

**ORGANISATION AND MANAGEMENT
MODEL
OF CSM TUBE spa
PURSUANT TO ART. 30 OF (IT.)
LEGISLATIVE DECREE OF 09/04/2008,
no. 81**

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0. Introduction

This document illustrates the Organisation and Management Model on occupational health and safety (hereinafter also referred to as the "Model") that has been drawn up by CSM TUBE spa, pursuant to and for the purposes of art. 30 of (It.) Legislative Decree of 9 April 2008, no. 81, in accordance with the technical standard *ISO 45001:2018* and was implemented in compliance with the requirements of the (It.) Ministry of Labour and Social Affairs circular of 11 July 2011.

The Model was adopted and came into force following its approval by resolution of the Board of Directors on 23 May 2018, subsequently revised and approved by subsequent resolution of the Board of Directors on 31 March 2021, and lastly updated and approved by resolution of 06.12.2023.

1. Company activities

CSM TUBE was founded in 1983 and its object is the study, development, production, processing and trade of tubes made of stainless steel or other metals or alloys, as well as with other materials, their testing, technical analysis of rectification; the performance for group companies (parent companies, subsidiaries and "sister companies") of administrative services of any kind except those reserved by law for the competence of professional categories. This includes, but is not limited to: invoicing, issuing and collecting accounting documents of any kind, keeping company accounts, preparing budgets, reports and financial statements, fulfilling the relevant obligations required by law, obligations related to personnel management, filing of documents, etc.

CSM TUBE (hereinafter also referred to as "the Company") produces in accordance with international standards for the different product types.

Today, the Company has a production site of about 17,600 m².

2. Criminal Offences

Art. 9 of (It.) Law of 13 August 2007, no. 123 introduced into (It.) Legislative Decree of 8 June 2001, no. 231 (hereinafter also just "the Decree") art. *25-septies*, which envisages the application of the relevant sanctions to Entities whose representatives engage in conduct constituting the offences of manslaughter and serious personal injury and grievous bodily harm, committed in breach of the rules on accident prevention and the protection of hygiene and health in the workplace:

- **Manslaughter** committed in breach of the rules on accident prevention and the protection of hygiene and health in the workplace (Art. 589, para. 2 of the It. Penal Code): this offence is committed when the violation of the rules on accidents at work and on the protection of hygiene and health in the workplace results in the death of a worker;



- **Serious personal injury⁽¹⁾ or grievous bodily harm⁽²⁾** committed in breach of the rules on accident prevention and the protection of hygiene and health in the workplace (Art. 590, co. 3 of the It. Penal Code): this offence is committed when the violation of the rules on accidents at work and on the protection of hygiene and health in the workplace results in serious personal injury or grievous bodily harm to the worker or a third party protected by those rules.

It must be emphasised that, for the cases at hand, the Company envisages:

- the punishability of purely negligent conduct⁽³⁾ that has caused an injurious event not deliberately, but as a consequence of failure to comply with the precautionary rules on occupational health and safety;
- a fine of up to 1,000 quotas, each of which may be determined in court from a minimum of EUR 258.00 to a maximum of EUR 1,549.00.
- the application of prohibitory sanctions, with a duration of no less than three months and no more than one year.

¹ In particular, under Art. 583 of the It. Penal Code, the personal injury is serious:

- if the act results in an illness endangering the life of the offended person or in an illness or inability to attend to ordinary occupations for a period exceeding forty days;
- if the fact results in the permanent impairment of a sense or organ.

² The bodily harm is grievous if the fact results:

- in an illness that is certainly or probably incurable;
- the loss of a sense;
- the loss of a limb, a mutilation rendering the limb useless, or the loss of the use of an organ or of the ability to procreate, or a permanent and serious difficulty in speaking;
- in the deformation or permanent disfigurement of the face.

³ Art. 43 of the It. Penal Code defines the offence as negligent when the event, even if foreseen, is not intended by the agent and occurs as a result of negligence or recklessness or inexperience or as a result of non-compliance with laws, regulations, orders or constraints. For there to be negligence, therefore, the active party is required to have no intention to cause the event and, in addition, the fact must be due to imprudence, negligence or inexperience, or a failure to comply with laws, regulations, orders or constraints.

Recklessness is specifically rashness, insufficient reflection and always implies a lack of consideration for the interests of others. Negligence expresses a rather different psychic attitude: it is neglect, namely the lack or deficiency of attention or solicitude. With regard to inexperience, it is generally recognised that, in order to be able to speak of culpable liability, a mere lack of professional skill is not sufficient: what is required is insufficient preparation or ineptitude which the agent, although aware, did not want to take into account.

As regards non-compliance with laws, regulations, orders or constraints, it should be noted that this term includes both the rules of public authorities and the rules of private authorities, i.e. also those issued by the employer.

As far as accident prevention regulations are concerned, specifically, compliance is required not only with the regulations of (It.) Legislative Decree of 9 April 2008, no. 81 (hereinafter also referred to as “the Consolidated Act”), but also with those of Article 2087 of the (It.) Civil Code, when measures and precautions that make for a more effective protection of the physical integrity of workers are omitted.

3. Addressees of the Model

The recipients of the rules laid down in this Model and, in particular, of all the obligations and prohibitions it establishes are all those who perform any activity in the name and/or on behalf and/or in the interest of CSM TUBE such as to be relevant or to interfere with or in some other way affect the management of occupational health and safety.

Consequently, the Model’s addressees are as follows:

- persons in *top management positions*, i.e. persons with representative, administrative or management functions within the Company or one of its organisational units with financial and functional autonomy (Employer, Safety Delegate, Executives), as well as persons who in any case exercise control and/or supervisory functions over the management of occupational health and safety in the Company;
- *persons in subordinated positions*, i.e. persons who, within the corporate organisation, are subject to the management or supervision of a person in a top management position (e.g. employees - both white- and blue-collar workers, and Supervisors);
- *associates*, i.e. external persons who act in the name and/or on behalf of the Company based on a specific mandate or other contractual relationship and who perform, directly or indirectly, activities related to or of interest to the management of occupational health and safety (e.g. consultants, external professionals);
- *stakeholders*, such as the Company's contractual counterparties, excluding collaborators, whether natural or legal persons, such as suppliers, customers and, in general, all persons to whom the Company provides or from whom it receives any service, as well as the Company's commercial or operational partners, whenever the activity performed by them is relevant to or interferes with the management of occupational health and safety;
- *third parties in general*, whenever they enter into any kind of relationship with the Company, when on the occasion of and/or because of such relationship situations arise, in fact or in law, that assume relevance for the purposes of occupational health and safety (e.g., visitors to company premises required to comply with certain accident prevention regulations).

All addressees, as identified in this paragraph, are required to comply with both the laws and regulations in force in all the sectors in which the Company’s activities are carried out, insofar as they are relevant to the management of occupational health and safety.

4. General Principles of Conduct

4.1 Introduction

First of all, we would like to highlight certain structural features of the Company, which, in theory, constitute valid prerequisites for the application of the principles of conduct set out below.

The Company has adopted and implements an Occupational Health and Safety Management System (henceforth also just OHSMS) that complies with the technical standard ISO 45001:2018. Compliance with this standard, which was obtained on 20 October 2020 and certified by an external accreditation body, was necessary to pass the British Standard OHSAS 18001:2007 with which CSM TUBE's OHSMS was previously compliant.

Moreover, the Company had already previously adopted an Environmental Management System in accordance with the technical standard UNI EN ISO 14001:2004, obtaining the relevant certification on 28/08/2013. Recently, the Environmental Management System was made compliant with the new technical standard UNI EN ISO 14001:2015 and the relevant certification was obtained on 21 July 2017.

The Company has also adopted a quality management system in accordance with the international standard UNI EN ISO 9001:2015 and obtained the relevant certification on 21 July 2017, making compliance with the outdated UNI EN ISO 9001:2008 standard no longer valid.

In all cases, the certifying body is DNV-GL, which carries out annual audits to maintain the certification, as well as a more in-depth audit every three years that also involves a regulatory and document audit.

The operational and control procedures associated with these prescriptive systems have been merged into a broader "Integrated Environment & Safety Management System" (henceforth also referred to as just "IMS") adopted by the Company, which allows for a harmonious management of the company's policies on the Environment and Safety at Work.

The IMS is formalised through procedures and instructions and reference is made to this documentation, which is an integral part of this Model, also for the use of any acronyms or abbreviations (e.g., HSO [Health and Safety Officer], WSR [Workers' Safety Representative]).

The procedures of the IMS must be supplemented and, in any case, applied taking into account the provisions of this Model.

It should be emphasised that the Company, in addition to undergoing audits periodically performed by accredited external certification bodies to ensure the maintenance of the various certifications, as established by the IMS itself, also undergoes an internally driven audit activity [as envisaged in par. 6 of this Model].

The manner in which internal audits are to be carried out is laid down in the *Internal Audit Management Procedure* (PI - 10).

4.2 General Principles of Conduct: guidance

The Addressees of the Model, in the performance of their work activities as well as of their professional and/or contractual services, must comply with the general principles of conduct set out below. In particular, the Addressees are *prohibited from*:

- engaging in, promoting, collaborating in, or causing the commission of conduct such that, taken individually or collectively, directly or indirectly constitutes the offences referred to in paragraph 2;
- engage in conduct which, although not in itself constituting an offence among those considered above, may nevertheless potentially constitute such an offence.

In particular, also in the light of the requirements of Art. 30 of the Consolidated Act, the Employer, the Executives, the Supervisors and, more generally, all Addressees who have specific responsibilities under the Occupational Health and Safety procedures adopted by CSM TUBE, are *obliged*, within the scope of their respective powers and responsibilities, to:

- promote and implement all reasonable initiatives aimed at minimising risks and removing the causes that may endanger the safety and health of employees and third parties working at CSM TUBE;
- take steps for the constant and timely adaptation of internal rules to health and safety legislation;
- develop and maintain a relationship of constructive cooperation with the public institutions responsible for carrying out control activities in the field of occupational health and safety;
- develop specific training (and information) programmes on health and safety issues, structured differently according to the target company "population", and carry out specific checks to verify their effective use;
- carry out periodic control activities on the effective application of the procedures adopted on occupational health and safety;
- adopt specific policies for the selection of external companies to which works/service contracts may be awarded;
- promote and guarantee, in the management of activities contracted out to third parties, cooperation and coordination between the Company's own activities and those of the contracting company;
- ensure compliance with the regulations on work organisation, with particular reference to working hours, daily and weekly rest periods for employees.

In order to achieve the objectives set out and described in this paragraph and in implementation of the requirements of Art. 30 of the Consolidated Act, the Company, in particular, ensures:

- the organisation of the company's human resources in terms of individual skills, decision-making autonomy, and related responsibilities;
- the resources needed to design and implement the technical, organisational and management measures required to achieve the objective of continuous improvement of the safety level;
- information, education and, where necessary, training activities aimed at employees to promote their responsibility and awareness of safety and health;
- raising awareness (information) among suppliers and external collaborators in general, so that they adopt appropriate health and safety behaviour consistent with this policy;
- the prevention and minimisation of personal health and safety risks to employees, associates, and customers;
- the development and continuous optimisation of production processes;
- the design or modification of installations to ensure their compatibility with safety, health, and environmental protection;
- attention to input from company operational levels and workers;
- the introduction and application of surveillance and verification procedures and methodologies, in order to monitor the implementation of company policy.

Contracts with Stakeholders/third-party companies must contain a specific clause regulating the consequences of violation by them of the principles contained in the Model, of all the prescriptions contained in the Procedures on Occupational Health and Safety, where applicable, of those set out in the Document Assessing Risks from Interference (hereinafter, also "DUVRI"), where applicable, and of those contained in any other document on safety that the Company may deem binding.

5. Operating Principles

The management of health and safety issues is implemented by CSM TUBE through:

- the implementation of the provisions contained in the Consolidated Act;
- an organisation designed to ensure the participation and full engagement of all staff in health and safety issues.

In particular, the management of the “health and safety” system is based on the elements described below, which are discussed in more detail in the following paragraphs:

- safety organisation chart and structure of roles;
- risk assessment and identification of countermeasures;
- emergency management and first aid;
- co-ordination and control for the outsourcing of works to third parties;
- regular meetings;
- health surveillance;
- training and information;
- maintenance operations and management of non-conformities;
- management of personal protection equipment;
- system monitoring;
- information flows and registration systems.

CSM TUBE fulfils the provisions of the Consolidated Act through the adoption of an OHSMS implemented according to the standard ISO 45001:2018 and integrated into the aforementioned IMS.

The procedures, instructions and documentation relating to the OHSMS are disseminated and made available to all employees and other addressees and form an integral part of this Model.

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13. Disciplinary system

13.1 Introduction

As already noted, the company has long had an “Integrated Environment & Safety Management System”, the part of which dedicated to occupational health and safety management was designed and drafted in accordance with ISO 45001: 2018.

Art. 30, par. 3 of the Consolidated Act states that the organisational model must also envisage “a disciplinary system” capable of penalising non-compliance with “the measures indicated in the model”.

It is well known, however, that the standard ISO 45001: 2018 does not include the existence of a disciplinary code among the requirements for the occupational health and safety management system it regulates.

Therefore, the circular of the (It.) Ministry of Labour and Social Policy - Directorate General for the Protection of Working Conditions adopted on 11 July 2011 established that, for the purposes of Art. 30, par. 3 of the Consolidated Act, the company must adopt procedures to identify and punish conduct that may favour the commission of the offences referred to in Art. 25-septies of the Decree and failure to comply with the measures provided for in the Model.

In particular, the circular establishes that such a disciplinary system must be set up and formalised by the company management and, subsequently, disseminated to all stakeholders, which, purely by way of example, are identified as the employer, the executives, the supervisors, the workers, the supervisory body and the auditor or audit group referred to in the paragraph of the ISO 45001:2018 standard.

In addition to referring to these categories of persons within the company organisation, the circular also requires the company to lay down suitable methods for selecting, monitoring and, where appropriate, sanctioning external collaborators, contractors, suppliers and other persons having contractual relationships with the company itself. In particular, in order to make these modalities applicable, the circular envisages specific application clauses to be included in individual contracts with reference to the requirements and conduct required and the penalties provided for non-compliance with them up to the termination of the contract itself.

In the light of all this, in this chapter of the Model, CSM TUBE has taken steps to establish and regulate the disciplinary system referred to in Art. 30, par. 3 of the Consolidated Act.

13.2 Function and principles of the disciplinary system

For the purposes of the Company’s exemption from liability, Art. 30, par. 3 of the Consolidated Act requires the Model to envisage a disciplinary system capable of sanctioning non-compliance with the measures indicated in the Model.

The application of disciplinary sanctions is irrespective of the initiation or outcome of any proceedings, including criminal proceedings, brought before the judicial authorities. In particular, the application of these sanctions is independent of the initiation and, in any event, the outcome of criminal proceedings for any of the offences referred to in Art. 25-septies of the Decree, or for any other offence, even if only a contravention, or purely administrative offence constituted by the violation of provisions on the prevention of accidents at work or protection against occupational diseases. The Company, in fact, has the power to apply, at the outcome of the appropriate assessments, the disciplinary sanctions deemed most appropriate to the concrete case, since they should not, in view of their autonomy, coincide with the assessments of the judge in criminal proceedings or of the authority in charge of ascertaining administrative offences in the field of occupational health and safety.

The Board of Directors keeps the disciplinary system of this Model under constant review and evaluation, taking care of its application: the sanction, in fact, is applied by the Company, also upon notification of the Supervisory Body (after hearing the hierarchical superior of the author of the violation, if an employee).

13.3 Addressees

The disciplinary system applies to the Addressees of the Model as defined in Paragraph 3 above. In particular, the disciplinary system applies to the following persons:

Directors and, more specifically, Employer under Art. 2, par. 1(b) of the Consolidated Act;

Executives referred to in Art. 2, par. 1, letter d) of the Consolidated Act;

Supervisors referred to in Art. 2, par. 1, letter e) of the Consolidated Act;

Workers referred to in Art. 2, par. 1(a) of the Consolidated Act. Compliance with the standards of the Code must be considered an essential part of the contractual obligations of the Company's employees, pursuant to art. 2104 of the (It.) Civil Code;

Supervisory Body;

Persons responsible for internal audits of the Company in the field of occupational health and safety;

Associates and stakeholders, understood as temporary workers, workers under a regime of quasi self-employment, external collaborators, contractors, suppliers and persons having contractual relations with the Company, including consultants and/or freelance professionals appointed by the Company.

Acknowledgement, acceptance and observance of the rules contained in this Model shall be considered an essential part of the contractual obligations, with all legal consequences, also with regard to the termination of the contract and/or assignment, and any breach may entail compensation for damages.

13.4 Obligations of Addressees

The Addressees of the Model, in the performance of their activities, must scrupulously fulfil the following obligations:

- ⋄ comply with this Model, including its implementing procedures and in general with the provisions of the law;
- ⋄ in particular, strictly comply with all laws and regulations on occupational health and safety, not only by complying with the rules that impose obligations and/or prohibitions on each of them, but also by refraining from instigating or, if they have an obligation to supervise or control the work of others, from allowing any of the other Addressees not to comply with the obligations or prohibitions imposed on them;
- ⋄ report to their superiors or, in any case, to the Supervisory Body any situation, created by whoever, of misalignment or non-compliance with the Model with the procedures or controls laid down, as well

as with the regulatory provisions or instructions issued on occupational health and safety.

In addition, persons holding positions of representation, administration or management and control (even only for an organisational unit with financial and functional autonomy) must scrupulously fulfil the following additional obligations:

- ⤴ acquire all the regulatory, professional, ethical information necessary and appropriate to correspond in a fully conscious and effective manner to the above-mentioned provisions and their substantive purpose;
- ⤴ provide subordinates and associates with training and information suitable for ensuring the implementation of the Model and its substantive purpose.

It is therefore reiterated here, expressly and with absolute and unequivocal clarity, that no unlawful, illegitimate, improper conduct or, in any case, conduct that does not comply with the Model or with any of the regulatory provisions referred to therein, can be justified or considered less serious insofar as it is committed "in the interest or to the advantage of the Company".

In particular, for no reason and under no circumstances may the need to save expenses or contain company costs - in particular with regard to the procurement of personal protective equipment and the provision of collective protective measures for the prevention of accidents at work - or even only to reduce or simplify production processes ever justify the non-compliance or be taken even as a pretext for non-compliance with this Model, with the procedures referred to herein and with any regulatory provision or instruction dictated in the field of occupational health and safety.

13.5 Types and criteria for the application of sanctions

Conduct by an employee in violation of the rules of conduct set out in the Model constitutes a *disciplinary offence*.

For the purposes of the application of sanctions, a disciplinary offence is defined as (depending on whether the offence is negligent or intentional):

- a) a negligent violation, in the case of a violation that is unintentional and occurred as a result of negligence, imprudence, inexperience and/or failure to comply with laws, regulations, and the standards of general and specific rules of conduct and protocols of the Model;
- b) an intentional violation, in the case of a violation that is carried out in order to fraudulently violate or circumvent the aforementioned standards, regulatory provisions and protocols.

The sanctions that may be imposed on an employee are applied in accordance with Art. 7 of (It.) Law no. 300 of 1970 (Workers' Statute) and are referable to the sanctions provided for by the sanctions apparatus set forth in the current National Collective Bargaining Agreement (CCNL) for the Metalworking Industry stipulated on 26 November 2016; more specifically, these sanctions are as follows:

- ⤴ verbal warning;
- ⤴ written warning ;

- ⤴ a fine not exceeding three hours' hourly pay (calculated on the minimum wage);
- ⤴ suspension from work and pay for up to three days;
- ⤴ dismissal with notice;
- ⤴ dismissal without notice.

Sanctions and compensation for any damage are commensurate with the conduct and disciplinary consequences.

The following criteria will be used to choose the type and, where necessary, the duration of sanctions (so-called scale of penalties):

- ⤴ the employee's level of hierarchical responsibility and autonomy;
- ⤴ the existence of a disciplinary record against the employee;
- ⤴ the subjective element of the employee's conduct (intent, slight negligence, gross negligence);
- ⤴ the relevance of the breached obligations;
- ⤴ the extent of the damage caused to the Company or the possible application of the sanctions envisaged for in Art. 25-*septies* of the Decree;
- ⤴ any sharing of responsibility with other employees who contributed to the violation;
- ⤴ other circumstances in which the breach of the Model occurred;

Sanctions will also be scaled taking into account the following severity indices:

- a) non-compliance with the Model leading to a situation of concrete danger for the physical integrity of one or more persons, including the offender, if the conditions set out in points c) and d) below are not met;
- b) non-compliance with the Model resulting in injury to one or more persons, including the offender, if the conditions set out in points c) and d) below are not met;
- c) failure to comply with the Model that results in an injury qualifying as "serious" within the meaning of Art. 583, par. 1 of the (It.) Penal Code to the physical integrity of one or more persons, including the offender, if the conditions set out in paragraph d) below are not met;
- d) failure to comply with the Model that results in an injury qualifying as "very serious" within the meaning of Art. 583, par. 1 of the (It.) Penal Code to one or more persons, including the offender, or the death of one or more persons.

13.6 Sanctions

I **Employees (blue collar, white collar workers, middle management and supervisors), and executives**

The sanctions envisaged below apply to blue collar, white collar workers, middle managers and supervisors employed by the Company who commit disciplinary offences arising from:

- adoption of conduct that does not comply with the provisions of this Model or that does not comply with the regulations, procedures and protocols referred to in this Model;
- violation of procedures laid down in this Model;
- breach of the whistleblower protection measures referred to in Section 8;
- malicious or grossly negligent submission of reports under Section 8 that prove to be unfounded;
- adoption of conduct that may constitute one of the offences provided for in Art. 25-septies of the Decree.

In the event of non-compliance with the measures and procedures indicated in the Model, depending on the seriousness of the breach, the disciplinary sanctions set out in the aforementioned CCNL will be applied, and in particular the following disciplinary measures:

- *Verbal warning.* The sanction of a verbal warning will be applied in cases of negligent violation of the principles of the Code of Ethics and/or procedural rules laid down in the Model or procedural errors, not having external relevance, due to negligence on the part of the worker.
- *Written warning.* It will be applied in cases of:
 - Violations due to non-compliance with the Model leading to a situation of concrete danger for the physical integrity of one or more persons, including the offender;
 - Negligent violation of procedural rules laid down in the Model or procedural errors, having external relevance, due to negligence of the worker.
- Fine in an amount not exceeding three hours' pay. In addition to cases of recidivism in the commission of offences from which the application of a written reprimand may result, the fine may be applied in cases where, due to the level of hierarchical or technical responsibility, or in the presence of aggravating circumstances, the culpable and/or negligent conduct may undermine, even potentially, the effectiveness of the Model.
- Suspension from work and pay for up to three days. It will be applied not only in cases of recidivism in the commission of offences from which the application of a fine may result, but also in cases of serious procedural violations such as to expose the Company to liability to third parties.
- Dismissal with notice. It will be applied in cases of repeated serious violation of procedures having an external relevance in the performance of activities affecting the management of occupational health and safety, as well as of repeated failure to comply with the prescriptions contained in the Code of Ethics as relevant to the protection of occupational health and safety.
- Dismissal without notice. It will be applied for misconduct committed with malice and so serious as not to allow the continuation, even provisional, of the employment relationship. In such cases, the Company may in any case order the non-disciplinary precautionary suspension of the worker with immediate effect for a period not exceeding six days; if the Company then decides to proceed with dismissal, the same shall take effect from the day on which the precautionary suspension began.

Where employees hold a proxy with the power to represent the Company externally, the application of the disciplinary sanction may also entail the revocation of the proxy.

The employer or other person delegated for that purpose may not impose any sanction on the employee without having first notified him/her of the charge and without having followed the procedure laid down in (It.) Law no. 300 of 1970 (Workers' Statute).

Except in the case of a verbal warning, the employer's or other specially delegated person's objection must be made in writing and disciplinary measures may not be imposed before five days have elapsed, during which the employee may present his/her justifications. If no action is taken within six days of these justifications, the employee's justifications shall be deemed to have been accepted. The employee's defence may also be made verbally, with the possible assistance of a representative of the trade union association to which he/she belongs or a member of the company's union representatives.

The imposition of the measure must be justified and communicated in writing. Measures, with the exception of verbal warning and dismissal, may be challenged by the employee with the trade union in accordance with the contractual rules on disputes.

The dismissal may be challenged according to the procedures provided for in Art. 7 of (It.) Law of 15/07/1966, no. 604.

The most appropriate measures will also be taken against *executives* who engage in conduct in breach of the provisions of this Model, in accordance with the provisions of the National Collective Bargaining Agreement to which they belong. If the breach breaks the relationship of trust, given the role played, the sanction is dismissal for justified reason or just cause.

II Agency-Supplied Workers

In the event of non-compliance with the Model on the part of workers employed under a leased employment contract, the head of the Department concerned where the worker works, after having carried out the appropriate investigations, will formally report the violation to the agency, requesting the imposition of the appropriate disciplinary sanctions and the communication of the results.

It is understood that the contractual sanctions set out in Section VII below may be applied against the agency.

III Associates and workers under a regime of quasi self-employment

Failure to comply with this Model, as well as violations of the provisions on occupational health and safety, by each self-employed worker or worker under a regime of quasi self-employment may result, in accordance with the provisions of the specific contractual relationship, in the termination of the relevant contract, without prejudice to the right to claim compensation for damages incurred as a result of such conduct, including damages caused by the application by the court of the measures provided for in the Decree.

IV Employer and Directors

The Supervisory Body notifies the Board of Directors or the Board of Statutory Auditors of a breach of the Model committed by the Employer, where such capacity is held by an individual member of the Board of Directors designated as such pursuant to Art. 2, par. 1, letter b) of the Consolidated Act, or by one or more members of the Board of Directors themselves, in particular in the case of:

- non-compliance with the Model;
- breach of the whistleblower protection measures referred to in Section 8;
- malicious or grossly negligent submission of reports under Section 8 that prove to be unfounded;
- negligent conduct in the detection of violations or possible deficiencies of the Model;
- failure to supervise compliance with the Model by subordinates;
- commission of one of the offences referred to in Art. *25-septies* of the Decree.

The Board of Directors, with the abstention of the person involved, shall carry out the necessary investigations and, after consulting the Board of Statutory Auditors, take the necessary measures, depending on the seriousness of the breach, which may consist in:

- formal written warning;
- total or partial revocation of any delegations or proxies;
- convocation of the Ordinary Shareholders' Meeting to decide on removal from office for just cause, except as provided for by law or the articles of association in relation to the convocation by the statutory auditors.

If the breach involves the entire Board of Directors, the Supervisory Body notifies the Board of Auditors, so that the latter may convene the Shareholders' Meeting to take the necessary measures, in line with the above.

If one of the members of the Board of Directors who has been designated as the employer pursuant to Art. 2, par. 1(b) of the Consolidated Act is accused of the violation, the Supervisory Body must immediately request the convocation of the Board of Directors in order for the latter to ascertain whether there are serious and well-founded reasons for revoking the appointment pursuant to Art. 2, par. 2, letter b) of the Consolidated Act.

If the person to whom the delegation of functions referred to in Art. 16 of the Consolidated Act is accused of the violation, the Supervisory Body must immediately request the convocation of the Board of Directors in order for the latter to ascertain whether there are serious and well-founded grounds for revoking the delegation of authority.

In any event, the Company has the right to claim compensation for damages incurred as a result of such conduct, including damages caused by the application by the court of the measures provided for in the Decree.

V Statutory Auditors and Auditors

In the event of non-compliance with the principles of conduct contained in the Model or of negligent conduct in the identification of violations or possible deficiencies of the Model by one of the members of the Board of Statutory Auditors or the external Auditors, the Supervisory Body shall inform the Board of Directors, which shall convene the Shareholders' Meeting to resolve on the adoption, in relation to the seriousness of the violation, of one of the following measures (after hearing the Board of Statutory Auditors in the event of violation by the external Auditors):

- formal written warning;
- removal from office for just cause.

In any event, the Company has the right to claim compensation for damages incurred as a result of such conduct, including damages caused by the application by the court of the measures provided for in the Decree.

VI Supervisory Body

Without prejudice to the provisions, on the subject of termination and forfeiture of office, of the Regulation of the Supervisory Body adopted by the Company, in any case of breach of the Model or of the procedures and/or regulatory provisions referred to therein, committed by the Supervisory Body, the Board of Directors shall proceed to revoke, with immediate effect, the appointment of the Supervisory Body itself and to replace it in accordance with the provisions of the aforesaid Regulation. The Board of Directors shall immediately notify the Board of Statutory Auditors of the breach and of the consequent measures taken.

VII Persons having contractual relations with the Company

Failure to comply with this Model, as well as violations of the procedures and provisions referred to herein by persons having contractual and/or business relations with the Company, such as, purely by way of example, consultants, freelancers, suppliers of goods and/or services and contractors, may result, in accordance with the provisions of the specific contractual relationship, in the termination of the relevant contract, without prejudice to the Company's right to claim compensation for damages incurred as a result of such conduct, including damages caused by the application by the criminal court of the measures and sanctions provided for in the Decree.