*) of Leg. Decree 231/01).

Confindustria' Guidelines suggest that it be a corporate body other than the Board of Directors, characterized by autonomy, independence, professionalism and continuity of action, as well as by good repute and absence of any conflicts of interest.

By applying these principles to the company situation of PM Oil&Steel Spa and in view of the specific nature of the tasks assigned to the Supervisory Body the relative assignment has been entrusted, by means of a resolution, to:

- Francesco Piccaglia De Eccher: External Criminal Lawyer, expert on the subject of workplace safety (external member);
- Alberto Ranzi: Human Resource Director of the Company;
- Antonino Tedesco: Head of the Company's Quality, Safety and Environment Management Systems area.

The aforementioned individuals have been acknowledged as being the most suitable ones for taking on such a position, given the following requisites possessed by each one of them, in compliance with the provisions of Leg. Decree D.Lgs 231/01, with the Guidelines and with case-law:

- autonomy and independence.  
The solution best suited to ensuring autonomy of the control from any form of interference and/or conditioning by any member of the company, appears to be placing the Supervisory Body at the highest possible hierarchical position as well as the provision of reporting activity to be carried out exclusively towards Top Management (Managing Director, Board of Directors, Employer and Board of Statutory Auditors). It is also crucial for the Supervisory Body to not be assigned operational tasks, in other words it must not be directly involved in the managerial activities that represent the object of its control activity;
- good repute.  
In particular, no member of the Supervisory Body has been convicted of a criminal offence, including temporary ones, or has received plea-bargained sentences for offences entailing interdiction from public offices or that are included among those referred to in Leg. Decree 231/01;
- proven professionalism.  
The Supervisory Body possesses specific skills on the topic of auditing and consulting activities, as well as technical-professional skills suited to analysis the control systems and of a legal and criminal law nature: taking into account that the legislation in question basically concerns the Criminal Code and that the activity of the Supervisory Body is aimed at preventing the commission of offences, knowledge of the single specific cases is crucial, and this knowledge can be also be ensured to the Supervisory Body through the use of company resources or of external consultants. As concerns the topics of safeguarding health and safety in the workplace, the Supervisory Body will have to avail itself of all resources set up for the purpose of



managing the relative aspects (RSPP – Head of the Prevention and Protection Service, ASPP – Workers assigned to the Prevention and Protection Service, RLS – Workers' Safety Representative, MC – Company Physician, workers assigned to first-aid, worker assigned to emergencies in case of fire). These subjects and the Supervisory Body carry out their tasks at different levels, within an integrated control system among said subjects. In particular, the Head of the Prevention and Protection Service carries out a check of the technical-operational type (1<sup>st</sup> level check), whilst the Supervisory Body carries out a control on the efficiency and efficacy of the relevant procedures pursuant to Leg. Decree 231/01 (2<sup>nd</sup> level check).

- continuity of action.

The Supervisory Body conducts in a continuous manner the activities needed to monitor the Model with adequate commitment and the necessary investigative powers; it is a structure ascribable to the company, so as to ensure the necessary continuity in the monitoring activity,

- availability of the organizational and financial means necessary to perform its functions.

Moreover, independence of the Supervisory Body is ensured by the obligation falling upon the Board of Directors to approve during the formation process of the company budget, an adequate supply of financial resources, suggested by the Supervisory Body itself, which the latter can use for any need pertaining to the proper performance of its tasks (e.g., special consulting services, business trips, etc.).

Subject internal or external to the company may be called to become a member of the Supervisory Body, as long as each one possesses the requisites of autonomy and independence referred to above. In case of mixed compositions, the position of the internal members not being totally independent from the entity, it is required that the degree of independence of the Body be evaluated as a whole.

The aforementioned subjects exercise their decision-making powers separately, providing for on their own a mechanism aimed at preventing the adoption of conflicting decisions that require them to be settled by the Managing Director or the Board of Directors.

The definition of aspects pertaining to continuity of action of the Supervisory Body, such as the scheduling of events, the taking of minutes of the meetings and the governing of information flows on the part of company structures is assigned to the Supervisory Body, which will be entitled to govern its own internal functioning through a specific governance of its own activities (determining the frequency of the checks, identifying the criterial and analysis procedures, etc.).

The Board of Directors is responsible for appointing and revoking the appointment of the Supervisory Body, with the power to authorize the Company's legal representatives so that they can arrange for the necessary replacements in the event of resignation of the Supervisory Body and/or of organizational changes, reporting to the Board of Directors itself, which will have to approve any new appointment.



## 2.2 Functions and powers of the Supervisory Body

The Supervisory Body is assigned the task of monitoring:

- compliance with the Model by Employees, Corporate Bodies, Service Companies, Consultants and Partners;
- the efficacy and adequacy of the Model in relation to the company structure and its actual ability to prevent the commission of offences;
- the opportunity to update the Model, in case needs are identified to adapt the Model in relation to changes in company conditions and/or regulations.

To this end, the Supervisory Body is guaranteed free access - at all Company functions, with no need for any prior consent – to any corporate document, data or information deemed useful for the performance of its tasks, and must be constantly informed by management:

- a) as regards the aspects of the company activity that may expose PM Oil&Steel Spa to the risk of commission of one of the offences envisaged in this Model;
- b) as regards the relationships with Consultants and Partners who operate on behalf of the company within the scope of Sensitive Transactions.

In particular, the Supervisory Body:

- performs periodical reviews of all company activity in order to update the mapping of Sensitive Processes;
- verifies compliance with the methods and procedures required by the Model and identifies any eventual behavioral deviations that might emerge from the analysis of information flows and from the whistleblowing reports for which the managers of the various functions are held responsible;
- collects, processes, and retains significant information concerning compliance with the Model, and updates the list of information that must be sent to the Supervisory Body or kept at its disposal;
- liaises with corporate functions (also by means of appropriate meetings) for best monitoring of the activities in relation to the procedures established by the Model and for evaluating the adequacy of and the needs for improving the Model;
- interprets relevant legislation and verifies the adequacy of the Model in regard to such provisions of the law;
- Submits proposals to the executive body with regard to any amendments and/or additions which may become necessary as a consequence of significant violations of the prescriptions of the Model, significant changes in the company internal and/or in the manner in which the company activity is conducted, as well as a result of legislative changes;
- periodically conducts reviews periodically aimed at specific transactions or activities performed by the Company, especially with regards to the Sensitive Processes, the findings of which must be included in an ad hoc report to be included in the reporting to the authorized Corporate Bodies;
- notifies the Board of Directors with regards to ascertained violations of the Organizational Model that may result in a responsibility for the entity, and liaises with the company Management in order to evaluate the adoption of



possible disciplinary sanctions, without prejudice to the latter's prerogative to impose sanctions and the relative disciplinary measures;

- liaises with the Head of the Human Resources Department in order to define employee training programs and the content of periodical communications to be sent to the Employees and to the Corporate Bodies, including through the Company intranet site, in order to provide the same with the necessary awareness and basic knowledge of the provisions contained in Leg. Decree 231/01;
- initiates and conducts internal investigations, with the cooperation of the company functions concerned from time to time, to acquire further information (e.g., with the Human Resources Department as regards the application of disciplinary sanctions, etc.);
- availing itself of the assistance of the other competent company functions, it periodically verifies the system of powers of attorney and proxies currently in force and their consistency with the entire system of organizational communications, recommending changes if the delegated powers and/or qualifications do not correspond with the powers of representation granted to the agent, or in case of other anomalies.

The activities carried out by the Supervisory body may not be influenced by any other corporate body or structure, without prejudice, however, to the responsibility of the Board of Directors, which is nevertheless called upon to perform a supervisory role as to the adequacy of such activity, since the ultimate responsibility for the functioning of the Model lies with the Board of Directors.

### **2.3 Reporting of the Supervisory Body to Top Management**

The Supervisory Body reports on the implementation of the Model and to the emergence of any criticalities.

The Supervisory Body has two reporting lines:

- the first one towards the Board of Directors, the Employer and the Board of Statutory Auditors, reporting at least once every six months on the activity carried out (checks carried out and their outcome, specific verifications referred to in item 3 and their outcome, any updating of the Sensitive Processes, etc.);
- the second one towards the Human Resources Department; the written, half-yearly communications concern the activities carried out by the Supervisory Body and, where necessary, any criticalities which may have emerged and the consequent actions or initiatives undertaken.

Where the Supervisory Body identifies a problem with one of the members of the Board of Directors or of the Board of Statutory Auditors, the corresponding report must be promptly sent to one of the other subjects not involved.

The minutes of the meetings held with the bodies to which the Supervisory Body reports must be taken, and a copy of these minutes must be retained by the Supervisory Body and by the other bodies involved from time to time.

The Board of Statutory Auditors, the Board of Directors and the Managing Director, severally, have the power to convene at any time the Supervisory Body which, in turn, is entitled to



request, through the competent functions or subjects, that a meeting of the aforementioned bodies be convened for urgent reasons.

## **2.4 Information flows to the Supervisory Body and whistleblowing system**

### **2.4.1. Reporting to the Supervisory Body**

Among the requirements that the Model has to meet, Leg. Decree 231/2001 states the establishment of reporting obligations towards the Supervisory Body. These flows concern all information and documents that must be brought to the knowledge of the Supervisory Body, also according to the provisions of the protocols.

Any information, documentation and/or communication, including from third parties, that may affect the Company's Organization and this Model or is in any event pertinent to the transactions carried out by the Company itself in the areas of activities at risk must be forwarded to the Supervisory Body. In particular, all reports pertaining to the commission of the offences envisaged in Leg. Decree 231/2001 in connection with the Company's activity, an in any event news on behaviors which do not comply with the rules of conduct adopted by the Company, must be sent to the Supervisory body.

In addition to the reports, including unofficial ones, referred to above, the Supervisory Body must also be sent information pertaining to, among other things:

- measures and news coming from law enforcement bodies, or from any other authority, which indicate that investigations are being conducted, including on unknown subjects, for the offences referred to in Leg. Decree 231/2001;
- requests for legal assistance submitted by executives or employees in case legal proceedings are initiated for the offences envisaged in Leg. Decree 231/2001;
- the reports drawn up by managers of other company functions within the scope of their control activity and which indicate facts, events or omissions of a critical nature with respect to observance of the provisions of Leg. Decree 231/2001;
- any changes in the system of power of attorneys, any statutory changes or any modifications to the company organizational chart, as well as any changes in the processes or activities carried out by the Company;
- news concerning the actual implementation of the Model at all company levels, with evidence of the conducted disciplinary proceedings and of any sanctions applied (including measures vis-à-vis employees), or of the ending measures of said proceedings with the relative justifications.

The reports must be sent in written form, without the whistleblower risking any retaliation, discrimination or penalties of any sort.

To this purpose, a communication channel has been set up with the Supervisory Body, consisting of a dedicated e-mail address, and specifically [odv@pm-group.eu](mailto:odv@pm-group.eu), to which any reports can be sent. Moreover, reports can also be sent by regular post to the following address:



Supervisory Body at PM Oil & Steel S.p.A., Address: street G. Verdi, street number 22, San Cesario sul Panaro, 41018 - Modena.

All information, documentation and reports collected during the performance of institutional tasks must be filed and retained by the Supervisory Body for at least 10 years, including in compliance with privacy regulations, being careful to keep the identity of the whistleblower confidential along with all acquired documents and information, without prejudice to legal obligations and the safeguarding of the rights of the Company or of the people accused erroneously or in bad faith.

The Supervisory Body discretionally evaluates the received reports and any consequent measures, if necessary listening to the whistleblower and/or the person who allegedly committed the violation in order to obtain more information, carrying out or coordinating or urging the performance of checks and investigations needed to ascertain whether or not the report is founded and justifying in writing any refusals to proceed.

#### **2.4.2 Whistleblowing**

Law no. 179 of 30 November 2017, bearing "*Provisions for the protection of whistleblowers who report crimes or misconduct of which they become aware in the context of private or public employment*", in governing the system for the safeguarding of workers in both the public and private sector who report an unlawful act of which they gained knowledge at work, has added new paragraphs to art. 6 (comma -2-bis, 2-ter and 2-quater) of Leg. Decree 231/2001, introducing the private sector too a few safeguards (e.g., prohibition to carry out retaliatory or discriminatory acts for reasons directly or indirectly associated with the report and safeguarding of the whistleblower's identity, etc.) vis-à-vis Top Managers and their subordinates who report unlawful conduct which is relevant pursuant to Leg. Decree 231/2001 or violations of the Model of which they gained knowledge of by reasons of their office.

In particular, pursuant to the aforementioned new comma 2-bis of art. 6 "*The models referred to letter a) of paragraph 1 require:*

- a) one or more channels that allow the parties indicated in article 5, comma 1, clauses a) and b) to make, a protection of the entity's integrity, detailed reports of unlawful conduct relevant pursuant to this Decree based on specific and consistent evidence, or of violations of the entity's Organization and Management Model, of which they became aware due to the functions performed; such channels must guarantee the confidentiality of the identity of the whistleblower during the activities managing the report;*
- b) at least one alternative reporting channel suitable for guaranteeing, by electronic means, the confidentiality of the identity of the whistleblower;*
- c) the prohibition of direct or indirect retaliatory or discriminatory acts against the whistleblower for reasons that are directly or indirectly related to the report;*
- d) sanctions in the disciplinary system used in accordance with comma 2, clause e) against anyone who violates the measures of protection for the whistleblower, and anyone who makes groundless reports with malice or grave negligence."*



To this end, the Model provides for, as its suitability requirement, the implementation of a specific procedure, which forms integral part of the Model itself, aimed at governing the aforementioned whistleblowing system, through which the members of the corporate and supervisory bodies, the employees and associates of the Company, in addition to the reporting system referred to in par. 8.1 above, communicate and report failure to comply with the Model and/or the commission of unlawful acts in connection with the activities carried out by the Company of which they gained knowledge during the performance of work activities on behalf of the Company itself.

## **WHISTLEBLOWING PROCEDURE**

### ***A. Purpose and scope of application***

Whistleblowing is the reporting system through which a subject operating on behalf of the Company contributes or may contribute to the emergence of risks and/or situations that are potentially harmful for the company. Therefore, the main purpose of the whistleblowing system is to resolve or, if possible, prevent any problems that may result from an unlawful company conduct or from irregular management, thus making it possible to deal with the criticality quickly and with the necessary confidentiality. It is understood that the objective of identifying any criticalities or situations of unlawful conduct that one may gain knowledge of during the performance of their jobs does not mean, or presuppose, that the Company's employee or associate is tacitly or implicitly authorized to conduct "investigative" activities, especially if improper or unlawful, in order to obtain evidence of unlawful conducts in the workplace.

Hence, this procedure governs, including through operational instructions, the process of sending, receiving, analyzing, processing and managing whistleblowings of unlawful conducts, relevant pursuant to Leg. Decree 231/2001, as well as violations of the relative Model, submitted by the whistleblower. Moreover, this document governs the forms of protection of the whistleblower's confidentiality in order to prevent any possible retaliation against them, without prejudice to the fact that confidentiality can in no way represent a tool for venting any disagreements or animosity between employees.

This operational procedure applies to any whistleblowing, as defined below, made by top managers as well as by individuals subject to the direction or supervision of one of the top managers identified in greater detail in paragraph B below, through the dedicated communication channels, indicated infra, reserved and made available by the Company for the purposes referred to above.

### ***B. Subjects that can submit whistleblowing reports and object of the whistleblowing***

Members of the corporate and supervisory bodies, employees and associates of the Company may submit whistleblowing reports pursuant to this procedure concerning the unlawful behaviors referred to in Leg. Decree 231/2001 or violations of the Model of which



they gained knowledge, directly or indirectly and even in a casual manner, during the performance of their work functions.

Whistleblowings must be based on precise and consistent factual elements.

On the other hand, the following are not worthy of protection: whistleblowings having as their object issues of a personal nature pertaining to the whistleblower or the subject of the whistleblowing (unless these aspects have an impact at the company level), retaliations or requests pertaining to the governance of the employment relationship or relationships with one's hierarchical superior or with colleagues, or unsubstantiated whistleblowings which do not make it possible to identify reasonably sufficient factual elements to initiate an investigation or whistleblowings founded on mere suspicions or gossip or submitted for the purpose of damaging or causing harm to the person or entity which is the object of the whistleblowing.

Anonymous whistleblowings, in other words those lacking elements that allow the whistleblower to be identified, even if delivered through the methods provided for herein, may not be taken into consideration within the scope of procedures aimed at safeguarding the whistleblower, but instead will be handled in the same way as other anonymous reports and taken into account only if they involve particularly serious facts and their content is adequately detailed and substantiated.

The pursuit of the interest in the integrity of the entities, which the Company intends to pursue with this procedure, constitutes pursuant to art. 3 of Law 179/2017 just cause for disclosing news covered by the confidentiality clause, in connection with the specific type of offences referred to in articles 326 of the Criminal Code (Disclosure and use of professional secrecy), 622 of the Criminal Code (Disclosure of professional secret) and 623 of the Criminal Code (Disclosure of scientific or industrial secrets), also in connection with the employee's loyalty obligation referred to in art. 2105 of the Civil Code This safety clause of disclosing conducts does not apply, however, if the obligation of professional secrecy refers to a professional consulting or assistance relationship or if the disclosure was made with exceeding methods with respect to the purposes of eliminating the wrongful act, with particular reference to respect of the communication channel specifically set up for this purpose.

### **C. Recipient of the whistleblowing**

The recipient of the whistleblowings referred to above is an *ad hoc* committee consisting of the members of the Supervisory Body. This committee (hereinafter, the “**Committee**” or “**Recipient**”) is headed by the Chairman of the Supervisory Body.

Whistleblowings sent to different subjects may not be managed through this procedure given the exclusive competence of the Committee as identified herein to receive the whistleblowings which are the object of this procedure.



The Recipient arranges for ensuring the confidentiality of the information contained in the whistleblowings and safeguarding the whistleblowers' identity, acting in such a way as to protect them from any form of retaliation or discriminatory behaviors, direct or indirect, for reasons associated, directly or indirectly, with the whistleblowings.

Whoever receives a whistleblowing through any means other than the ones indicated herein must immediately forward it to the Recipient, by way of e-mail sent to the following address [odv@pm-group.eu](mailto:odv@pm-group.eu).

***D. Content of the whistleblowings***

The whistleblower must provide all elements useful and necessary in order to allow the Recipient to conduct an investigation, proceeding to carry out the necessary checks and verifications so as to evaluate the admissibility and substance of the whistleblowing. Hence without prejudice to the requirement that the reported facts and/or situations must be true, so as to safeguard the reported subject.

The whistleblowing must contain the following elements:

- the identifying particulars of the whistleblower, also indicating the qualification covered and/or the function/activity carried out within the Company (this information will be kept confidential by the Recipient of the whistleblowing) or, in case of failure to provide said identifying particulars, a method that allows the Recipient, in case of need and in the same cases referred to in letter d) below, to gain knowledge of said particulars;
- a clear and complete description of the facts, precise and consistent, which are the object of the whistleblowing and which constitute or may constitute an unlawful act relevant pursuant to Leg. Decree 231/2001 and/or a violation of the Model;
- if known, the circumstances in terms of time and place in which the facts that are the subject matter of the whistleblowing were committed;
- if known, the identifying particulars or other elements that make it possible to identify the subject and/or the subjects which committed the reported facts (e.g, qualification and area where they carry out their activity);
- indication of any other subjects that may report on the facts that are the subject matter of the whistleblowing;
- indication of any documents that may confirm the substantiation of the facts object of the facts that are the subject matter of the whistleblowing;
- any other piece of information that may provide a helpful verification as regards the existence of the facts and, generally speaking, any other information or document that may be of help in understanding the facts that are the subject matter of the whistleblowing.

During the investigation phase, the Recipient may request the whistleblower to provide any additional documentation deemed suitable or necessary in support of the whistleblowing.



### **E. Whistleblowing methods**

For the purpose of facilitating the sending and the receipt of whistleblowing reports, the Company has set up the following alternative communication channels:

- communication sent to the Supervisory Body to the e-mail address [odv@pm-group.eu](mailto:odv@pm-group.eu), also pursuant to the provisions of the previous paragraph;
- communication sent by regular post to the following address: Supervisory Body at PM Oil & Steel S.p.A., Address: street G. Verdi, street number 22, San Cesario sul Panaro, 41018 - Modena.

The members of the corporate and control bodies or external associates, as regards the relationships and the activities carried out vis-à-vis the Company, may report directly to the Supervisory Body, with the methods referred to above, any behaviors constituting a violation of the Model or an unlawful act relevant pursuant to Leg. Decree 231/2001.

### **F. Verification of the substantiation of the whistleblowing**

The investigation aimed at verifying the substantiation of the whistleblowing is carried out autonomously by the Committee, in compliance with the principles of impartiality and confidentiality as well as with labor laws and regulations on the topic of privacy; since the Committee is in charge of verifying and handling the whistleblowing, it may proceed to carry out any activity deemed appropriate for the following purposes, among others:

- evaluating the seriousness of the reported misconducts and irregularities, and hypothesizing the potential harmful consequences;
- identifying the activities to be carried out in order to ascertain whether or not the reported offences, violations and irregularities have actually been committed;
- carrying out verification activities concerning the actual commission of the offence and/or irregularity, evaluating, for example, the opportunity to:
  - o convene the whistleblower in order to obtain additional explanations;
  - o convene the individual indicated in the whistleblowing report as persons in the knowledge of the facts;
  - o acquire useful documentation or taking action in order to find such documentation and acquire it;
  - o convene, if deemed appropriate, the subject indicated in the whistleblowing report as being the author of the irregularity (reported subject);
- identifying, where necessary, the measures to be immediately adopted in order to reduce the risk of occurrence of damaging events or events similar to the ones reported, verified or ascertained.

The investigation process of the whistleblowing report is described here below:

- *Conducting the investigation*

Once it receives the whistleblowing report, the Committee's internal members conduct the investigation as soon as possible, if necessary even carrying out the preliminary verifications deemed necessary, and draw up a short presentation report of the case for the members of



the Supervisory Body for a preliminary investigation. This report is also sent in the event that the whistleblowing appears to be unfounded and/or irrelevant.

- *Opinion of the Supervisory Body on the whistleblowing report*

Following receipt of the presentation of the whistleblowing case by the internal members of the Committee, the Supervisory Body proceeds, within a suitable timeframe proportional to the seriousness of the reported fact, to evaluate its relevance and/or substantiation pursuant to Leg. Decree 231/2001. The opinion must be justified and in written form, even in case the fact is not considered to be relevant and/or substantiated pursuant to Leg. Decree 231/2001.

- *Preliminary investigation and evaluation*

Once the substantiation and/or the relevance of the whistleblowing has been confirmed pursuant to Leg. Decree Decreto 231/2001, the Committee reports the case to the Board of Directors/Managing Director, and arranges for carrying out more specific internal investigations in order to find out more about the affair and evaluate its substantiation and/or relevance, including by availing itself of the support and collaboration of the Company's functions and offices or of external consultants paid by the Company, also without prejudice to the utmost guarantee of confidentiality.

In event that at the outcome of the aforementioned evaluation, the whistleblowing appears to be, in the Committee's opinion, irrelevant and/or unsubstantiated, the Committee arranges for filing it away.

On the other hand, should the whistleblowing report appear to be substantiated and relevant, the Committee arranges for:

- a. communicating the outcome of the verification to the corporate bodies for the purpose of adopting all necessary measures;
- b. communicating the outcome of the verification to the manager of the area where the author of the ascertained offence, violation or irregularity works;
- c. file a complaint with the pertinent Authority, if mandatory pursuant to the applicable regulations in force. In this case, it will no longer be possible to guarantee the confidentiality requirement, and the whistleblower may take on the role of witness and/or person knowledgeable of the facts.

The subjects referred to in letters a) and b) above will arrange, in turn, for notifying the Committee with regards to any measures that have been adopted following confirmation of the reported offence, violation or irregularity.

The Committee's decisions on the outcome of the verification must always be justified in writing.

The Recipient ensures the drafting of a report, at least once a year, of all whistleblowings received, the outcome of the checks carried out on said whistleblowings as well as on the shelved cases. This report is sent to the corporate bodies.



For the purpose of ensuring proper management and traceability of the whistleblowing reports and of the relative investigation activity, the Recipient retains on file for a period of at least 10 years, in compliance with safety and confidentiality standards, all documentation pertaining to the whistleblowing received, to its management and outcomes (e-mails, communication, experts' opinions, minutes of meetings, annexed documentation, etc.).

### **G. Whistleblower protection**

#### **Confidentiality obligation**

Without prejudice to the cases where, once the investigation phase is finished, there is liability for defamation or slander pursuant to the criminal code or art. 2043 of the Civil Code and of the cases in which anonymity is opposable by law (e.g. criminal, tax or administrative investigations, inspections by supervisory bodies), the identity of the whistleblower is nonetheless protected during all management phases of the report. Therefore, apart from the exceptions described above, the identity of the whistleblower may not be revealed without their express written consent, and all those that receive and are involved in the management of the whistleblowing are required to protect the confidentiality of such information.

#### **Ban on discrimination**

Employees who file a whistleblowing report, pursuant to the procedure described herein, for unlawful conducts or violations of the Model of which they gain knowledge during the performance of their duties, may not be fined, fired, revoked, replaced, transferred or subjected to any discriminatory measure whatsoever for reasons directly or indirectly linked to the report. Examples of discriminatory measures are unjustified disciplinary actions, harassment in the workplace and any other form of retaliation and/or reaction which is unfavorable for the whistleblower.

In case the whistleblower and the trade union organization indicated by the latter believe that the whistleblower has suffered or is suffering discrimination, they must provide substantiated information about the discrimination to the Supervisory Body and to the HR & Corporate Communication Director so that they may arrange for evaluating its substantiation, as well as to the National Labor Inspectorate so that appropriate measures can be taken.

In the case where the Supervisory Body establishes the existence of said discrimination, it evaluates – with the help of the executives/managers of the areas involved - the possible actions that can be taken by the company's pertinent bodies and/or functions in order to restore conditions of and/or remedy the negative effects of the discrimination.

The discriminatory or retaliatory firing of the whistleblower is in any case void, just like the change of duties pursuant to art. 2103 of the Civil Code, as well as any other retaliatory or discriminatory measure adopted against the whistleblower or following the whistleblowing report. It is the employer's duty, in case of disputes pertaining to the imposition of disciplinary sanctions, or demoting, firing, transfer or subjecting the whistleblower to other organizational



measure having direct or indirect negative effects on the work conditions, following the submission of the whistleblowing report, to demonstrate that such measures are justified by reasons that have nothing to do with the whistleblowing itself.

In any case, the violation of the confidentiality obligation and/or the discrimination ban referred to above is a source of disciplinary responsibility also according to the provisions of the sanctioning system adopted pursuant to the Model and Leg. Decree 231/2001 (cf. par. 5.6 del Model), without prejudice to other forms of liability provided for by the legislation in force.

#### ***H. Whistleblower's responsibility***

The whistleblower is aware of the responsibilities and of civil and criminal consequences in case of false statements and/or formation or use of false deeds. In case of abuse or falseness of the whistleblowing, the whistleblower shall be held liable for slander, defamation, falsification, moral damage or other damage which is civilly or criminally relevant. Indeed, the Company and the reported subject are entitled, respectively, to act for the purpose of safeguarding proper behavior at the company as well as its own reputation.

Moreover, in the event that the internal checks carried out ascertain that the whistleblowing report is unsubstantiated and/or irrelevant, verifications will be conducted on the existence of gross negligence or intent with regards to the undue whistleblowing and, consequently, in the affirmative case, disciplinary actions will be taken including according to the provisions of the sanctioning system adopted pursuant to the Model and to Leg. Decree 231/2001 (cf paragraph 5.6 above) and/or with complaints, including of a criminal nature, against the whistleblower, unless the latter is able to produce additional elements to back up his/her whistleblowing report.

#### ***I. Compliance with the procedure***

The Supervisory Body verifies compliance with this procedure, especially with regards to the proper fulfilment of the prescribed whistleblower protection measures. To this end, in case the following type of circumstances take place:

- not expressly governed by the procedure,
- which are susceptible to dubious interpretations/applications,
- such as to originate objective and serious difficulties in the application of the procedure itself,

all subjects involved in the application of this procedure are required to promptly report the occurrence of the aforementioned circumstances to the Supervisory Body, which shall arrange for filing and recording the communications received and for evaluating appropriate measures in connection with the specific situation.



### **3. Checks on the adequacy of the Model**

The Supervisory Body conducts periodical checks on the actual capacity of the Model to prevent the commission offences, usually availing itself of the support of other internal functions which may become necessary from time to time to that purpose.

This activity consists in random checks, including without advance notice, on the activities carried out by PM Oil&Steel Spa in connection with Sensitive Processes and their compliance with the rules contained in this Model, as well as on the knowledge on the part of Employees and Corporate Bodies of the problematic issue of criminal liability of the Company. Moreover, a review is conducted of the whistleblowing reports received during the course of the year, of the actions undertaken by the Supervisory Body and of the events considered to be risky.

## **SECTION III**

### **DISTRIBUTING THE MODEL**

Knowledge of this Model is fundamental in developing awareness to all Recipients who operate on behalf and/or in the interest of the Company within the scope of Sensitive Processes, in order to avoid incurring in illicit offences subject to relevant criminal consequences, not only for the themselves, but also for the Company, in case of behaviors that are contrary to the provisions of Leg. Decree 231/01, of the Organizational Model, and of SGSL 18001.

#### **1. Training and information**

PM Oil&Steel Spa intends to provide proper information and training on the content of the Model, as well as of the protocols contained therein, as well as of the SGSL 18001, to both the human resources already present at the company and to future resources, with a different degree of detailed knowledge in relation to the different level of involvement in Sensitive Processes.

The training and information system is supervised and supplemented by the activity of the Supervisory Body, in collaboration with the head of the function authorized to manage the Human Resources and with the heads of the other functions involved from time to time in the application of the Model.

- The initial communication

The adoption of this Model is communicated to all resources present at the company at the time of its adoption.

New-hires will be provided with a set info kit (National Collective Labor Agreement, Organizational Model, Leg. Decree 231/01, main procedures and operating instructions contained in the Management Systems), in order to ensure per knowledge of primary importance.

- Training



The training activity is aimed at spreading knowledge of the provisions contained in Leg. Decree 231/01, and its contents and delivery methods are different in relation to the recipients' qualification, the level of risk in the area where they operate, the fact of whether or not they have been granted Company representation functions.

In particular, the Company has arranged for different levels of information and training through suitable distribution tools.

The Supervisory Body is assigned the task of checking the contents of the training programs as described above.

All training programs will have a minimum content consisting in the illustration of the principles contained in Leg. Decree 231/01, of the elements that make up the Model, of the single types of offences provided for by Leg. Decree 231/01 and contained in the Model, and of behavior considered sensitive in connection with the commission of the aforementioned crimes.

In addition to this common matrix, all training programs will be adapted in order to provide their recipients with the tools necessary for fully complying with the dictates of Leg. Decree 231/01 in connection with the scope of operations and the tasks assigned to the recipients of the training itself. The Human Resources Office is responsible for planning the training sessions, in collaboration with the Supervisory Body.

Participation in the aforementioned training programs is mandatory, with the Supervisory Body being responsible for checking the actual attendance.

- Training and information to employees

On the basis of the indications and suggestions provided by the Supervisory Body, the Human Resources office deals with personnel training with regards to the content of Leg. Decree 231/2001, of the Organization and Management Model and of the Code of Ethics drawn up by the Company.

To this regard, personnel training must follow the Guidelines provided here below:

1. executive personnel and personnel with company representation functions (known as Top Managers):

- communication of the Organization and Management Model and of the Code of Ethics to all executives and managers of departmental areas; all subjects who receive said communication is required to sign a statement of knowledge and compliance with the Organization and Management Model and of the Code of Ethics, to be retained by the Supervisory Body itself;

- initial training, repeated for each new-hire;

- periodical professional refresher training;

- posting on the company Intranet the text of Leg. Decree 231/2001 as well as of the Organization and Management Model and of the Code of Ethics, by the Human Resources function in concert with the IT Systems Department and with the Supervisory Body;

- sending of updating e-mails by the head of the Human Resources function, in concert with the Supervisory Body;

- addition of suitable information in the hiring letters, by the head of the Human Resources function, in concert with the Supervisory Body;

2. other personnel (known as subjects not in managerial positions):



- posting on the company Intranet the text of Leg. Decree 231/2001 as well as of the Organization and Management Model and of the Code of Ethics, by the Human Resources function in concert with the IT Systems Department and with the Supervisory Body;
- initial training, repeated for each new-hire;
- periodical professional refresher training;
- addition of suitable information in the hiring letters by the Head of the Human Resources function, in concert with the Supervisory Body.

## **2. Information to Service Companies, Consultants and Partners**

Service companies, Consultants and Partners must be duly informed of the adoption and of the content of the Model and of the will of PM Oil&Steel Spa that their behavior complies with the provisions of Leg. Decree 231/01.

Service companies, Consultants and Partners, based on their operations and specific duties, at the time of the order confirmation or of the signing of the contract, issue a statement in which they declare of having viewed the information relative to the content of the Model, the specific knowledge of the latter, as well as a statement of commitment to compliance with said Model.

The contract or order confirmation must contain suitable clauses aimed at ensuring compliance with the provisions of the Model and of the Code of Ethics. The preparation, addition and adaptation of the relative contents of the contracts and orders is a task that is assigned to the Internal Legal Affairs Department, whilst routine managements is entrusted to the Work Contract manager or to the person responsible for issuing the order.

## **3. Information to Directors and Statutory Auditors**

This Model is delivered to each Director and Statutory Auditor, who undertakes to comply with it.

## **SECTION IV**

### **DISCIPLINARY SYSTEM**

#### **1. Introduction**

Pursuant to art. 6, comma 2, letter e) of Leg. Decree 231/2001, the Organizational and Management Model must provide for a suitable disciplinary system aimed at ensuring the effectiveness and efficacy of the Model itself.

Moreover, this is a basic requisite in order to establish extenuating circumstances necessary to avoid corporate liability, as provided for by art. 30, comma 3) of Leg. Decree 81/08. In this document, the mandatory content is defined both through the description of existing checks and measures, and through the specific formulations of the protocols of the regulatory Mapping. The adopted disciplinary system is commensurate with the violation and is intended as a deterrent.

Such internal governance system, especially in terms of sanctions, must comply, at the same time, with the labor regulations in force in your legal system. To this end, in conformity to the provisions contained in article 7 of Law 300/1970 (known as Workers Statute), the Human Resources Department, in coordination with the Supervisory Body, took on the responsibility



of ensuring full knowledge of the sanctioning system, in addition to the Organization and Management Model, including through the continuous affixing of said system in places accessible to all employees.

The disciplinary measures that make up the sanctioning system as a whole are identified according to principles of proportionality and efficacy (based on the suitability to carry out a deterring function and, subsequently, truly sanctioning) and by taking into account the different qualifications of the individuals to whom they apply (employees or executives, directors or statutory auditors, associates or suppliers).

The sanctioning measures are issued by the HR function, in compliance with the provisions of the law, by each contract undersigned with the suppliers, and by the collective labor agreements applied at the Company.

## **2. Disciplinary measures against employees**

Each single violation of each one of the rules of conduct contained in this Organization and Management Model is considered a disciplinary offence for which the offender is held responsible. Failure on the part of the employee to comply with the provisions contained in the Organization and Management Model may give rise, in compliance with the principle of proportionality, to the application of the following measures:

- a) verbal warning;
- b) written reprimand;
- c) fine not exceeding three hours of regular pay;
- d) suspension from work and pay, up to a maximum of three actual work days;
- e) dismissal without advance notice.

As a consequence of the above:

- workers who violate the procedures provide for by the Organization and Management Model or who behave in a manner that does not conform to the prescriptions contained in the same Model will incur in the disciplinary sanction of verbal warning or written reprimand;
- workers who violate multiple times, after a time period of more than six months from the previous violation, the procedures set out in the Organization and Management Model or adopts multiple times, after a time period of more than six months from the previous conduct, a behavior that does not conform to the prescriptions contained in the same Model, will be punished with a fine that does not exceed three hours of regular pay;
- the penalty of suspension from work and pay, up to a maximum of three actual work days will be applied to those workers who: 1) breach multiple times, within a period of less than six months from the imposition of a fine for the same violation, the procedures set out in the Organization and Management Model or adopt multiple times, within a period of less than six months from the imposition of a fine for the same conduct, a behavior not in compliance with the provisions of the same Model; 2) breach, even for the first time, the procedures set out in the Organization and Management Model or adopt, even for the first time, a behavior that does not conform to the provisions contained in the same Model, and by doing so cause damage to the company or in any event expose it to the risk of damage;



- workers who adopt a behavior that does not conform to the provisions contained in the Organization and Management Model, and such as to determine the application of the measures provided for in Leg. Decree 231/2001 against the company will be punished with dismissal without advance notice.

The Supervisory Body monitors the sanctioning system and draws up suggestions for modifying such system to be submitted to the Board of Directors.

The Human Resources Department is responsible for applying the disciplinary measures, by initiating the disciplinary proceedings upon a report by the Supervisory Body.

The disciplinary proceeding the imposing of the sanction, the execution, contestation and appeal of the same are governed in compliance with the provisions of the Workers' Statute and of the Applicable CLA.

In particular, with regards to the disciplinary sanctions of the verbal or written reprimands, of the fine and of suspension from the job without pay, the provisions of the CAL will be applied, as well as the those contained in article 7 of the Worker's Statute, and therefore:

1. no disciplinary action can be taken against the employee without having first contested the charge and without having heard the worker's defensive arguments; the charge must be contested only after having completed the necessary investigatory activity;
2. except in the case of a verbal reprimand, employees must be notified in writing of their alleged violation, and disciplinary actions may not be taken before five days have elapsed from such notification, during which time the employee may submit his or her justifications;
3. in any event, the disciplinary measure must be imposed within 30 days from the date on which such justifications are received;
4. employees may submit their justifications, if necessary assisted by a representative of the trade union they are a member of or have appointed to act on their behalf;
5. the imposition of the disciplinary measure of dismissal must be justified and communicated in writing;
6. without prejudice to the possibility to appeal to a Judicial Authority, the worker may request, within the following twenty days, including through the association of which he is a member or has authorized, the formation, through the provincial labor and full employment office, of a conciliation and arbitration panel consisting of a representative from each party and by a third member chosen by common agreement or, in case of failure to reach such an agreement appointed by the labor office director. In this case, the disciplinary sanction is suspended until the pronouncement by such body;
7. should the company fail to arrange, within 10 days from having received the request to do so by the labor office, to appoint its own representative within the body referred to above, the disciplinary sanction has no effect;
8. if the worker appeals to a judicial authority, the disciplinary sanction is suspended until the end of the court proceedings;
9. after two years from their application, the disciplinary sanctions can no longer be taken into account, for any purpose.

As regards the sanction of dismissal without advance notice, the rules provided for by the CLA, by article 7, paragraphs 1, 2 and 3 of the Workers' Statute, as well as by article 7 of Law 604/1966 and therefore:



1. The Company is not entitled to apply the sanction of dismissal without advance notice against the worker without having first contested the charge and without having heard the worker's defensive arguments; the charge must be contested only after having completed the necessary investigatory activity;
2. employees must be notified in writing of their alleged violation, and disciplinary actions may not be taken before five days have elapsed, during which time the employee may submit his or her justifications;
3. in any event, the disciplinary measure must be imposed within 30 days from the date on which such justifications are received;
4. employees may submit their justifications, if necessary assisted by a representative of the trade union they are a member of or have appointed to act on their behalf;
5. without prejudice to the possibility to appeal to a Judicial Authority, the worker to whom the disciplinary sanction of dismissal without advance notice was applied may request, within the twenty days from the date on which he received the dismissal notice or from the communication of the reasons in case it was not sent at the same time as the dismissal notice, an attempt at reconciliation at the provincial labor and full employment office; in this venue, the parties may be assisted by the trade union associations of which they are a member or which they have authorized;
6. in case of negative outcome of the aforementioned conciliatory attempt, the parties may define the dispute by mutual consent through informal arbitration;
7. moreover, in alternative to or following the aforementioned conciliatory attempt and informal arbitration, the dismissal may be contested by the worker according to the timeframes and the procedures provided in article 6 of Law 604/1966 (including through the appeal filed with the Court of Law in the capacity of Employment Tribunal).

### **3. Measures against executives**

In the case of violations committed by executives, the sanctions deemed to be most appropriate are applied, in compliance with the law and with the provisions of applicable collective labor agreements or of the individual contract signed by the parties.

In any event, depending on the seriousness of the committed offences, the following sanctions may be applied:

- suspension of the efficacy of the delegated authorities;
- revocation of the delegated authorities;
- revocation of the assignment with dismissal *ad nutum*, due to interruption of the relationship based on trust.

The dismissal may be implemented if the committed conducts are suited to upsetting the bond of trust with the Company, within the scope of which the scope of powers granted to the executive is identified.

The Board of Directors is responsible for imposing the disciplinary measures, by initiating the disciplinary proceedings upon a report by the Supervisory Body.



#### **4. Disciplinary measures against the directors**

As regards the members of the Board of Directors, in the event of any breaches of the Model, the Supervisory Body informs the Board of Statutory Auditors and the entire Board of Directors, so that they may adopt appropriate measures, among which:

- formal written reprimand;
- total or partial revocation of any granted powers of attorney or delegations of powers;
- suspension from the company office;
- revocation of the appointment for just cause.

The Board of Directors is responsible for imposing the disciplinary measures, by initiating the disciplinary proceedings upon a report by the Supervisory Body; however, the revocation of the appointment following more serious violations is subject to a resolution adopted by the general meeting.

In the event that the company directors are responsible for violating the procedures set forth in this Model or for behavior which does not conform to the prescriptions of the latter, the Supervisory will promptly notify the Board of Directors and the Board of Statutory Auditors so that all measures deemed appropriate and compatible with the regulations in force can be adopted.

#### **5. Measures against contracting third parties, suppliers and associates**

Whistleblowing reports concerning violations of the Model by associates, suppliers or, in any case, external subjects (the term "external" meaning those who are not employees of the Companies, including top managers) who are recipients of the Model, are notified to the Supervisory Body, to the Head of the Human Resources Department and to the Head of the function to which the contract refers, as well as, in case of particularly serious violations, to the Board of Directors.

The violation is sanctioned according to the provisions contained in the specific contractual clauses included in the relative contracts.

The above is without prejudice to any request for damage compensation by the Company.

In case specific clauses are included in the contracts entered into by the company with third-party subjects - such as consultants, suppliers and commercial partners - any violation by the latter of the provisions contained in this Model may entail the consequences provided for by the same clauses, including, for example purposes only, the cancellation of and withdrawal from the contract and damage compensation.



## CODE OF ETHICS OF PM OIL&STEEL SPA

### FOREWORD

The Code of Ethics of PM Oil&Steel Spa identifies the primary company values upon which the company wishes to base its day-to-day operations.

The set of provisions of the code is organized by highlighting the rights, duties and responsibilities of all those who, for whatever purpose, operate within PM Oil&Steel Spa, towards all stakeholders, including employees, directors, statutory auditors, consultants, commercial partners, the Public Administration, public employees, shareholders and, more generally speaking, all subjects tied by a dialectical relationship with the company (known as “Associates”).

The adoption of the Code is the expression a corporate choice, the reference profile of PM Oil&Steel Spa being the recommendation of high standards of professionalism of its representative and the banning of behavior that is contrary not only to the law in general but also to the ethical values of good entrepreneurship that PM Oil&Steel Spa seeks to promote. The Code also forms integral part of the Organization, Management and Control Model, required by art. 6 of Leg. Decree 231/2001 on the subject of “Regulations concerning the administrative liability of legal entities”, adopted on 10 April 2019 by the Board of Directors of PM Oil&Steel Spa.

PM Oil&Steel Spa is committed to disseminating this Code, with the means and methods which the company itself will deem possible and appropriate, so that anyone who comes in contact with the Company is made aware of its existence and contents.

### GENERAL PROVISIONS AND PRINCIPLES

#### Art. 1 Principles of high entrepreneurial fairness

In all commercial relationship established with private and public parties, PM Oil&Steel Spa bases its conduct on the behavioral principles of honesty, fairness and transparency.

Employees and external associates are aware of the fact that they are tied to an entrepreneurial context that, in addition to the pursuit of commercial purposes, is also characterized by ethical principles.

#### Art. 2 Value of a good reputation and of fiduciary duties

A proven good reputation, in all areas, is considered by PM Oil&Steel Spa to be a primary resource for its operations. The essential elements of good reputation are: active investment flows, customer loyalty, the ability to attract the best human resources, the peace of mind of the suppliers and the reliability towards creditors. Within the company, good reputation is aimed at implementing decisions based on moral propriety of the operating co-habitation of all operators at any level, as well as at organizing the job without any unjustified and bureaucratic checks with excessive exercise of authority.

#### Art. 3 Applicability of and compliance with the Code of Ethics

The Code of Ethics applies to all operators within PM Oil&Steel Spa, which is committed to implementing specific procedures, regulations or instructions aimed at ensuring that the values stated in this Code of Ethics are expressed in individual behaviors, arranging for specific contractual clauses for consultants, commercial partners and agents, as well as suitable sanctioning systems of any violations of the Code itself.



## **GENERAL ETHICAL PRINCIPLES**

### Art. 4 Honesty and compliance with the law and with the Organization and Management Model

When performing their professional activity the Associates of PM Oil&Steel Spa are required to comply with all laws and regulations in force, in addition to the Code of Ethics and all internal regulations, including the Organization and Management Model.

Under no circumstance shall the pursuit of the interest of PM Oil&Steel Spa justify a conduct that does not comply with the stated principle.

### Art. 5 - Moral standing

Associates and representatives of PM Oil&Steel Spa shall pay the utmost attention so as to avoid situations where the subjects involved in commercial or contractual transactions find themselves in a condition of conflict of interest, even if only potential, or that may interfere with the ability to take unbiased decisions in the interest of the company and in full compliance with the rules contained in the Code of Ethics.

Also for the purpose of ensuring utmost transparency of the company's doings, and in order to eliminate any possible suspicions concerning misconducts on the part of their personnel, each Associate or representative of PM Oil&Steel Spa must also refrain from securing or otherwise garnering any personal benefit or gain whatsoever through the disposal of corporate assets or through business opportunities that may have come to their attention in the course of performing their functions.

The company acknowledges and respects the right of its employees, associates and directors to participate in investments, deals or other kinds of activities aside from the ones carried out in the interest of the company, provided such activities are not prohibited by law or by contractual provisions and are compatible with the obligations taken on in their capacity of employees, associates or directors, in full compliance with this Code of Ethics.

All situations that may constitute or determine a conflict of interest must be promptly reported to one's superior or internal contact persons and to the Supervisory Body according to the methods provided for in the Model. In particular, all company employees, associates and directors are required to prevent conflicts of interest between personal and family-related economic activities and the positions they cover within the departments where they work.

For example, purpose only and without limitation, the following situations determine conflicts of interest:

- carrying out top management functions (e.g., managing director, member of the Board of Directors) or holding economic or financial interests at suppliers, customers, competitor or commercial partners of the company;
- use the information acquired during the performance of their job so that a conflict of interest may be created between their personal interests and the company's interests;
- carrying out work activities, of any type, at customers', suppliers, competitors, public entities, entities or organizations of public interest;
- accepting or offering money, favors or utilities from to people or companies which do or intend to do business with the company or that entertain contractual relationships of a various nature with the company;



- taking advantage of the role and function carried out at the company or using the company name in order to draw profits or other utilities for personal purposes;
- hold public offices at entities that may entertain relationships with the company, so as to create the condition for a potential conflict of interest.

Art. 6 Fair competition

PM Oil&Steel Spa confides in the high quality of its product and in the ability and commitment of its associates and representatives; it acknowledges the value of free, open and fair competitions and refrains from entering into illegal agreements, adopting harassing behaviors and any other type of abuse of dominant position.

Art. 7 Equity and fairness in contract management

In connection with existing relationships, anyone who operates in the name and on behalf of PM Oil&Steel Spa must absolutely avoid taking advantage of contractual shortcomings or unforeseen events in order to renegotiate the contracts with the sole aim of exploiting the position of dependence or weakness in which the other party finds itself. The same principle must also apply for anyone, even if only on behalf, and not in the name of PM Oil&Steel Spa, find themselves actually executing contractual agreements; therefore, in this case too, one must avoid an interpretation or execution of the contract that, by taking advantage of any contractual shortcomings, exploits the position of dependence and inferiority in which the other party finds itself.

Art. 8 Value of human resources

The Employees and the Associates represent a crucial and irreplaceable asset of PM Oil&Steel Spa which, as a result, safeguards and promotes the value of its human resources for the purpose of improving and enhancing their know-how. Without prejudice to compliance with the constitutionally ratified principles aimed at safeguarding the individual and the worker, as well as with the provisions of the relative applicable national and European Community regulations and with the Organization and Management Model, the primary interest of PM Oil&Steel Spa is to encourage the development of the potential of each human resource and its professional growth through:

- respect, including during the selection phase of the personality and dignity of each individual, avoiding the creation of situations where people may feel uncomfortable even in terms of free expression;
- the prevention of discrimination and abuse of all types, based on race, religious beliefs, membership in political parties and trade unions, language, gender, sexual orientation and handicap;
- training suited to the covered role;
- a cautious, well-balanced and objective exercise, by the people responsible of specific activities, of the powers associated with the granted power of attorney, including the powers of internal disciplinary management;
- proper and confidential use of personal data.

Art. 9 - Safeguarding personal integrity

PM Oil&Steel Spa attributes great importance to the physical and moral integrity of its own Employees and Associates, to work conditions that are respectful of individual dignity and to work environments that must be safe and healthy.



#### Art. 10 Impartiality

In relationships with its counterparts, PM Oil&Steel Spa avoid any sort of discrimination based on age, sex, sexual habits, health conditions, race, nationality, political opinions and religious beliefs of its stakeholders.

#### Art. 11 Confidentiality and processing of data and information

PM Oil&Steel Spa guarantees the confidentiality of information which it gains possession of for any reason whatsoever, and refrains from searching for and processing confidential data, save for the case of explicit and conscious authorization or in compliance with legal provisions in force.

In addition to the above, its Employees and Associates are required to not use confidential information for purposes extraneous to the exercise of their own professional activity.

Information and documents are managed according to the provisions of applicable regulations, of internal rules, including the Organization and Management Model, and in any event always in such a way as to protect and not harm the company's value.

#### Art. 12 Environmental protection

PM Oil&Steel Spa plans its activities by searching for the best balance between economic initiatives and environmental needs.

PM Oil&Steel Spa is committed to preventing risks for the environment, in compliance with the regulations in force, also taking into account developments in scientific research and the best experiences on the subject.

### **RULES OF BEHAVIOR**

#### Art. 13 Vis-à-vis the customers

PM Oil&Steel Spa pursues the objective of satisfying its customers by providing them with quality products and services at the best conditions and prices, in full compliance of applicable rules and regulation in force on the markets where it operates.

PM Oil&Steel Spa is committed so that the attention, correctness and clear communication are distinguishing elements in its relationships with customers. In particular, salespeople are required to behave in a transparent and impartial manner.

#### Art. 14 Suppliers

The objective of the purchasing policies of PM Oil&Steel Spa is to procure itself products, materials, works and services at the most advantageous conditions in terms of quality/price ratio. This objective must go hand in hand with the need to entertain relationships with suppliers that ensure operating method compatible with respect for human rights, for worker's rights, for health and safety in the workplace and for the environment.

In any event, the company's Associates and, in particular, those responsible for the purchases must base their conduct on the criteria of transparency and impartiality.

#### Art. 15 Use of computer or telematic tools

The IT and telematic tools and services provided by the company must be used in full compliance with the regulations in force on the subject (and specifically on the subject of computer crimes, IT security, privacy and copyright), as well as with any internal procedures approved and issued by the company, avoiding exposing the company to any form whatsoever of liability and/or sanction.



#### Art. 16 Public Administration

In conformity with the respective roles and functions, as well as with a spirit of utmost collaboration, PM Oil&Steel Spa may entertain relationships with Public Administrations, guarantor and supervisory authorities, public agencies, local entities and administration, public law organizations, concessionaires of public works or public services and private parties subject to private law.

In particular, relationships with guarantor and supervisory authorities must be based on criteria of utmost transparency and full professionalism, on the acknowledgment of the respective roles and organizational structures, including for the purpose of a positive discussion aimed at the basic respect of applicable regulations.

#### Art. 17 Ethical commitment of Corporate Bodies

A proper and effective application of this Code of Ethics is possible through the commitment and collaboration of the entire structure of PM Oil&Steel Spa.

On account of the above, all executive bodies of the company are required to base their conduct on the ethical principles of this Code and to cooperate with the bodies responsible for the implementation and control process, in other words with:

- the Board of Directors and the Board of Statutory Auditors
- the Supervisory Body provided for by the Organization and Management Body.

#### Art. 18 Responsibilities of the Board of Directors

With regards to the Code of Ethics, the Board of Directors of Oil&Steel Spa:

- receives the periodical work plan and the internal audit reports of the Supervisory Body, which contain information on the efficacy, adequacy and implementation and compliance status of the Code of Ethics and of the Model, with the relative suggestions for revising, adding to and amending them;
- receives from the Supervisory Body any whistleblowing reports of violations of the Code of Ethics and of the Model, along with a periodical summary report and the suggested sanctions;
- evaluates, on a periodical basis, the communication and ethical training plans;
- decided on each one of the items listed above, as well as on how to improve the applicability and training set-ups of the Code of Ethics directly or, as an alternative, delegating said evaluations and decisions to a specific body which will also be assigned the task of implementing the outcome of the decisions.

#### Art. 19 Internal communication and training

Specific communications activities are carried out in order to encourage awareness of the Code of Ethics on the part of all Employees and Associates, internal and external, of PM Oil&Steel Spa.

These activities form integral part of the institutional and internal/external communication plan drawn up by the respective company functions in charge, and are activated at the time of the first publication of the Code of Ethics and of all subsequent revisions. In order to encourage proper understanding of the Code of Ethics by Employees and Associates, the Human Resources Department spreads knowledge of ethical principles and rules of conduct. All Associates will be made aware of this Code of Ethics.

As it is in the case for communicating the adoption of the Code of Ethics, training will be repeated in case of significant changes to said Code and to the system associated with it.



Art. 20 Referral

For anything to expressly provided for in this Code of Ethics, reference is made to the content of the Organization and Management Model.

In case of discrepancies between this Code of Ethics and the Organization and Management Model, the latter shall prevail.

San Cesario sul Panaro (MO), 2019

Approved by the BoD of PM Oil&Steel Spa on 10 April 2019

Annex: Leg. Decree 231/01