



**Organisational,
Management and
Control Model
Italian Legislative
Decree of 8 June
2001 no. 231**

**GENERAL
SECTION:
Principles and
Rules of the
Organisational
and Management
Model System**

CAME

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**Special section: outline of the cases of liability
as regards alleged offences**

1. Italian Legislative Decree 8 June 2001 no. 231

1.1 *The administrative liability of legal persons, companies and associations*

On 8 June 2001, Italian Legislative Decree 231 (hereinafter referred to as the “Decree”), entitled “Standards governing the administrative liability of legal persons, companies and associations, even without legal personality” was issued, for the first time in the Italian legal system (adapting to certain international conventions to which Italy had adhered for a long time) introducing a system of administrative liability - related essentially to criminal liability - for entities for certain criminal or administrative offences committed in their interest or to their advantage, by:

- (i) individuals performing representative, administrative or management roles within the entities themselves or one of their organisational units with financial and functional autonomy, as well as persons exercising, even de facto, management and control over said entities (so-called “top-level” individuals);
- (ii) individuals under the direction or supervision of one of the aforementioned individuals.

The liability of the entity is additional to and not a substitute for that of the individual who actually committed the offence, which, therefore, remains governed by common criminal law. The expansion of liability aims to involve the entities that have benefited from the commission of the offence or in whose interest the offence was committed in curbing certain criminal offences. The Decree, therefore, aimed to introduce a model of liability for the entity that conforms to the principles of providing guarantees, but with a preventive role (the “**Organisational Model**”): in fact, by providing that liability for an offence lies directly with the company, the aim is to encourage the company to organise its structures and activities in order to ensure adequate conditions for safeguarding legally-protected interests.

The *penalties* envisaged for the entity are both pecuniary and interdictory, the most serious of which are the suspension of licences and concessions, a ban on contracting with public authorities, the prohibition of carrying out business, the exclusion or revocation of public funding or grants, a ban on advertising goods and services. If there are serious indications of liability of the entity and there are substantial, specific elements that make the danger of offences of the same nature be committed likely - interdictory measures can be applied, at the request of the public prosecutor, also as an interim measure, already during the investigation stage.

Liability under the Decree also applies in relation to offences committed abroad, provided that said offences are not subject to direct proceedings by the State in the place where the offence was committed.

The liability introduced by Italian Legislative Decree 231/2001 only arises in cases where the criminal offence is carried out in the interest or for the benefit of the entity: therefore not only where

the unlawful conduct results in an benefit, financial or otherwise, for the entity, but also where, despite the absence of such a tangible result, the reason for the offence is related to the interest of the entity.

1.2 *Types of criminal and administrative offences*

As regards the type of offences resulting in the application of the aforementioned system of administrative liability of the entities, Italian Legislative Decree 231/2001, in its original version, referred to a series of offences committed in relations with public authorities, such as:

- misappropriation of contributions, funding or other payments from the State or any other public body;
- fraud against the State or any other public body;
- aggravated fraud to obtain public funds;
- computer fraud against the State or any other public body;
- bribery regarding an official duty;
- bribery regarding an act contrary to official duties;
- bribery in judicial proceedings;
- incitement to bribery;
- extortion;
- misappropriation against the State or any other public body.

The original text was supplemented by subsequent legislative measures that have increased the number of offences which, if committed, may result in the administrative liability of the entities. In fact, in addition to articles **24** (*Misappropriation of funds, fraud against the State or a public body or to obtain public funds and computer fraud against the State or a public body*) and **25** (*Extortion and bribery*) the following were subsequently introduced:

- art. **25-bis**, which aims to punish the offence of “*counterfeiting coins, banknotes and revenue stamps*”;
- art. **25-ter**, which extended the administrative liability of entities to the commission of “*corporate offences*” (such as false accounting, false corporate communications, market rigging, obstructing audits, transactions to the detriment of creditors etc.), albeit limiting the penalties to those of a pecuniary nature;
- art. **25-quater**, which refers to “*terrorist offences or subversion of democratic order*”;
- art. **25-quinquies**, which aims to suppress certain “*offences against the person*” (such as reduction to or maintenance in slavery or servitude, prostitution and child pornography, possession of child pornography, human trafficking etc.).

- art. **25-sexies**, with particular reference to both criminal and administrative offences relating to “insider trading” and “market manipulation”.

It should be added that failure to disclose a conflict of interest by, among others, a director or member of the board of management of a company with listed shares has been included in the list of corporate offences while, following the repeal of art. 2623 of the Italian Civil Code by Law 262/2005, the offence of false prospectus (now included in art. 173-bis of Italian Legislative Decree 58/1998) no longer features in the list of corporate offences relevant for the purposes of the Decree.

The list of offences relevant for the purposes of Italian Legislative Decree 231/2001 was later expanded with the introduction of the following articles:

- art. **24-bis**, which punishes the commission of offences within the category of “computer crimes and unlawful data processing”, introduced by Italian Law 48/2008;
- art. **25-septies**, concerning the offences of “manslaughter and grievous bodily harm committed in violation of the rules on the protection of health and safety in the workplace”, introduced by Italian Law 123/2007;
- art. **25-octies**, relating to the offences of ‘receiving, laundering and using money, goods or assets of illicit origin’, introduced by Italian Legislative Decree 231/2007.
- art. **24-ter**, which punishes the commission of “organised crime”, added by Italian Law 94/2009;
- art. **25-bis.1.**, in relation to “crimes against industry and commerce”, added by Italian Law 99/2009;
- art. **25 novies**, in relation to “crimes relating to breach of copyright” introduced by Italian Law 99/2009;
- art. **25-decies**, on the subject of “inducement not to make statements or to make false statements to judicial authorities”, introduced by Italian Law 116/2009;
- art. **25-undecies**, on the subject of “offences against protected species and environmental offences”, introduced following the entry into force of Italian Legislative Decree 121/2011;
- art. **25-duodecies**, on the subject of “employment of third-country nationals staying illegally”, introduced following the entry into force of Italian Legislative Decree 109/2012.

The Italian Law dated 6 November 2012 no. 190 - *Provisions for the prevention and suppression of corruption and illegality in public authorities* introduced the following in the list of offences to which the Decree is applicable:

- *Undue pressure to give or promise benefits* (introduced in art. 25 of the Decree), which punishes the conduct of public officials or public service representatives who, by abusing their role or powers, put undue pressure on someone to give or promise money or other benefits to themselves or to a third party;
- *Bribery between private parties* (introduced in art. 25-ter of the Decree), which punishes the conduct of directors, general managers and senior managers responsible for preparing the Company’s financial reporting and corporate documents, auditors and liquidators - as well as those who are subject to the direction and supervision of these subjects - who, following the giving or promise of money or other benefits, for themselves or for others, carry out or fail to carry out any act, in violation of the obligations of their office or the obligations of loyalty, causing damage to the company.

1.3 *The organisational, management and control models*

In introducing the system of administrative liability of the entity, art. 6 of Italian Legislative Decree 231/2001 nevertheless features a specific form of exoneration from said liability if the entity can demonstrate that:

- a) the entity's governing body has adopted and effectively implemented "*organisational and management models*" designed to prevent offences of the type that occurred before the time the offence was committed;
- b) the task of monitoring the functioning and observance of the models as well as ensuring they are updated was entrusted to a *body within the entity with independent powers of initiative and control*;
- c) the persons who committed the offence acted by fraudulently evading the aforementioned organisational, management and control models;
- d) there was no omission or insufficient monitoring by the body referred to in point b) above.

Italian Legislative Decree 231/2001 also stipulates that the organisational and management models must meet the following requirements:

- 1) identify the activities where there is a possibility that the offences provided for in the Decree are committed;
- 2) put in place specific protocols aimed at planning the formation and implementation of decisions by the entity in relation to the offences to be prevented;
- 3) identify suitable ways of managing financial resources in order to prevent the commission of such offences;
- 4) establish information obligations towards the body in charge of monitoring the functioning of and compliance with the model;
- 5) introduce an internal disciplinary system to punish non-compliance with the measures indicated in the model.

The essential characteristics specified in the Decree for the creation of the organisational and management model refer, on closer inspection, to a typical corporate risk management system.

2. CAME S.p.A.'s organisational, management and control model pursuant to Italian Legislative Decree 231/2001

2.1 *Adopting the Organisational Model*

The Organisational Model created by CAME S.p.A. (hereinafter also referred to as the **“Company”**) has been drawn up in implementation of the Decree and in particular incorporates the instances contained in article 6, paragraphs 1 and 2.

The Organisational Model aims to set up a structured, comprehensive set of procedures and monitoring activities, aimed at preventing the offences listed in the Decree from being committed. This objective has been achieved, with the help of external consultants, through the identification of the processes at risk within the Company.

By identifying these processes and the inherent related activities, and with the subsequent implementation of a monitoring system, the aim is to make all those who work in or on behalf of the Company aware that offences committed are punishable and strongly condemned by the Company, as well as to allow the Company to prevent and combat offences being committed through ongoing monitoring of high risk activities.

The qualifying principles of this Organisational Model are:

- identification of corporate processes and mapping of risk activities within the company;
- appointment of a Supervisory Board (also referred to as “SB”) with financial autonomy and powers of initiative and control to ensure the operation and effectiveness of and compliance with the Organisational Model;
- monitoring of corporate conduct and documentation for all significant operations;
- adoption of a disciplinary system to punish non-compliance with the requirements and procedures set out in the Model;
- all levels within the company made aware of the rules of conduct and procedures.

The Board of Directors has taken the decision to entrust the monitoring process to a joint body.

2.2 *Organisational Model and Code of Ethics*

CAME S.p.A., a CAME Group company, has adopted a Code of Ethics as a means of general application that summarises the set of values and rules of conduct to which each Group company intends to make constant reference while carrying out its business activities.

CAME S.p.A.'s Code of Ethics has been adequately circulated within Group companies and, moreover, constitutes a document to which specific reference must be made regarding contracts entered into with third parties. The Code of Ethics is an integral part of the CAME S.p.A.

Organisational Model.

Group companies will not initiate any business relations with third parties that do not intend to adhere to the principles of the Code of Ethics nor will they continue such relations with anyone violating said principles.

Employees in charge of company departments that enter into and manage business relations with the latter have an obligation to inform them of the adoption of the Code of Ethics and ensure that the principles contained therein are accepted and applied.

2.3 *Activities undertaken to produce, update and manage the Organisational Model*

The following company areas in particular were involved in the production of the Organisational Model:

- General Management;
- Department of Corporate Affairs;
- Department of Accounting (general and industrial), tax and management control;
- Treasury Department;
- Department of Human Resources;
- Department of Research and Development
- HSE Department;
- Department of Information and Communication Technology;
- Logistics Department;
- Legal Area;
- Sales Department for Italy and Abroad;
- Health and Safety Representative.

The Company also made use of external advice and opinions.

These activities can be summarised as follows:

Identifying processes and mapping risks related to Italian Legislative Decree 231/2001

Company processes were analysed, identifying the activities potentially most at risk of seeing the offences referred to in the Decree committed. The degree of risk was defined on the basis of the actual “probability of occurrence of offences” which might be committed by the various company departments while carrying out their duties. An evaluation of the monitoring environment related to the activities undertaken by the individual company departments was then carried out, assessing the existing monitoring tools. The outcome of the risk assessment process, carried out by the Company with the assistance of external consultants, is contained in the document “Mapping of risks pursuant to Italian Legislative Decree 231/2001”, which forms an integral part of the CAME S.p.A. Organisational Model.

Drafting and adopting the protocols and procedures identified during the risk

assessment.

Based on the results obtained during the risk assessment, the principles to be followed by internal procedures prepared by the Company, which are an integral part of the Organisational Model and should be brought to the attention of the persons to whom the Organisational Model applies, were identified. Based on the Company system of delegation of authority and powers of representation and its organisational chart, examined as part of the risk assessment, in order to be effective, the procedures must:

- identify who does, monitors and decides each activity within a process;
- make it possible to trace who did, monitored and decided any operation (documented traceability of operations carried out);
- be updated in the event of organisational changes, ascertained ineffectiveness or the introduction of new offences pursuant to the Decree.

Drafting and adopting the disciplinary system

To ensure effective implementation of the Model as required by art. 7, paragraph 4, letter b) of the Decree, the Organisational Model features a specific Disciplinary System.

3. Persons to whom the Organisational Model applies

The persons to whom the requirements of the CAME Organisational Model applies are as follows:

- The members of the Board of Directors, the General Manager, if appointed;
- All employees of the Company, Collaborators, Consultants and legal representatives, whether they are employees or not, as individuals subject to the management of others;
- The Supervisory Board (the **“Persons to whom the Model applies”**).

All Persons to whom the Model applies must comply with the requirements set out in the Organisational Model and the Code of Ethics as well as the laws and regulations in force.

Individuals in top-level positions must, in particular:

- ensure information, training and awareness for persons under their management on how to behave while carrying out their duties;
- respect the principle of transparency in all company decisions;
- monitor and supervise the persons under their management;
- ensure full respect of human rights;
- evaluate the possibility of terminating a contract with a third party if they become aware of conduct relevant to the application of Italian Legislative Decree 231/2001

4. Adopting and amending the Model

In compliance with the provisions of the Decree, the adoption of the Organisational Model is the responsibility of the Board of Directors.

The Board of Directors is also responsible for approving amendments and updates to the Organisational Model.

The Managing Directors, or persons appointed by them, are responsible for any revisions or updates to the procedures.

Corporate bodies and all employees are committed to respecting the laws and regulations in force in all the territories in which the Company operates.

Corporate bodies must be aware of the laws and regulations mentioned above, as well as the consequent proper conduct. Corporate bodies and all employees are committed to respecting company procedures and following the principles of the Code of Ethics in any decision or action relating to Company management.

Department managers must ensure that:

- all employees are aware of the laws and consequent conduct and, if they have any doubts about how to proceed, these are adequately addressed;
- a suitable ongoing training and awareness-raising program focusing on issues relating to the Code of Ethics and the Organisational Model is put in place.
- When participating in tenders called by public authorities, and in general in any negotiations with them, all employees must operate in compliance with applicable laws, regulations and proper business practice.

Departments managers that may find themselves working in contact with public authorities must:

- provide their collaborators with details of conduct to be adopted in formal and informal contacts with the various public entities, according to the distinctive features of the scope of work, transferring knowledge of the standards and awareness of situations when offences may be committed;
- provide appropriate mechanisms to trace the flow of information to the public authorities.

All consultants, suppliers and generally any third parties acting on behalf of the Company are required to comply with the laws and regulations in force in all the territories in which the Company operates. No relations will be started or continued with anyone who does not intend to comply with this principle. The obligation for these individuals to act on behalf and/or in the interest of the Company must be made be in writing and include a specific clause requiring compliance with the principles of ethical conduct adopted by the Company. Failure to comply with the foregoing may result in termination of the contractual relationship for non-performance.

All consultants, suppliers and generally any third parties acting on behalf of the Company are identified and selected with complete impartiality, autonomy and independence of judgement. In their selection, the Company shall assess their competence, reputation, independence, organisational capacity and suitability to ensure correct and timely execution of the contractual obligations and tasks assigned.

All consultants, suppliers and generally any third parties acting on behalf of the Company must, always and without exception, operate with integrity and diligence, in full respect of all the principles of fairness and legitimacy provided by any codes of ethics they have adopted.

When applying to the State or other public body or the European Community for grants, subsidies or funding, all those involved in these procedures must:

- Act honestly and truthfully, using and presenting complete statements and documents pertaining to the activities for which benefits may legitimately be obtained;
- once the payments requested have been obtained, use them for the purposes for which they have been requested and granted.

The administration/accounting department managers must ensure that all operations and transactions are:

- legitimate, consistent, fair, authorised, verifiable;
- properly and adequately recorded so as to enable the verification of the decision-making, authorisation and execution process;
- accompanied by suitable documentary support so that, at any time, checks on the characteristics and reasons for the operation can be made and the person(s) who authorised, executed, recorded and verified the operation itself can be identified.

All employees involved in drawing up the financial statements or other similar documents must behave properly, collaborate closely, ensure the completeness and clarity of the information provided, verify the accuracy of data and processing and report any conflicts of interest.

The Directors notify the Board of Directors and the Board of Auditors of any interest they have, personally or on behalf of third parties, in any Company transaction, specifying the nature, terms, origin and extent.

The Directors and their collaborators:

- must represent the economic, patrimonial or financial situation truthfully, clearly and completely in the preparation of financial statements, market communications or other similar documents;
- must comply promptly with requests for information from the Board of Auditors and facilitate monitoring or auditing legally attributed to shareholders, other corporate bodies or auditing firms in every way;
- present the Assembly with complete acts and documents corresponding to the

accounting entries;

- provide supervisory bodies with correct and complete information on the economic, patrimonial or financial situation.

Only authorised employees may have dealings with the press and they must ensure that the news broadcast is truthful and complies with laws and regulations in force.

Examples are given below of situations where reporting to a Supervisory Board is compulsory:

- any violation or suspected violation of the Organisational Model and/or the Code of Ethics. The reports, which are protected by strict confidentiality, must only be provided in non-anonymous form.
- measures and/or news coming from the judicial police or any other authority, of which they officially become aware, concerning offences and/or alleged offences referred to in the Decree which may affect the company.

In relations with representatives of the public authorities, whether Italian or from other countries, it is prohibited to:

- promise or offer them (or their relatives, friends etc.) money, gifts or complimentary items, except in the case of gifts or items of modest value;
- examine or propose employment opportunities for public officials (or their relatives), and/or business opportunities or any other kind, which might benefit them personally;
- promise or offer public officials (or their relatives) advice and/or other services which benefit them personally;
- incur entertainment expenses that are unjustified and have purposes other than simply promoting the company;
- promise or provide, even through third parties, works/services for personal use (e.g. refurbishment of buildings owned or used by them, or owned or used by their relatives);
- provide or promise to provide, solicit or obtain information and/or documents that are confidential or otherwise likely to compromise the integrity or reputation of one or both parties;

These actions and conduct are prohibited, whether directly by the Company through its employees, or through non-employees acting on its behalf.

Moreover, as regards public authorities, it is prohibited to:

- produce false or altered documents/data;
- remove or omit true documents;
- omit information due in order to unduly influence public authority decisions in one's own favour;
- behave in such a way as to unduly influence the decisions of public authorities;

- make use of representation by consultants or third parties when conflicts of interest may be created;
- engage, directly or indirectly, in any illegal actions that may favour or damage one of the parties involved in the course of civil, criminal or administrative proceedings.

Directors are prohibited from:

- returning contributions to shareholders or releasing them from the obligation to make them, except in cases of legitimate reduction of the share capital, and from making reductions in share capital or mergers with other companies or demergers, in violation of the provisions of law for the protection of creditors;
- distributing profits or advances on profits not actually earned or allocated by law to reserves, or distributing reserves that are non-distributable according to the law;
- encourage the purchasing of or subscribing to shares issued by the Company or its parent company, except for cases permitted by law;
- falsely establishing or increasing Company capital through transactions not permitted by law.

In general, it is forbidden to:

- hinder monitoring by shareholders, independent auditors, the Supervisory Board and the Internal Audit department responsible for internal monitoring;
- damage the integrity of the corporate assets and carry out operations to the detriment of creditors;
- influence the Shareholders' Meeting, spreading false information about the Company.

The Directors, Statutory Auditors and employees are prohibited from:

- buying, selling or performing other operations on financial instruments, directly or indirectly, on their own behalf or on behalf of third parties, using inside information (i.e. - in accordance with art. 181 of Italian Legislative Decree 58/1998 – information of a precise nature which has not been made public, relating, directly or indirectly, to one or more issuers of financial instruments or one or more financial instruments, which, if made public, could have a significant effect on the prices of such financial instruments);
- recommending or inciting others to do the above on the basis of inside information;
- disclosing confidential information outside of normal business activities to third parties;
- in general, it is also forbidden to disseminate false or misleading information, or engage in sham transactions or other devices likely to cause a significant change in the price of financial instruments or to provide false and misleading information about the same.

Employees and consultants, suppliers and generally any third parties acting on behalf of the Company must refrain from any conduct detrimental to the Company image.

All consultants, suppliers and generally any third parties acting on behalf of the Company are

forbidden from performing any act which is or may be deemed to be contrary to laws and/or regulations, including, without limitation, laws and regulations aimed at protecting the environment and health and safety in the workplace, even if such conduct results or may result, even if only hypothetically, in any benefit or interest for the Company,.

5. The Supervisory Board

Exemption from administrative liability - as governed by art. 6, paragraph 1, letters b) and d) of Italian Legislative Decree 231/2001 - also provides for the mandatory establishment of a company board with both independent power of control (which makes it possible to monitor the functioning of and compliance with the Model) and independent power of initiative, to guarantee that it is constantly updated.

In order to ensure effective and efficient implementation of the Model, this board must have the following features:

- (i) autonomy and independence, fundamental so that it is not involved in the management of the activities being inspected and monitored;
- (ii) professionalism, i.e. having specific expertise in the field of consulting, inspection and monitoring, necessary to carry out the delicate functions assigned to it, as well as a thorough knowledge of the Company's organisational structure; and, finally,
- (iii) continuity of action, i.e. ongoing full-time dedication to supervising compliance with the Model, overseeing its implementation and ensuring that it is updated periodically.

Requirements

The role of SB may be taken on by an individual or a joint body. The following provisions relating to members of the SB in joint form also apply to the SB in individual form. The members of the SB must possess integrity requirements similar to those of the directors of the Company and the professionalism required for the position, and must not, in general, have reasons for conflicts of interest with other company departments and/or roles. The existence and continuation of such subjective requirements are, as appropriate, established by the Board of Directors of the Company, both before appointment and throughout the period in which the members of the SB remain in office. If any of the aforementioned requirements cease to be met during the period of office, this will lead to the forfeiture of the role.

Any conviction (or plea bargaining) that has become irrevocable will also lead to ineligibility or revocation for just cause of the members of the SB.

Any revocation of members of the SB is the responsibility of the Board of Directors of the Company. In the event of revocation or resignation, the Board of Directors will promptly appoint a replacement for the revoked component, upon verification of the subjective requirements listed above. In the event of the revocation or abandonment of all its components, the SB ceases to exist. In this case, the Board of Directors of the Company shall, without delay, arrange its reformation.

Duties and responsibilities

The SB is conferred the power to:

- (i) monitor compliance with the requirements of the Organisational Model by the persons to whom it applies, reporting any breaches and the sectors that are most at risk, in view of the violations that have occurred;
- (ii) monitor the actual efficiency and effectiveness of the Organisational Model at preventing the offences referred to in Italian Legislative Decree 231/2001, in relation to the individual company structures and the actual activities carried out;
- (iii) ensure the maintenance over time of the soundness and functionality of the Organisational Model;
- (iv) monitor whether to proceed with an update to the Organisational Model, if it needs to be adapted in the light of changed regulatory or company-related conditions.
- (v) acquire company documentation and information from the persons to whom the Organisational Model applies considered useful in order to fulfil their responsibilities;
- (vi) review the adequacy of the information and training initiatives, focusing on the principles, values and rules of conduct contained in the Organisational Model, as well as the level of awareness of the Model.
- (vi) check that suitable information and training initiatives focusing on the principles, values and rules of conduct contained in the Organisational Model, as well as the level of awareness of the Model, are in place, also based on requests for clarifications and reports received;
- (viii) provide reports to the corporate bodies.

In order to fulfil its responsibilities, the SB may, at any time, autonomously and at its own discretion, proceed with checks relating to the application of the Model, and this may also be carried out by any of its components individually.

In the presence of interpretation issues or questions regarding the Organisational Model, the persons to whom it applies can contact the SB for the relevant clarifications.

For the specific purposes of carrying out assigned supervision and monitoring activities, the SB is allocated annual financial resources, updated as appropriate depending on the specific needs that arise, in order to allow it to carry out the duties described above with full economic and managerial autonomy.

Information flows to the corporate bodies

With reference to reporting to the corporate bodies, the SB reports to the Board of Directors, through written reports and at least every six months, regarding the implementation of the Organisational Model - as well as to the Statutory Auditors.

The SB can be consulted at any time by the bodies mentioned above to report on the operation of the Organisational Model or on specific situations or, in the case of particular requirements, it can inform the corporate bodies directly and on its own initiative.

Information flows to the SB

The persons to whom the Model applies are required to provide the information requested by the SB in line with the content, methods and frequency as defined by the SB at the time.

The persons to whom the Model applies provide the SB with information concerning any measures taken by the judiciary, the Judicial Police or other authorities, which indicate the conduct of investigations or prosecutions relating to one of the offences referred to under Italian Legislative Decree no. 231/2001 regarding the Company and/or the persons to whom the Model applies. Furthermore, if the persons to whom the Organisational Model applies become aware of facts that constitute the commission of offences provided for in Italian Legislative Decree 231/2001, they promptly inform the SB.

The SB evaluates the reports received and takes the necessary measures, giving reasons in writing for any decision not to proceed in conducting internal investigations.

All information and reports collected by the SB are kept under its responsibility, according to the rules, criteria and conditions of access to data designed to ensure integrity and confidentiality.

6. Disciplinary system

Pursuant to art. 6, paragraph 1, letter e), and art. 7, paragraph 4, letter b) of Italian Legislative Decree 231/2001, the following disciplinary system has been adopted.

Violation of the Code of Ethics and the principles contained in the Organisational Model and in the procedures and rules of conduct that refer to it leads to disciplinary proceedings for the persons to whom the Code and Model apply. Such violations, may in fact result in disciplinary action against those involved, regardless of whether criminal proceedings are brought in cases where the conduct constitutes a criminal offence. The disciplinary system defines the general criteria for imposing penalties and identifies the disciplinary and/or protective measures applicable to the persons involved.

6.1 Criteri generali di irrogazione delle sanzioni

In individual cases, the type and extent of specific penalties will be applied in proportion to the seriousness of the misconduct and, in any case, based on the following general criteria:

- subjective element of the conduct (wilful or negligence, the latter through non-performance of duty, carelessness or inexperience);
- importance of the obligations violated;
- potential damage arising to the Company;
- hierarchical or technical level of responsibility;
- presence of aggravating or mitigating circumstances with particular regard to previous work performance and previous disciplinary proceedings in the last two years;
- possible division of responsibility with other workers who have contributed to the wrongdoing.

If one act comprises multiple offences, punishable with different penalties, the most serious penalty applies.

Recurrence in a two-year period automatically involves the application of the most severe applicable penalty. The principles of timeliness and immediacy require the imposition of the disciplinary penalty, regardless of the outcome of any criminal proceedings.

6.2. Middle Managers and Clerical Workers

Scope of application

Under the combined provisions of articles 5, letter b) and 7 of Italian Legislative Decree 231/2001, without prejudice to prior notification and the procedure required by article 7 of the Italian Law of 20 May 1970 no. 300 (known as the Workers' Statute), Middle Managers and Clerical Workers employed by the company are punishable in the case of:

- a) failure to comply with the procedures and requirements of the Organisational Model designed to ensure business is conducted in compliance with the law and to discover and quickly eliminate risk situations, pursuant to Italian Legislative Decree 231/2001;
- b) missing, incomplete or untrue documentation of the activity carried out regarding the method of documentation, storage and control of documents relating to procedures in order to prevent their transparency and verifiability;
- c) violation and/or evasion of the internal control system, put in place by the removal, destruction or alteration of the documentation of the procedure or by impeding the monitoring of or access to information and documentation to those responsible, including the SB;
- d) failure to comply with the rules contained in the Code of Ethics;
- e) failure to comply with the provisions relating to the powers of signature and the system of delegation of authority, especially the requirements relating to the way in which they can be combined;
- f) failure to comply with the obligation to report to the SB and/or the direct line manager regarding unjust and/or abnormal and/or irregular conduct of which there is direct, certain evidence, as well as false or unsubstantiated reports, notwithstanding good faith, of violations of the Organisational Model and the Code of Ethics;
- g) lack of supervision by line managers relating to compliance with the procedures and requirements of the Organisational Model by their subordinates in order to verify their actions in the areas at risk and, in any case, in the performance of activities instrumental to operational processes at risk of offences being committed;
- h) failure to update and/or report the procedures and requirements of the Organisational Model to the personnel working in their employment in areas at risk of offences being committed.

Penalties

For the conduct referred to in the scope, Middle Managers and Clerical Workers employed by the

Company, in accordance with the general criteria for the imposition of penalties, are punished by the following disciplinary measures:

- verbal warning;
- written warning;
- fine of not more than four hours of basic pay plus cost of living allowance or minimum salary plus cost of living allowance;
- suspension from work without pay for up to a maximum of 10 days;
- dismissal without notice.

Where the employees referred to above have been granted power to represent the Company to external bodies, the imposition of a penalty more severe than a fine will also result in the automatic termination of the power itself.

Verbal warning

The penalty will be a verbal warning in the following cases:

- a) in cases of culpable violation of the principles of the Code of Ethics and/or the procedures and requirements set out in the Organisational Model.
- b) recurrent breach in cases with no relevance outside the Company of culpable violations of the principles of the Code of Ethics and/or the procedures and requirements set out in the Organisational Model and/or procedural errors due to employee negligence.

Written warning

A written warning will be imposed as the penalty in the event of a recurrent breach in cases with relevance outside the Company of culpable violations of the procedures and/or requirements set out in the previous paragraph (scope) and/or procedural errors due to employee negligence.

Fine

In addition to cases of recurrent commission of offences which lead to the application of a written warning, a fine may be applied in cases where, due to the hierarchical or technical level of responsibility, or in the presence of aggravating circumstances, the wrongful and/or negligent conduct could undermine, albeit only potentially, the effectiveness of the Organisational Model, including but not limited to:

- a) failure to comply with the obligation of disclosure to the SB and/or the direct line manager regarding inappropriate or abnormal conduct of which there is direct, certain proof;
- b) repeated failure to comply with the processes described in the procedures and requirements set out in the Model, where these concern or are related to a procedure in which one of the parties is a public authority.

Suspension from work without pay

The penalty of suspension from work without pay for a maximum of 10 days is applied, as well as in cases of repeated commission of offences which may lead to the application of a fine, in cases of serious violations of procedures and requirements which expose the Company to liability in regard to third parties.

As an example, the penalty of suspension from work without pay is applied in the event of:

- a) failure to comply with the provisions relating to the powers of signature and the system of

- delegation of authority granted in relation to acts and documents for the public authorities.
- b) lack of supervision by line managers relating to compliance with the procedures and requirements of the Model by their subordinates in order to verify their actions in the areas at risk and, in any case, in the performance of activities instrumental to operational processes at risk of offences being committed;
 - c) false or unsubstantiated reports of violations of the Organisational Model and the Code of Ethics.

Dismissal without notice.

The penalty of dismissal without notice will be applied for misconduct so serious as to preclude the continuation of the employment relationship, even temporarily (just cause), including, but not limited to:

- a) wilful or negligent violation of the procedures and requirements of the Organisational Model with relevance outside the Company and/or fraudulent avoidance through conduct unequivocally aimed at the commission of an offence set out in Italian Legislative Decree 231/2001 and subsequent amendments, such as to call into question the relationship of trust with the employer;
- b) violation and/or evasion of the internal control system, put in place by the removal, destruction or alteration of the documentation of the procedure or by impeding the monitoring of or access to information and documentation to those responsible, including the SB, in such a way as to prevent their transparency and verifiability;
- c) missing, incomplete or untrue documentation of the activity carried out regarding the method of documentation and storage of documents relating to procedures in order to prevent their transparency and verifiability;

If the worker has committed one of the wrongdoings referred to in this article, the Company may order his/her interim suspension with immediate effect.

In the event that the Company decides to dismiss the worker, the dismissal shall take effect on the day the interim suspension began

6.3. Senior Managers

Scope of application

Under the combined provisions of articles 5, letter b) and 7 of Italian Legislative Decree 231/2001, in compliance with the procedure required by article 7 of the Italian Law of 20 May 1970 no. 300, Senior Managers employed by the company are punishable in the case of:

- a) failure to comply with the procedures and requirements of the Organisational Model designed to ensure business is conducted in compliance with the law and to discover and quickly eliminate risk situations, pursuant to Italian Legislative Decree 231/2001;
- b) missing, incomplete or untrue documentation of the activity carried out regarding the method of documentation and storage of documents relating to procedures in order to prevent their transparency and verifiability;
- c) violation and/or evasion of the internal control system, put in place by the removal, destruction or alteration of the documentation of the procedure or by impeding the monitoring of or access to information and documentation to those responsible, including the SB;

- d) failure to comply with the rules contained in the Code of Ethics;
- e) failure to comply with the provisions relating to the powers of signature and the system of delegation of authority (especially the requirements relating to the way in which they can be combined);
- f) failure to comply with the obligation to report to the SB and/or the direct line manager regarding unjust and/or abnormal and/or irregular conduct of which there is direct, certain evidence, as well as false or unsubstantiated reports, notwithstanding good faith, of violations of the Organisational Model and the Code of Ethics;
- g) lack of supervision, control and monitoring of the conduct of their own subordinates, in order to verify their actions in the areas at risk; h) non-reporting of the failure to follow the procedures and requirements of the Organisational Model by workers assigned to their department to their line manager and/or the SB; i) failure to train and/or failure to update and/or failure to report the procedures and requirements of the Organisational Model to the personnel working in their employment in areas at risk of offences being committed.

Where senior managers have been granted the power to represent the Company to external bodies, application of a written reprimand may also lead to termination of the power of representation itself.

In order to identify the penalty to be applied, the circumstance that the senior manager, in their role or position, belongs to the category of employees in a top-level position will be considered an aggravating factor.

Written reprimand

A written reprimand will be given in the event of a wilful breach of the procedural standards set out in the Organisational Model or procedural errors due to the negligence of the manager.

Dismissal without notice.

The penalty of dismissal without notice will be applied in cases resulting in irreparable damage to the relationship of trust and where the employment relationship cannot continue, even temporarily, such as, for example:

- wilful or negligent violation of procedures with relevance outside the Company and/or fraudulent avoidance through conduct unequivocally aimed at the commission of an offence set out in Italian Legislative Decree 231/2001 and subsequent amendments, such as call into question the relationship of trust with the employer;
- wilful or negligent violation and/or evasion of the control system, through acting out of line with the requirements of the procedures adopted or by impeding the monitoring of or access to information and documentation to those responsible, including the SB;
- missing, incomplete or untrue documentation of the activity carried out regarding the method of documentation and storage of documents relating to procedures in order to prevent their transparency and verifiability;
- lack of supervision, control and monitoring of the conduct of their own subordinates, in order to verify their actions in the areas at risk of offences being committed;
- unjust and/or abnormal and/or irregular conduct of which there is direct, certain evidence.

If the Senior Manager has committed one of the wrongdoings that leads to the application

of penalties as set out in this Organisational Model, the Company may order his/her interim suspension with immediate effect.
In the event that the Company decides to dismiss the worker, the dismissal shall take effect on the day the interim suspension began.

6.4. Individuals in top-level positions

Scope of application

Under the combined provisions of articles 5, letter a) and 6 of Italian Legislative Decree 231/2001, individuals in top-level positions are punishable in the case of:

- a) failure to comply with specific protocols (procedures and requirements) set out in the Organisational Model pursuant to Italian Legislative Decree 231/2001, aimed at planning the formation and implementation of Company decisions in relation to the offences to be prevented, and the rules contained in the Code of Ethics, including violation of the provisions relating to the powers of signature and, in general, the system of delegation of authority (especially requirements relating to the way in which they can be combined), as well as violation of the measures relating to the management of financial resources;
- b) violation and/or evasion of the internal control system set out in the Organisational Model, put in place by the removal, destruction or alteration of the documentation required by the protocols (procedures and requirements) or by impeding the monitoring of or access to information and documentation to those responsible, including the SB;
- c) violation of the reporting requirements set out in the Organisational Model as regards the SB and/or any higher-level entity; failure, in the exercise of hierarchical powers and the limits imposed by the systems of delegation of authority, to comply with the obligations of controlling and monitoring the conduct of direct subordinates, meaning only those who, under the direct and immediate dependency of the top-level individual, operate in the areas at risk of offences being committed.

Protective measures

For individuals in top-level positions who have violated the provisions of the Organisational Model and the Code of Ethics, appropriate measures will be taken that will be evaluated on a case by case basis according to the severity of the violation:

- a) written reprimand;
- b) revocation of delegation of authority
- c) removal from office

Written reprimand

A written reprimand will be given in cases of violation of the provisions contained in the Code of Ethics and the procedures laid down in the Organisational Model, except as provided in the following paragraph.

Revocation of the delegation of authority and/or removal from office

The Board of Directors is authorised to deliberate any protective measure concerning the revocation of the delegation of authority.

When the protective measure identified is removal from the office of Director, the Shareholders' Meeting is responsible for deliberating regarding this matter, convened by the Chair of the Board of Directors upon resolution of the Board of Directors, or, in its absence, the Chair of the Board of Auditors. For holders of representative or management roles, removal from office will take place in accordance with the procedures inherent to the relation linking them to the Company.

Regardless of the application of the protective measure, the Company reserves the right to bring proceedings for liability and/or compensation.

Multiple positions held by one individual

In the event that the individual in a top-level position also holds the position of subordinate employed person and commits the violations as an individual in a top-level position, the aforementioned protective measures may apply, in all cases notwithstanding the applicability of different disciplinary actions based on the subordinate employment relationship with the Company and in accordance with statutory procedures, as applicable.

6.5. External collaborators

Scope of application

In compliance with the contracts governing the relationships between the Company and external Collaborators, the latter are punishable in the case of:

- a) violation of the CAME Code of Ethics;
- b) fraudulent evasion of the requirements relating to the role with relevance outside the Company or violation of said requirements by means of conduct unequivocally aimed at the commission of an offence set out in Italian Legislative Decree 231/2001, involving "corporate administrative liability";
- c) violation and/or evasion of the control system put in place by the company, carried out by the removal, destruction or alteration of documents relating to the assignment;
- d) missing, incomplete or untrue documentation of the activity carried out relating to assignment in order to prevent its transparency and verifiability.

Penalties

For conduct falling within the scope of the preceding paragraph, external Collaborators may see their contractual relationship terminated pursuant to art. 1456 of the Italian Civil Code, as applicable, or other disciplinary measures in accordance with the type of contract applied.

The above is without prejudice, in any case, to the Company's right to claim damages.

6.6. *Board of Auditors*

In the event of violations of this Organisational Model by one or more Statutory Auditors, the SB informs the entire Board of Auditors and, through the Chair of the Board of Directors, the Board itself, having assessed the report, calls a Shareholders' Meeting to adopt the most appropriate protective measures.

7. **Disciplinary procedure**

The procedure for imposing the penalties and/or protective measures provided for by the disciplinary system consists of the following stages:

- a) **pre-investigation**, stage which is implemented by the SB following detection or reporting of alleged violations of the Organisational Model, with the aim of ascertaining the existence of the offence;
- b) **investigation**, stage in which the violation is evaluated, contested and the disciplinary action or protective measure to propose to the body or to individual who has the duty to decide on it identified.

The following are involved in this stage:

- the Shareholders' Meeting and/or the Board of Directors for violations of the Organisational Model committed by Directors and/or, if appointed, the General Manager;
 - the Managing Director(s) or other bodies appointed by them for violations of the Organisational Model committed by employees of all levels, from quasi-employees to interns;
 - the person in charge of contract management for violations committed by third parties with a relationship with the Company.
- c) **decision**, the stage where the outcome of the proceedings and the disciplinary action and/or the protective measure to be applied are decided.

The following are involved in this stage:

- the Shareholders' Meeting and/or the Board of Directors for violations of the Organisational Model committed by Directors and/or, if appointed, the General Manager;
- the Managing Director(s) or other bodies appointed by them for violations of the Organisational Model committed by employees of all levels, from quasi-employees to interns;

- the Board of Directors, the Managing Directors, the persons in charge of contract management for violations committed by third parties with a relationship with the Company.

d) **application** of the disciplinary action and/or the protective measure

The disciplinary procedure takes into account the rules of the Italian Civil Code on corporate, labour and contract-related matters; labour legislation relating to disciplinary proceedings as set out in art. 7 of Italian Law 300 - Workers' Statute; the CAME S.p.A. Statute; the existing powers of representation and signature on behalf of the company and the roles attributed to the corporate structure; the necessary distinction and opposition of roles between the judging party and the individual being judged.

In order to ensure the effectiveness of the Disciplinary System, the disciplinary procedure must be completed within 60 days of the date of the violation.

For third parties, the term is extended to 90 days.

The decisions taken must be promptly communicated to the SB.

8. Informazione e formazione

CAME S.p.A., in accordance with the provisions of Italian Legislative Decree 231/2001 and in order to effectively implement the Organisational Model, will define a specific communication and training plan designed to ensure broad dissemination of the principles set forth therein, as well as the procedures/rules of conduct that refer to it, to the persons to whom the Model applies. This plan will be managed by the relevant company departments who will coordinate with the SB.

In particular, with regard to communication, the Organisational Model is presented, together with the procedures/rules of conduct related to it, to the persons to whom it applies; it will also be published on the Company website, and the procedures related to it will also feature on the company intranet.

As regards training, the Company has established a specific training program covering, in general, the provisions of regulations on administrative liability of entities (and, therefore, the consequences to the Company of the possible commission of offences by persons acting on its behalf), the essential characteristics of the offences specified in the Decree and, more specifically, the principles of the organisational model and procedures/rules of conduct that refer to it as well as the specific preventive purposes that the Organisational Model pursues in this context.

This activity is organised in relation to the roles, functions and responsibilities covered by individual persons to whom the Model applies, as well as the level of risk of the area of activity or the corporate process in which they operate. It will be implemented, as appropriate, in courses to be held in the classroom and/or through the distribution of a special training course in e-learning format. In particular, for those working in areas at risk, meetings designed to illustrate the operating procedures connected with the performance of daily activities in individual areas considered at risk and with reference to individual instrumental processes are arranged.

The training is properly documented and participation in training sessions is formalised through signatures being required to show presence.

