



POGGIPOLINI S.P.A.

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

PURSUANT TO LEGISLATIVE DECREE NO. 231 - 8 JUNE 2001

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DEFINITIONS AND ABBREVIATIONS

Addressees: persons to whom the provisions of the Organisational, Management and Control Model apply, as provided for by Legislative Decree 231/2001.

Board of Directors: the Poggipolini Board of Directors.

CCNL: the National Collective Labour Agreement for employees in the Mechanical Engineering sector.

Code of Ethics: the set of ethical principles, expression of the values that must inspire all those who, for whatever reason, work in favour of Poggipolini.

Collaborators: persons who have relations of collaboration with the Company without subordination, commercial representation and other relations that take the form of non-subordinate professional services, whether continuous or occasional, as well as those who, in accordance of specific mandates and powers of attorney, represent the Company towards third parties.

Consultants: persons who have collaborative relations with the Company without subordination, who are required to provide a service in matters of particular complexity.

Corporate Bodies: the Board of Directors and the Board of Statutory Auditors of Poggipolini.

Decree or Legislative Decree no. 231/2001: Legislative Decree no. 231 of 8 June 2001, containing the “*Regulations governing the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to art. 11 of Law no. 300 of 29 September 2000*”, in current time content.

Employees: persons subject to the management or supervision of persons who hold positions of representation, administration or management of the Company, i.e. all persons who have an employment relationship, of whatever nature, with the Company, as well as workers with parasubordinate employment contracts.

General Part: the part of the Model containing, among other things, a description of the functions of the Model and the Surveillance Body, as well as a description of Poggipolini.

Model: this Organisational, Management and Control Model adopted pursuant to Articles 6 and 7 of Legislative Decree 231/2001, including its annexes and, unless otherwise specified, the Code of Ethics.

Offences: the types of offence to which the provisions of the Decree on administrative liability apply. Only those types of offence for which an appreciable level of risk has been identified with respect to the activities carried out by Poggipolini have been taken into consideration in the Model.

Poggipolini or the Company: Poggipolini S.p.A, with registered office in San Lazzaro di Savena (BO), via Emilia 262.

Sensitive activities: company activities in which the opportunities, conditions and tools for the commission of offences could potentially arise.

Special Parts: the parts of the Model expressly dedicated to each Offence, in which the relative prevention procedures are provided for.

Surveillance Body (in short SB): Poggipolini's body with autonomous powers of initiative and control, with the task of supervising the adequacy, functioning and observance of the Model, as well as updating it.

Suppliers: those who supply goods or services to Poggipolini.

1. THE COMPANY

Name:	Poggipolini S.p.A.
Share capital:	Euro 1,852,941
Registered office:	40068 - San Lazzaro di Savena (BO) Via Emilia 262
Registered e-mail:	poggipolini@postacert.it
Number R.E.A. BO:	263734
Tax Code:	03094600370
V.A.T. number:	00595781204

Poggipolini S.p.A. (hereinafter “**Poggipolini**” or the “**Company**”) was incorporated on 3 February 1981.

On 6 March 2020, the Shareholders’ Meeting of the Company resolved to transform the company from a limited liability company into a joint-stock company.

On 19 March 2020 Titanium Holding S.p.A. became a shareholder of the Company, having acquired (i) all the shares owned by Stefano Poggipolini, Rosanna Masi and Michele Poggipolini, respectively, as well as (ii) part of the shares owned by Emilia Holding S.p.A.

On the same date, Titanium Holding S.p.A. subscribed a capital increase of Euro 4.000.000,00 to be allocated: (i) Euro 352.941,00 to increase the share capital, and (ii) Euro 3.647.059,00 to the share premium reserve.

As a result of this operation, the Company’s share capital, totalling Euro 1.852.941,00, divided into an equal number of shares with a par value of Euro 1,00 each, is divided as follows:

- 1.323.529 shares, for a corresponding nominal value of 71,42% of the share capital, to Emilia Holding S.r.l. (owned by Mr. Poggipolini Stefano, Mr. Masi Rosanna and Mr. Poggipolini Michele); and
- 529.412 shares, for a corresponding nominal value of 28,58% of the share capital, to Titanium Holding S.p.A. The corporate purpose of this company is the assumption and holding, for medium-term investment purposes, and, subsequently, the sale of the shareholding in the Company’s share capital.

Poggipolini participates in the following companies:

- NCR S.r.l. in liquidation, with registered office in San Lazzaro di Savena, Via Emilia 262, with a nominal value of Euro 119.000,00, equal to 100% of the share capital; this company was put into liquidation with a deed dated 27 November 2014; the liquidator in office is Mr. Michele Poggipolini, Director of the Company;
- SCM Italia Società di Commercio Metallurgico S.r.l., with registered office in San Lazzaro di Savena, Via Emilia 262, with a nominal value of Euro 25.245,00, equal to 50% of the share capital; this company was put into liquidation by deed dated 27 October 1994; the liquidator in office is Mr. Stefano Poggipolini, Director of the Company;
- IR41 Aerospace Technology Cluster of Emilia Romagna S.c.a r.l. with registered office in Medicina, Via Roslè 115, with a nominal shareholding of Euro 2.738,62, equal to 3,45% of the share capital.

Pursuant to Article 4 of the Articles of Association, the Company's object is the following:

- (a) design, production and marketing of critical fasteners and high-tech structural parts for the industrial, automotive and aeronautical sectors;
- (b) the production, sale and processing also on behalf of third parties of light alloys and other materials of spare parts for cars, motorbikes and cycles with high-tech content;
- (c) the wholesale trade of spare parts and accessories for cars and motorbikes, cycles, tyres;
- (d) the retail trade of cycles, motorbikes and spare parts and accessories;
- (e) any activity concerning treatments and work under high pressure vacuum (special heat treatments); pvd (*physical vapor deposition*) coating treatments;
- (f) the provision of technical consultancy services and analysis of industrial production processes, evaluation and complementary assistance aimed at the design, construction and testing of plants for the industrial sector in general and metal-mechanical - steel in particular;
- (g) studies on products and patents in Italy and abroad, tests and research on materials and components at a high technological level, with the involvement, if necessary, of national and international bodies;
- (h) restructuring of company plants considered obsolete through mergers between different production units and the adoption of new production methods;
- (i) laboratory for analysis and research, development, testing and trials in relation to the activities listed above.

On a secondary and not main basis, the Company may carry out, on an occasional basis and for the sole purpose of achieving the main corporate purpose indicated above, all movable, real estate and commercial transactions that are deemed useful or necessary for that purpose, including financing transactions, including in the form of guarantees and sureties, but exclusively in favour of the companies or entities in which it participates and, therefore, which are part of its own corporate group, as well as it may take on both directly and indirectly, but not for placement purposes, interests and shareholdings in other companies or enterprises, having same, similar or connected object to its own; the technical and administrative coordination of the companies belonging to the group and the partners to which they belong; the financing of the same and the provision of guarantees and sureties also in favour of third parties; the purchase and sale in any form of patents, licences, and manufacturing, business management, finance, IT, production organisation and technique, design, programming and planning, personnel management.

Poggipolini is registered in the special section of the Register of Companies reserved for innovative SMEs.

The turnover achieved by the Company emerging from the financial statements as at 31 December 2019 was Euro 15.083.622.

At the date of preparation of this Model (*November 2020*), the Company employs 76 employees.

The Company is managed by a Board of Directors made up of four members, three of whom have operational powers, resulting from the certificate of incorporation. The Directors were appointed by resolution of 19 March 2020, and shall remain in office until the approval of the financial statements as at 31 December 2022.

The control body is made up of a Board of Statutory Auditors consisting of three standing auditors and two alternate auditors, who shall remain in office until the approval of the financial statements as at 31 December 2022.

The auditing activity is currently entrusted to the Board of Statutory Auditors.

The Company has also complied with the provisions on the personal data protection set out in GDPR 2016/679, as well as in Legislative Decree no. 196/2003 (Privacy Code), as amended by Legislative Decree 101/2018.

The Company has achieved the following important quality certifications over time:

- ISO 9001:2015
- ISO 9100:2018
- Nadcap - *Chemical Processing* 2020/2021
- Nadcap - *Heat Treating* 2020/2021
- Nadcap - *Non Destructive Testing* 2019/2020

2. THE DECREE

This document has been prepared pursuant to and for the purposes of **Legislative Decree no. 231 of 8 June 2001** (hereinafter the “**Decree**”).

The Decree has introduced into our order the possibility of imposing sanctions against legal entities in the event that certain offences are committed in the interest or to the advantage of the entity, by top management or subordinates, providing for a form of liability of entities defined as administrative, but whose nature is essentially criminal.

The jurisdiction over the administrative offences of the entity belongs to the criminal court, which exercises it in the typical forms of criminal proceedings.

If the liability of the entity is ascertained, particularly severe sanctions are applied, including the suspension or revocation of authorisations, licences or concessions, exclusion from facilitations, financing, contributions or subsidies, **up to definitive disqualification from carrying on the business.**

The confiscation of the price or profit of the offence, or of sums of money, goods or other utilities of equivalent value, is also always ordered. These sanctions result from the conviction against the entity, but may also be applied as a precautionary measure, in accordance with articles 45 et seq. of the Decree, if there are serious indications that the liability is well-founded.

The entity's liability for administrative offences is in addition to - and not a substitute for - the personal liability of the offenders.

The addressees of the regulations are indicated in art. 1 of the Decree, whose provisions apply “*to entities with legal personality and to companies and associations, including those without legal personality*”.

These entities are therefore:

- legal persons (entities and associations with legal personality), including foundations, limited liability companies (small, medium or large, whatever they may be) and cooperatives;
- entities (partnerships and associations) even without legal personality;
- public entities acting according to private law.

The prerequisites for the administrative liability of entities are found in art. 5 of the Decree:

“The entity is liable for offences committed in its interest or to its advantage:

- a) *by persons who hold positions of representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy, as well as by persons who exercise, also de facto, the management and control of the same;*
- b) *by persons subject to the management or supervision of one of the persons referred to in point a).*

The entity shall not be liable if the persons indicated in paragraph 1 have acted exclusively in their own interest or in the interest of third parties”.

In summary, the following circumstances must be present for liability to arise:

1. it is committed an offence that is included in the category of so-called “predicate offences”;
2. the same is committed by a person “organically” included in the entity, whether he or she holds a top management position (letter a)) or a subordinate position (letter b));
3. the offence is committed in the interest or to the benefit of the entity.

With regard to the first assumption, the offences from the commission of which the company is liable are qualified as predicate offences and are exhaustively listed in the Decree.

The Decree currently covers the predicate offences specifically listed in the document attached to this Model (as defined below) as Annex 4 (*List of predicate offences*).

The list of offences, however, is subject to modification and integration by the legislator. Hence the need for constant verification of the adequacy of the system of rules that constitutes the organisational, management and control model provided for by the Decree and functional to the prevention of offences.

With regard to the second assumption, with reference to the persons who can determine the administrative liability of the entity, the attention of the legislator goes both to those who formally hold the function of representation, administration or management of the entity, and to those who exercise it *de facto* (the figure of the *de facto* director, as defined by Article 2639 of the Italian Civil Code, is noted in this sense), as well as to those who exercise it within autonomous decentralised structures (so-called plant managers). These persons are defined as persons in summit positions.

With regard to the subordinates, as a rule, classification in a stable employment relationship will be important, but the law may also cover specific situations in which a specific task is entrusted to external persons, who are required to perform it under the direction and control of the persons at the summit of the entity.

With regard to the third condition, the offence, in order to constitute administrative liability pursuant to the Decree, must be committed **in the interest or to the advantage of the entity**. The two requirements can be cumulated, but the existence of only one of them is sufficient to delineate the liability of the entity.

The difference between the two hypotheses lies in the fact that the first concerns the subjective finalisation of the conduct, and can be assessed by the criminal judge from an *ex ante* perspective (i.e. prior or concomitant to the commission of the offence), while the second takes on more markedly objective connotations - since the entity can take advantage even if the individual has not acted in its interest - and requires a judicial verification to be carried out on a *fait accompli* (*ex post*).

In case of ascertainment of the administrative liability of the entity, the sanctions that can be imposed may be:

- pecuniary: they constitute the “general” type of sanction, since they are applicable abstractly to all predicate offences. They are commensurate with the seriousness of the offence committed, the degree of co-responsibility of the entity, the acts carried out by the entity to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences; finally, they are agreed upon the basis of the economic and financial conditions of the company “in order to ensure the effectiveness of the sanction”;
- disqualifications: these are applied only for offences for which they are expressly provided for and are rigidly fixed. They are, in descending order of seriousness: disqualification from exercising the activity; suspension or revocation of authorisations, licences or concessions functional to the commission of the offence; prohibition to contract with the public administration, except for obtaining the services of a public service; exclusion from facilitations, financing, contributions or subsidies and possible revocation of those already granted; prohibition to advertise goods or services;
- the confiscation of the price or profit (when this is not possible, the confiscation may involve sums of money, goods or other benefits of equivalent value to the price or the product of the offence);
- the publication of the sentence.

3. THE MODEL

The Decree (articles 6 and 7) provides for the possibility for the entity to be relieved of administrative liability if it proves, together with other requirements, that it has adopted and effectively implemented an organisational management and control model suitable for preventing offences of the type that has occurred and that it has set up a Surveillance Body to verify the correct application of the Model and the protocols described therein.

In order to prevent the aforementioned offences from occurring within the Company, this organisational, management and control model (hereinafter the “**Model**”) has therefore been adopted, which at the same time performs the function of establishing an effective and agile structure composed of rules, procedures and rules of conduct governing the organisation and management of Poggipolini.

The principles and provisions of the Model apply to directors, shareholders, employees, auditors and in any case to anyone working on behalf of the Company.

The activity functional to the drafting of the Model has been coordinated by the Board of Directors member with delegated powers for administrative and accounting management (hereinafter also referred to as “**Internal Project Manager**”) with the assistance of external professionals, experts in the various sectors concerned by the Decree.

The activity aimed at preparing the Model has concretised:

- in identifying sensitive areas, with reference to the various predicate offences identified by the Decree. In order to achieve this result, the team analysed the organisational and corporate structure of the Company, after obtaining the relevant documentation. It also met the Internal Project Manager on several occasions, as well as the representatives of each company department, as shown in the organisation chart;
- in the analytical examination of sensitive areas, with a foreshadowing of the methods and tools through which it would be possible to commit the offences listed in the Decree (including through specific meetings and interviews with the parties concerned);
- in identifying existing procedures and protocols - whether formalised or not - with reference to the areas identified as potentially at risk of the offence being committed;
- in defining standards of behaviour and control;
- in verifying how financial resources are managed;
- in identifying the person(s) responsible for supervising the concrete application of the Model (hereinafter referred to as the “**Surveillance Body**” or in short “**SB**”) with the simultaneous preparation of the relevant articles of association and reporting system to and from the Surveillance Body;
- in the preparation of the Code of Ethics;
- the provision of a disciplinary system capable of punishing both non-compliance with the measures indicated in the Model and violations of the Code of Ethics.

In order to prepare a model that can be considered suitable for evaluation by the judicial authorities, reference should be made to the contents of the regulatory framework. With regard to the regulatory framework of reference - articles 6 and 7 of the Decree - this Model is composed of

- internal procedures and control standards with reference exclusively to activities judged to be at risk of offences;
- Code of Ethics;
- disciplinary system;
- Surveillance Body;
- reporting system to and from the Surveillance Body;
- system for reporting relevant illegal conduct pursuant to the Decree or violations of the Model that guarantees the confidentiality of the identity of the whistleblower;

- communication and training.

The Model, if adopted and effectively implemented, represents an effective protective shield.

In fact, **if adopted and effectively implemented prior to the commission of the offence, it allows to totally exclude the liability of the entity** (according to the legal language the Model, in this circumstance, is a cause of exclusion of the guilt of the collective entity) **for the offence committed by the person functionally linked to it** (in this case, therefore, only the person responsible shall be prosecuted and possibly convicted).

More specifically, art. 6 of the Decree provides that if any of the predicate offences were committed by top management, the entity shall not be liable if it proves that:

- a) before the offence was committed, the management body adopted and effectively implemented organisation and management models suitable for preventing offences of the type that has occurred;
- b) the task of supervising the functioning and observance of the models and ensuring that they are updated was entrusted to a body of the entity with autonomous powers of initiative and control;
- c) the persons committed the offence by fraudulently evading the organisation and management models;
- d) there was no omitted or insufficient supervision by the body referred to in letter b).

If the predicate offence is committed by the so-called subordinates, the entity is liable if the commission of the offence was possible due to non-compliance with management and Surveillance obligations; non-compliance is presumed to be excluded if the company, before the offence was committed, adopted and effectively implemented the Model.

If the Model is adopted after the offence has been committed, in the event of the imposition of fines, it results in a considerable reduction in the same. On the other hand, in the case of the imposition of disqualification sanctions, these sanctions do not apply if “virtuous” conduct is adopted, such as compensation for damage and/or the making available of profit, the removal of the perpetrator of the offence.

Finally, in the case of the adoption of precautionary disqualification measures during the preliminary investigation phase, the adoption of the Model entails the suspension of such measures (always in the presence of the aforementioned “virtuous” conduct).

Poggipolini, by adopting this Model, shows that it operates in conditions of maximum fairness and transparency in the conduct of business and company activities.

The adoption of the Model represents a tool for raising awareness of all employees and all other parties closely involved in Poggipolini (suppliers, customers, consultants, etc.), so that in carrying out their activities they behave in a correct and straightforward manner, so as to prevent existing risks of offences.

In particular, the Company intends to adopt the Model:

- to make all those who work on behalf of Poggipolini, and in particular those who work in the areas of activity that have been found to be at risk of offences, aware that, in the event of violations of the provisions of the Model, they may incur criminal sanctions against themselves, and “administrative” sanctions that may be imposed on the Company;
- make the aforesaid persons aware that such unlawful conduct is strongly condemned by the Company, as they are always and, in any case, contrary not only to the provisions of the law, but also to the corporate culture and ethical principles adopted as their own guidelines in business activities;
- protect individuals who may report unlawful conduct or violations of the Model, ensuring that no retaliatory or discriminatory action is taken against the reporter as a result of the reports;
- allow the Company to intervene promptly to prevent or counteract the commission of offences;
- encourage a significant leap forward in terms of transparency of corporate governance and Poggipolini's image.

The adoption of the Model, in compliance with the provisions of art. 6, paragraph 1, letter a, of the Decree, is an act issued by the Board of Directors, which **integrates and does not replace** the organisational and control instruments: in this regard, it should be noted that the Model is a tool with a specific scope and purpose, as it aims to prevent the commission of the offences specified in the Decree.

However, also as specified in the guidelines issued by Confindustria, the principles of conduct contained in this Model may be considered as an expansion or extension of existing or future codes of conduct.

Following the adoption of this Model, the administrative body shall ensure that employees, collaborators, suppliers and customers are made aware of the existence of the Model and its contents.

Moreover, also at the instigation of the Surveillance Body, the administrative body must provide for the amendments and additions to the Model that shall gradually become necessary following legislative measures that modify the provisions of the Decree, or following internal events that modify the current company operating structure, on the basis of which the Model was prepared.

This is done in order to ensure that the Model constantly complies with the provisions of the Decree and any changes that may affect the entity's administrative liability.

Every operation, transaction, action must be traceable, verifiable, documented, consistent and appropriate.

The safeguarding of data and procedures in the IT field must be carried out in compliance with the security measures set out in Legislative Decree no. 196/2003 (Personal Data Protection Code) and European Regulation 2016/679 (GDPR).

No one can manage an entire process independently.

No one can be given unlimited powers.

Powers and responsibilities must be clearly defined and known within the organisation.

Authorisation and signing powers must be consistent with the organisational responsibilities assigned.

The checks carried out must be documented.

4. THE SURVEILLANCE BODY

Pursuant to art. 6 paragraph 1, letter b) of the Decree, the Surveillance Body must be established.

The legislator does not provide exhaustive information on the structure and composition of this body: such assessments are therefore left to the free and responsible appreciation of the body.

Supervision of the Model was entrusted to a Surveillance Body with a monocratic composition as at the date of adoption of this Model, considering this choice the most appropriate, especially following certain significant changes in the company structure. This is without prejudice to the possibility of supplementing the composition of the Surveillance Body with additional members.

In particular, the Surveillance Body is currently made up of an external professional with proven competence and experience in legal matters - and, in particular, in the field of the administrative liability of entities - who is effectively third party to the Company.

The Surveillance Body is granted financial autonomy by the administrative body, as from the act of appointment, through the allocation of an expense budget that shall be supplemented and/or refinanced, if and when necessary.

The Surveillance Body remains in office for three years and may be re-elected.

The remuneration of the Surveillance Body is determined by the Board of Directors at the time of appointment for the entire period of office.

Termination of office due to expiry of the term takes effect as soon as the new Surveillance Body has been formed.

The Surveillance Body is subject to the same grounds for ineligibility and forfeiture of office as the members of the Board of Statutory Auditors, pursuant to Article 2399 of the Italian Civil Code.

The Surveillance Body may only be revoked for just cause. Withdrawal must be decided after hearing the parties concerned.

In the event of termination, revocation, death, resignation or forfeiture of one of the members of the Surveillance Body, the Board of Directors is obliged to promptly appoint the new member.

The members of the Surveillance Body may not have been convicted (even with a sentence that has not become final) for one of the offences referred to in the Decree.

The Surveillance Body:

- takes care of and supervises the updating of the Model by the Board of Directors, in compliance with regulatory changes, as well as a result of changes to the company organisation;
- supervises the correct functioning of the control activities for each area at risk, promptly reporting anomalies and malfunctions of the Model, after comparison with the areas/functions concerned;
- ensures the dissemination and understanding of the Model within the company;
- periodically carries out targeted checks on certain operations or specific acts carried out as part of sensitive processes;
- provides for extraordinary verifications where malfunctions of the Model have been detected or where there is only the suspicion that they have occurred, or where there is only the suspicion that they have occurred, the commission of unlawful acts that are the subject of prevention activities;
- monitors the performance of activities at risk, coordinating and meeting periodically with the various company departments;
- draws up reports on the checks carried out and the activities carried out on a half-yearly basis.

Except in urgent situations and special cases, the Surveillance Body meets at least every three months.

The relationship between the Company and the members of the Surveillance Body must be regulated by a written contract.

Each individual member of the Surveillance Body must be suitably remunerated, in order to prevent the debasement of his office and duties.

The Surveillance Body is the recipient of any information, documentation and/or communication, including from third parties, relating to compliance with the Model.

The Surveillance Body establishes, in its control activities, the documentation which, on a periodic basis, must be subject to its verification.

The Surveillance Body periodically provides the Board of Statutory Auditors with updated information on the adequacy, functioning and compliance with the Model.

The information flow shall be implemented on the basis of a programme of meetings agreed between the two bodies, which shall guarantee the regularity of activities on the basis of sufficient planning and continuous information correlation with the company structure and other corporate bodies.

In this context, it shall be the task of the Surveillance Body to report to the Board of Statutory Auditors on the supervision carried out on the adequacy of the Model, its effective implementation and its updating, with particular reference to the inclusion of new predicate offences and the illustration of the procedures to monitor the related risk areas.

The Company must promptly notify the Surveillance Body:

- measures and/or information coming from the judicial authorities or any other authority, from which it appears that investigations have been carried out, also against third parties, for the types of offence envisaged by the Decree, concerning the Company;
- requests for legal assistance made by persons within the company, in the event of the initiation of legal proceedings for one of the offences provided for in the Decree;
- reports prepared by company structures as part of their control activities, from which critical elements emerge with respect to the provisions of the Decree;
- reports (anonymous or not) concerning illegal conduct or violations of the Model;

- information on an annual basis on employee training activities concerning the provisions of the Decree and the effective implementation of the Model in all company areas/functions at risk.

The information flows must reach the Surveillance Body through an electronic mailbox specifically reserved for its members.

Reports concerning evidence or suspicion of violation(s) of the Model or the commission of offences provided for in the Decree must be as detailed as possible. They may be sent in writing or through the use of an e-mail box specifically reserved for the Surveillance Body. The Surveillance Body is required to promptly inform the members of the Board of Directors and the Board of Statutory Auditors of any such evidence, except in the event that the offence is not committed by any of these persons, who in such a case shall not be the addressee of the information unless the case is properly assessed by the Surveillance Body.

For the purposes of the above, the Company has adopted a specific Whistleblowing Procedure set out in Annex 7.

The Surveillance Body acts in such a way as to guarantee the whistleblowers against any form of retaliation, discrimination or penalisation, also guaranteeing the confidentiality of the identity of the whistleblower, without prejudice to legal obligations and the protection of the rights of the Company or of persons accused wrongly or in bad faith.

The Surveillance Body evaluates the reports received, possibly listening to the author of the report and/or the person responsible for the alleged violation.

Should the perpetrator of the offence be a member of the Board of Directors, the Surveillance Body shall carry out a summary investigation, the result of which shall be forwarded to the Chairman of the Board of Statutory Auditors, who, after carrying out the necessary in-depth investigations, shall take the most appropriate measures, taking care to inform the Surveillance Body.

A few brief notes should be made regarding the responsibility of the Surveillance Body in the event of offences being committed within the Company.

Jurisprudence tends to exclude an omissive liability of the Surveillance Body pursuant to Article 40 of the Criminal Code, which provides that *"not preventing an event that one has a legal obligation to prevent is tantamount to causing it"*.

This is because there are no real "impeding" powers on the part of the Surveillance Body that would allow it to intervene concretely in the event that it has knowledge of the commission of an offence or of any activities that may be harmful to it.

The Surveillance Body, in accordance with its role, may, in fact, simply report problems to the management bodies, which are the effective holders of the powers of impediment: this by virtue of a principle of non-interference of the Surveillance Body in the management of the Company.

On the other hand, the autonomy and independence of the Body are based on this extraneousness to management power, which makes it a "controller" and not a "guarantor" in a criminal law sense.

5. TRAINING

The Company intends to ensure correct and complete knowledge of the Model and the Decree.

Training and information campaign are managed by the Human Resources Manager, in close coordination with the managers of the areas/functions involved in the application of each special section of the Model.

This information burden is also extended to all those persons who, although not directly attributable to Poggipolini, could theoretically operate in the interest and/or to the benefit of the Company.

However, only the communication activity concerning the adoption of the Model and the Code of Ethics is addressed to third parties.

The adoption of this Model shall be communicated to all persons working for Poggipolini for any reason whatsoever.

All employees must sign a special form by which they certify that they are familiar with the Model, of which they have a hard copy or a computerised copy.

In the case of any collaborators or attorneys, a declaration is required in which they certify their actual knowledge of the Model and the Code of Ethics and their commitment to comply with the provisions contained therein in their work.

New employees are given an information set containing the Model and the Code of Ethics, which ensures that they have the knowledge considered of primary importance.

Standard contractual clauses are included in contracts entered into with third parties, which commit them not to adopt behaviour that is not in line with the principles of conduct and ethical values underlying the Model and the Code of Ethics.

The continuous training and updating courses are organised by the competent company departments by means of periodic meetings that are modulated in terms of content and frequency, according to the qualification of the addressees and the department they cover. The meetings may be attended by external professionals with specific skills on the subject of offences ascribable to the Company, analysis of organisational procedures and processes, as well as general principles on compliance legislation and related controls.

It shall be the responsibility of the Surveillance Body to set up a specific section of the company intranet, dedicated to the subject and periodically updated, in order to allow interested parties to know in real time any changes, additions or implementations of the Model and the Code of Ethics.

6. DISCIPLINARY SYSTEM

The disciplinary system is adopted pursuant to art. 6, paragraph 2, letter e) and art. 7, paragraph 4, letter b) of the Decree. This is because the provision of a disciplinary system suitable for punishing non-compliance with the Model is a condition expressly required for exemption from liability of the organisation.

It is designed to define the sanctions for failure to comply with the principles contained in the Model and the Code of Ethics.

The application of disciplinary and sanctioning measures does not depend on the initiation and outcome of any criminal proceedings, as the rules of conduct protected are assumed by the Company in full autonomy and independently of the type of offence that violations of the preventive system itself may lead to.

The disciplinary sanctions applicable to employees, whose violation of the rules and principles contained in the Model has been ascertained, are among those laid down in the Company Contract, in compliance with the procedures laid down in Article 7 of Law no. 300 of 20 May 1970 (Workers' Statute), and any special rules applicable.

These regulations, due to their applicative value, shall be displayed at the company's registered office, by means of "posting in an accessible place to all" in compliance with the provisions of art. 7 paragraph 1 of Law 300/1970 so as to ensure full knowledge of them by the Addressees.

Poggipolini's corporate disciplinary system is made up of the rules set out in the CCNL Metalmeccanici.

In particular, also in application of the CCNL, it is expected that:

- verbal or written reprimands shall be issued to any worker who violates the internal procedures laid down in this Model, or who adopts behaviour that does not comply with the provisions of the Model and the Code of Ethics in the performance of his or her work activities;
- a fine not exceeding four hours' pay shall be imposed on any worker who repeatedly violates the Model's internal procedures or who, in the performance of his or her work activities, adopts conduct that does not comply with the provisions of the Model and the Code of Ethics;
- a worker shall be suspended from service and pay for a period of between 1 and 10 days if, by violating the internal procedures laid down in this Model or by adopting, in the performance of his or her work activities, conduct that does not comply with the provisions of the Model itself and those of the Code of Ethics, as well as by performing acts contrary to the Company's interests, causes damage to Poggipolini or exposes it to an objective situation of danger to the integrity of the Company's assets.

Moreover, the same sanction is applied to workers who violate the measures provided for the protection of whistleblowers, as well as to those who report offences that later turn out to be unfounded (see “Whistleblowing” procedure);

- the dismissal with notice shall be imposed on any worker who, in carrying out activities in areas at risk, behaves in such a way as to commit a crime among those directly attributable to the Company pursuant to the Decree;
- the measure of dismissal without notice shall apply to any worker who, in carrying out activities in areas at risk, behaves in a way that is manifestly in breach of the provisions of this Model and/or the Code of Ethics, such as to determine the concrete application against the Company of the sanctions provided for in the Decree.

No action may be taken against the employee without first contesting the charge in writing and hearing it in his defence. The worker must be notified of the objection within 15 days from the date on which the company became aware of the disputed fact.

The worker, within 5 days from the date of receipt of the complaint, may request to be heard in his defence with the right to be assisted by a representative of the trade union of which he or she is a member or gives a mandate.

The disciplinary sanction must be communicated by the company to the worker no later than 20 days after receipt of the written justification or the date on which the worker was heard in his defence.

The type and *quantum* of the above-mentioned disciplinary sanctions are determined on the basis of the above:

- ✖ the intentionality of the behaviour or the degree of negligence, imprudence or inexperience with regard to the predictability of the event;
- ✖ the overall conduct of the worker, with particular regard to the existence or otherwise of previous disciplinary precedents for the same, to the extent permitted by law;
- ✖ of the tasks performed by the worker;
- ✖ the functional position of the persons involved in the facts constituting the lack;
- ✖ the other particular circumstances that accompany the disciplinary breach.

The detection of such infringements, disciplinary proceedings and the imposition of sanctions are the responsibility of Company Management.

The Surveillance Body may never directly inflict disciplinary sanctions, but must necessarily be informed of the initiation of disciplinary proceedings pursuant to Article 6 of the Decree.

In the event of violations by managers of the internal procedures laid down in this Model or adoption, in the performance of activities in areas at risk, of conduct that does not comply with the provisions of the Model itself or the Code of Ethics, the Company Management shall apply the most appropriate measures against those responsible, in accordance with the provisions of the National Collective Bargaining Agreement for Managers of Industrial Companies.

Any failure to comply with the rules of conduct indicated in the Model, as well as any violation of the provisions and principles laid down in the Code of Ethics by Collaborators, Consultants, Suppliers and other third parties, may result, in accordance with the provisions of the specific contractual relationship, in the termination of the same; this is without prejudice to the right to claim compensation for damages incurred as a result of such unlawful conduct, including those resulting from the possible imposition on the Company, by the criminal court, of the measures provided for in the Decree.

The disciplinary system is subject to verification by the Surveillance Body, the Management and the Human Resources Manager, the latter remaining responsible for ascertaining violations and applying sanctions.

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