

PADANA TUBI & PROFILATI ACCIAIO S.P.A.

ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001.

APPROVED BY THE BOARD OF DIRECTORS

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PADANA TUBI E PROFILATI ACCIAIO S.P.A.

REGISTERED OFFICE AT VIA PORTAMURATA 8/A, 42016 GUASTALLA (RE)
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CONTENTS

CONTENTS.....	2
- GENERAL PART -	4
SECTION ONE	4
1. LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001	4
1.1. ADMINISTRATIVE LIABILITY OF ENTITIES	4
1.2. THE CRIMES ENVISAGED BY THE DECREE	5
1.3. THE SANCTIONS IMPOSED BY THE DECREE	5
1.4. CONDITION OF EXEMPTION FROM ADMINISTRATIVE LIABILITY	6
1.5. THE CONFINDUSTRIA "GUIDELINES"	7
SECTION TWO	9
THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF PADANA TUBI E PROFILATI IN ACCIAIO S.P.A.	9
2.1. THE COMPANY	9
2.2. GOVERNANCE AND ORGANISATIONAL STRUCTURE	9
2.3. PURPOSES OF THE MODEL	9
2.4. RECIPIENTS.....	10
2.5. BASIC ELEMENTS OF THE MODEL	10
2.6. MAPPING OF ACTIVITIES AT RISK OF CRIME.....	12
2.7. INTERNAL CONTROL SYSTEM	12
2.8. CODE OF ETHICS AND MODEL	13
SECTION THREE	15
SUPERVISORY BOARD	15
3.1. PERIOD OF OFFICE, REMOVAL AND DISMISSAL.....	15
3.2. POWERS AND FUNCTIONS OF THE SUPERVISORY BOARD.....	16
3.3. REPORTING TO THE SUPERVISORY BOARD	18
3.4. INFORMATION FLOWS TO THE SUPERVISORY BODY	19

SECTION FOUR.....21

DISCIPLINARY SYSTEM.....21

4.1. DISCIPLINARY MEASURES FOR EMPLOYEES 21

4.2. DISCIPLINARY MEASURES FOR SUBORDINATE EMPLOYEES WHO ARE SENIOR MANAGERS 24

4.3. DISCIPLINARY MEASURES FOR COLLABORATORS SUBJECT TO MANAGEMENT OR SUPERVISION 24

4.4. MEASURES AGAINST DIRECTORS 24

4.5. MEASURES AGAINST EXECUTIVES 25

4.6. DISCIPLINARY MEASURES PURSUANT TO ART. 6(2-BIS) OF LEG. DECREE 231/2001 (“WHISTLEBLOWING”)..... 25

DISSEMINATION OF THE MODEL26

SECTION SIX.....27

ADOPTION AND UPDATING OF THE MODEL.....27

- GENERAL PART -

SECTION ONE

1. LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

1.1. ADMINISTRATIVE LIABILITY OF ENTITIES

Legislative Decree no. 231 of 8 June 2001, containing the “*Regulations on administrative liability of entities having legal personality, companies and associations, also without legal personality*” (hereinafter also “**Leg. Decree no. 231/2001**” or also simply the “**Decree**”), which came into force on 4 July 2001, in implementation of Art. 11 of Enabling Act no. 300 of 29 September 2000, introduced into the Italian legal system, in accordance with EU regulations, administrative liability of entities, where the term “entities” means companies, in the form of corporations or partnerships, and associations, also without a legal personality.

This form of liability, although it is defined as “administrative” by the legislator, actually has aspects of criminal liability, as it is the criminal court that decides on the crimes on which it is based, and since the entity is provided with the same guarantees as those of a criminal trial.

Administrative liability of the entity is the result of committing the crimes expressly indicated in Leg. Decree 231/2001, when they are committed, *in the interest or to the benefit of the entity itself*, by natural persons holding positions of representation, administration or management of the entity or an organisational unit thereof having financial and functional autonomy, or who effectively carry out management and control of it (the so-called “*executives*”), or who are subject to management or supervision by said parties (the so-called “*subordinates*”).

In addition to existence of the requirements described above, Leg. Decree 231/2001 also requires the guilt of the entity to be ascertained, in order to confirm its liability. This requirement is linked to an “*organisational liability*”, meaning the entity’s failure to adopt appropriate preventive measures to avoid the crimes listed in the subsequent paragraph being committed by the parties identified in the Decree.

If the entity is able to demonstrate that it has adopted and efficiently implemented an organisational model that avoids these crimes being committed, through adoption of the organisation, management and control model envisaged by Leg. Decree 231/2001, it will not be considered as having administrative liability.

The enterprise may be held liable even if the predicate crime is simply an attempt (pursuant to Art. 26 of Leg. Decree 231/01), meaning that the party carries out acts that would unequivocally result in a crime, but the act is not carried out or the event does not occur.

1.2. THE CRIMES ENVISAGED BY THE DECREE

The crimes that result in administrative liability of the entity are those expressly and strictly set forth by Leg. Decree 231/2001 and subsequent amendments and additions.

The “groups of crimes” currently included in the area of application of Leg. Decree 231/2001 are listed below. Details of the individual crimes in each group are provided in ATTACHMENT 1, namely:

1. Crimes against the public administration (Arts. 24 and 25);
2. Cybercrimes and illegal processing of data (Art. 24-bis);
3. Organised crime (Art. 24-ter);
4. Counterfeiting of coinage, legal tender and revenue stamps and instruments or distinguishing marks (Art. 25-bis);
5. Crimes against industry and trade (Art. 25-bis(1));
6. Corporate crimes (Art. 25-ter);
7. Crimes for purposes of terrorism or subversion of the democratic order (Art. 25-quater);
8. Mutilation of female genitalia (Art. 25–quater. 1);
9. Crimes against the individual (Art. 25-quinquies);
10. Market abuses (Art. 25-sexies);
11. Transnational crimes, introduced by Law 146/2006;
12. Crimes of manslaughter or serious or grievous bodily harm resulting from breaches of workplace health and safety regulations (Art. 25-septies);
13. Crimes of handling stolen goods, money laundering and use of money of unlawful origin, and also self-laundering (Art. 25-octies);
14. Infringement of copyright offences (Art. 25-novies);
15. Crime of incitement not to testify or to give false testimony to the legal authorities (Art. 25-decies);
16. Environmental crimes (Art. 25-undecies);
17. Crime of employing foreign nationals who are illegal aliens (Art. 25-duodecies);
18. Crime of racism or xenophobia, introduced by Law no. 654/1975 (Art. 25-terdecies).

1.3. THE SANCTIONS IMPOSED BY THE DECREE

Under the system of sanctions described by Leg. Decree 231/2001, when the crimes listed above are committed, the following administrative sanctions are imposed, depending on the crimes committed:

- fines;
- disqualification;
- confiscation;

- publication of the sentence.

Disqualification, which may be imposed only when expressly envisaged and also as a precautionary measure, may be:

- disqualification from performing an activity;
- suspension or revocation of permits, licenses or concessions functional to committing of the crime;
- debarment from negotiating with the public administration;
- exclusion from grants, loans, contributions and subsidies and/or revocation of those already granted;
- ban on advertising goods or services.

Furthermore, according to Leg. Decree 231/2001, when the conditions are satisfied for application of a disqualification from performing company activity, the judge, in place of said penalty, may order continuation of the activity by a receiver (Art. 15 of the Decree), who is appointed for a period equal to the duration of the disqualification that would have been applied, when at least one of the following conditions are satisfied:

- the company performs a public service or a public utility that, if interrupted, could cause serious prejudice to the community;
- interruption of the activity could have major repercussions on employment, taking into account the size of the company and the economic conditions in the territory where it is located.

1.4. CONDITION OF EXEMPTION FROM ADMINISTRATIVE LIABILITY

Art. 6 of Leg. Decree no. 231/2001 establishes that the entity does not have administrative liability when it is able to demonstrate that:

- the governing body has adopted and efficiently implemented, before the act is committed, appropriate organisation, management and control models for preventing crimes of the kind that has occurred;
- the duty of supervising functioning of and compliance with the models and their review has been assigned to a body of the entity that has independent powers of initiative and control (the so-called Supervisory Board);
- the people have committed the crime by fraudulently circumventing the organisation, management and control models;
- the supervision by the Supervisory Board has not been omitted or insufficient.

Adoption of the organisation, management and control model therefore allows the entity to avoid being accused of administrative liability. However, simply adopting this document, through a resolution of the entity's governing body, is not enough in itself to avoid that liability, as it is also necessary for the model to be effectively and efficiently implemented.

In order for the organisation, management and control model for prevention of the crimes envisaged by Leg. Decree 231/2001 to be considered efficient, it must:



For application of the organisation, management and control model to be considered as effective, Leg. Decree 231/2001 requires:

- a periodic audit to be performed and, if significant violations of the requirements laid down by the model are discovered or there are changes in the entity's organisation or activity or in legislation, a change to the organisation, management and control model to be made accordingly;
- the imposition of disciplinary measures in the case of violation of the requirements laid down by the organisation, management and control model.

1.5. THE CONFINDUSTRIA "GUIDELINES"

Art. 6 of Leg. Decree 231/2001 expressly provides that the organisation, management and control model may be adopted on the basis of codes of conduct prepared by the associations representing the entities.

The Confindustria Guidelines were approved by the Justice Ministry with the Ministerial Decree dated 4 December 2003. The subsequent review, published by Confindustria on 24 May 2004, was approved by the Justice Ministry, which judged said Guidelines to be suited to achieving the purposes of the Decree. The Guidelines were revised again by Confindustria in March 2014 and approved by the Justice Ministry on 21 July 2014.

The Confindustria Guidelines envisage the following steps in planning definition of the organisation, management and control model:

- identification of risks, meaning analysis of the company context in order to identify in which areas of activity and with what methods the crimes envisaged by Leg. Decree 231/2001 could occur;
- the preparation of a control system that serves to prevent the crime risks identified in the previous phase, through assessment of the existing control system at the entity and the extent to which it satisfies the requirements of Leg. Decree 231/2001.

The most important components of the control system outlined in the Confindustria Guidelines to guarantee the efficacy of the organisation, management and control model are:

- the setting forth of ethical principles and rules of conduct in a Code of Ethics;
- a sufficiently revised, formal and clear organisational system, particularly insofar as concerns allocation of responsibilities, the hierarchy and a description of duties, with specific indication of the principles of control;
- manual and/or electronic procedures that govern the performance of activities, with appropriate controls;
- powers of authorisation and signing powers consistent with the organisational and managerial responsibilities attributed by the entity, placing limits on expenditure where appropriate;
- integrated systems of control that, considering all the operational risks, ensure prompt reporting of the existence and the occurrence of general and/or specific critical situations;
- providing information, communication and training to personnel that is broad, efficient, authoritative, clear and appropriately detailed, periodically repeated and commensurate to the levels of the recipients.

The Confindustria Guidelines also specify that the components of the control system described above must satisfy a set of control principles that include:

- verifiability, traceability, consistency and congruity of each operation, transaction and action;
- application of the principle of separation of functions and segregation of duties (no one may manage an entire process on their own);
- introduction, performance and documentation of the control activity on the processes and activities at risk of a crime.

SECTION TWO

THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF PADANA TUBI E PROFILATI IN ACCIAIO S.P.A.

2.1. THE COMPANY

Padana Tubi & Profilati Acciaio S.p.A. (hereinafter also “Padana Tubi” or “the Company”), was founded in Guastalla in 1970 by the Alfieri family, with the initial purpose of manufacturing welded carbon steel piping.

A further facility for the manufacture of stainless steel piping was completed in 1989 and subsequently, as growth with the internal lines continued, other plants were opened to extend the product range, still in the sector of steel piping, with further diversification of the quality of the raw materials and a considerable increase in the finished product templates.

The Company is currently recognised as a credible leader on European markets.

The focus on quality, the use of state-of-the-art technologies in the production processes, the search for customer satisfaction and the quality and safety of work for its collaborators contribute to maintaining its competitive position of leadership on the main markets where it operates.

2.2. GOVERNANCE AND ORGANISATIONAL STRUCTURE

The Company adopts a traditional system of governance, in which the governing bodies are the shareholders’ meeting, the board of directors and the board of auditors.

According to the Articles of Association, the seven-member board of directors is exclusively responsible for the ordinary and extraordinary management of the Company.

2.3. PURPOSES OF THE MODEL

The Company is sensitive to the need to ensure propriety and transparency in conducting its business and in the related company activities, in order to protect its image and reputation, the expectations of its stakeholders and the work of its employees. It is equally aware of the importance of having an Organisation, Management and Control Model pursuant to Leg. Decree 231/2001 (hereinafter the “**Model**”) that prevents illegal conduct by its directors, employees and collaborators subject to governance or supervision by the Company.

Although the Decree does not impose the obligation of adopting the Model, but leaves this up to the optional choice of the individual entity, the Company has decided, for the reasons indicated above, to conform with the provisions of the Decree. It has therefore started a project of analysis of its own means of organisation, management and control, in order to check whether the principles of conduct and the control measures already adopted correspond with the purposes set forth by the Decree and, if necessary, to supplement the existing system.

The Company has therefore approved the current Organisation, Management and Control

Model pursuant to Leg. Decree 231/2001, through a board of directors' resolution, on the assumption that it is a valid means of raising awareness among recipients of the need to act in a correct and transparent manner.

The Company has adopted the Model with the intention of pursuing the following purposes:

- prohibit conduct that could constitute the crimes envisaged by the Decree;
- raise awareness of the fact that violation of the provisions of the Decree and those contained in the Model and of the principles of the Code of Ethics may result in the application of sanctions (fines and disqualification), including on the Company itself;
- spread a corporate culture based on legality and on the understanding that the Company does not accept conduct that is against the law, regulations and internal company rules, specifically those contained in this Model;
- put in place an efficient and balanced system of organisation, with particular focus on assignment of powers, decision-making processes and their transparency and motivation, controls on actions and activities, both preventive and subsequent, and also the correctness and truthfulness of internal and external information;
- allow the Company, through a system of control measures and constant monitoring of correct implementation of the system, to prevent and/or promptly counteract the committing of the crimes indicated by the Decree.

2.4. RECIPIENTS

The requirements of this Model are binding on directors and on anyone who holds a position of representation, administration and management, or management and control, within the Company, even de facto, on employees (including managers), and on collaborators subject to management or supervision by the executives of the Company (hereinafter, the **"Recipients"**).

2.5. BASIC ELEMENTS OF THE MODEL

The Model is formed of this General Part, which provides a description of the functions and principles of the Model and identifies and governs its basic components (the system of preventive controls, the disciplinary system and the penalty mechanisms, the characteristics of the Supervisory Board and the process of review over time), and the Special Parts describing the crime risks and the related principles of conduct and control to prevent them.

A list of the Special Parts of the Model that relate to crimes potentially applicable to Padana Tubi is provided below:

- Special Part A (crimes against the public administration, including the crime of illegal inducement to give or promise benefits);
- Special Part B (cybercrimes);
- Special Part C (organised crime);
- Special Part D (corporate crimes, including the crime of private-to-private corruption);
- Special Part E (crimes against the individual);
- Special Part F (crimes of manslaughter or serious or grievous bodily harm resulting from breaches of workplace health and safety regulations);

- Special Part G (crimes of handling stolen goods, money laundering and use of money, goods or utilities, self-laundering);
- Special Part H (infringement of copyright offences);
- Special Part I (crime of incitement not to testify or to give false testimony to the legal authorities);
- Special Part L (environmental crimes);
- Special Part M (crime of employing foreign nationals who are illegal aliens).

Each Special Part, divided by macro-category of crimes considered relevant for liability of the Company, identifies, in relation to them, the so-called “sensitive” activities (those where it is theoretically possible for the crime that has been identified in the risk assessment activity to be committed). Each one also sets forth the principles of conduct and the general rules and measures of operational control for the organisation, performance and management of operations performed within the sensitive activities, identifying specific procedures of prevention.

The basic elements developed by the Company in definition of the Model may be summarised as follows:



Mapping of the so-called “sensitive” activities, with examples of possible methods of committing crimes and the instrumental processes within which, generally speaking, the conditions and/or the means for committing the crimes indicated in the Decree could occur.



The inclusion of specific control measures (as explained in the subsequent Special Parts of the Model) supporting the instrumental processes considered at potential risk of crimes being committed.



The creation of a Supervisory Board with the specific duties of monitoring efficient implementation and effective application of the Model.



Adoption of a system of sanctions (as explained in Section Four of the General Part of this Model) that guarantees efficient implementation of the Model and contains the disciplinary measures applicable in the case of violation of the requirements of the Model.



Performance of information and training activities on the contents of this Model (as described in detail in Section Five of this General Part).

2.6. MAPPING OF ACTIVITIES AT RISK OF CRIME

According to Art. 6(2)(a) of Leg. Decree 231/2001, the Organisation, Management and Control Model of the Company must identify the company activities in which the crimes included in the Decree could potentially be committed. The Company has therefore carried out detailed analysis of its corporate activities, with the support of an external consultant.

The Company started this activity by analysing its own organisational structure, shown in the company organisation chart, which identifies the company functions, indicating the roles and hierarchies.

The Company then proceeded to analyse its corporate activities on the basis of the information collected by the function managers and by the executives who, as a result of the role held, have the broadest and deepest knowledge of operations in the company sector for which they are responsible. In detail, identification of the at-risk activities in company processes was based on preliminary analysis of:

- the company organisation chart showing the reporting and functional hierarchies;
- the resolutions and reports of the governing and auditing bodies;
- the body of company rules and regulations (e.g. procedures, organisational measures) and the system of controls in general;
- the system of powers and proxies;
- the indications contained in the Confindustria Guidelines;
- the “history” of the Company, or prejudicial events involving the company in its past.

The results of the activities described above were then entered into a description chart (so-called Matrix of Activities at Risk of Crime), which provides a detailed description of the risk profiles of the crimes referred to in Leg. Decree 231/2001 being committed in performance of the activities of Padana Tubi e Profilati Acciaio S.p.A. This document is kept at the Company registered office and is available for consultation by directors, auditors, the supervisory board and anyone authorised to view it.

2.7. INTERNAL CONTROL SYSTEM

In preparation of the Model, the Company examined whether the existing internal control system at the company was sufficient in itself to prevent the specific crimes envisaged by the Decree in the at-risk areas of activity identified.

The control system involves each sector of activity performed the Company, by separating operational duties from control duties and thus reasonably reducing any potential conflict of interest.

In detail, the internal control system of Padana Tubi is based both on the rules of conduct envisaged in this Model and also on the following elements:

- the Code of Ethics;

- the hierarchical-functional structure (company organisation chart);
- the system of proxies and powers of attorney;
- the computer systems used for segregation of functions and protection of the information they contain;
- the ISO9001:2008 Quality Manual;
- the OHSAS18001:2007 system (currently transitioning to standard UNI ISO 45001:2018);

The current internal control system of Padana Tubi, intended as the process implemented by the Company to manage and monitor the principal risks and to allow correct and healthy conducting of company business, guarantees that the following objectives are achieved:

- separation of duties through a correct distribution of responsibilities and use of appropriate levels of authorisation, in order to avoid functional overlaps or operational allocations that concentrate critical activities on a single party (so-called "segregation of functions");
- clear and formal assignment of powers and responsibilities;
- traceability of documents, operations and transactions through appropriate supporting documentation or electronic means;
- decision-making processes associated with predefined and objective criteria;
- traceability of the control and supervision activities carried out on company transactions;
- reliable computer systems.

Correct functioning of the system of internal controls is the responsibility of each Department for all the processes for which it is responsible.

The existing controls at Padana Tubi are structured as follows:

- the so-called "line" controls, meaning operational and hierarchical-functional controls that ensure the correct performance of operations and activities;
- conformity controls, subsequent audits by the control bodies, including the Supervisory Board, in order to identify, assess, control and manage the risk consequent upon failure to comply with the law, regulations, the Code of Ethics, the Model, the procedures and other internal rules.

2.8. CODE OF ETHICS AND MODEL

The Company is determined to ensure that its activities are performed in compliance with the law and principles of propriety and has therefore drafted a Code of Ethics (hereinafter, either the "Code" or the "Code of Ethics"), which sets forth a set of rules of "company ethics" that the Company acknowledges as its own and with which it demands that its corporate bodies and employees comply.

The Model, the provisions of which correspond and comply with the principles of the Code of Ethics, satisfies the needs of the Decree more specifically and is therefore aimed at preventing the crimes envisaged by Leg. Decree 231/2001.

The Company's Code of Ethics states the principles that also serve to prevent the illegal conduct indicated in Leg. Decree 231/2001 and is thus also important for purposes of the Model and a complement to it.

SECTION THREE

SUPERVISORY BOARD

According to Art. 6(1) of Leg. Decree 231/2001, a condition for exemption from administrative liability is assigning the task of supervising compliance with and functioning of the Model and its review to an internal Supervisory Board with independent powers of initiative and control that performs the duties assigned to it continuously.

The Decree requires the Supervisory Board to perform its functions outside the operational processes of the Company. It must report periodically to the Board of Directors and has no hierarchical relationship either with the board itself or with the individual managers of the company departments.

In accordance with the provisions of Leg. Decree 231/2001, the Company's board of directors has set up a Supervisory Board formed of three members, all of whom are functionally independent from the board itself.

The composition of the Supervisory Board has been established in a manner to guarantee that the following requirements are satisfied:

- Autonomy and independence: this requirement is satisfied through use of a board and through direct reporting to the Board of Directors.
- Professionalism: this requirement is satisfied by the professional, technical and practical skill set of the members of the Supervisory Board. In detail, the chosen composition guarantees suitable legal expertise and knowledge of control and monitoring principles and techniques, and also of the Company's organisational systems and its main processes.
- Continuous action: for this requirement to be satisfied, the Supervisory Board must constantly monitor, through its investigative powers, compliance of Recipients with the Model, its implementation and review, and act as a constant point of reference for all Company personnel. The Company guarantees this requirement is satisfied by placing a Company employee on the Supervisory Board.

3.1. PERIOD OF OFFICE, REMOVAL AND DISMISSAL

The members of the Supervisory Board remain in office from one to three years and may be re-elected. Potential candidates are people with an ethical and professional profile of unquestionable value. The spouses or relatives of directors may not serve on the Supervisory Board.

Company employees and external professional consultants may be appointed to the Supervisory Board. The latter may not have relations with the Company that could result in potential conflicts of interest.

The remuneration paid to both internal and external members of the Supervisory Board is not deemed to be a conflict of interest.

It is not possible to appoint as a member of the Supervisory Board anyone who has been debarred, disqualified from office, declared bankrupt or received a conviction that results, even temporarily, in debarment from public office or disqualification from holding office, or

who has been convicted, even with a plea bargain, of one of the crimes envisaged by Leg. Decree 231/2001, and, if such a person is appointed, they must be removed from office.

The removal from office of the Board of Directors results in removal of the entire Supervisory Board, although the newly appointed Board of Directors may confirm all or several of the members of the existing Supervisory Board.

Members who have a relationship of subordinate employment with the Company automatically leave office if that relationship terminates and regardless of the reason for its termination.

The Board of Directors may dismiss the members of the Supervisory Board at any moment, but only for just cause, after consulting the Board of Auditors.

Just causes for dismissal of the members are:

- discovery of serious non-fulfilment of the Supervisory Board in performance of its duties;
- failure to report to the Board of Directors a conflict of interest that prevents the member from serving on the board;
- conviction of the Company, in a final sentence, or with a plea bargain, in which omitted or insufficient monitoring by the Supervisory Board emerges from the records of the proceedings;
- a breach of the confidentiality obligations on news and information acquired in exercising the functions of the Supervisory Board;
- for the member linked to the Company by a relationship of subordinate employment, the start of disciplinary proceedings for actions that could result in dismissal.

A member who is removed without just cause may ask to be reinstated immediately.

Each member may resign from their position at any time, with written prior notice of at least thirty days, to be sent to the Board of Directors via registered letter with acknowledgement of receipt. The Board of Directors will appoint a new member during the first Board of Directors' meeting and, in any case, within sixty days of the date of resignation of the member.

The Supervisory Board drafts its own Rules of Functioning independently and defines, in particular, the methods of performance of its functions.

The Rules are subsequently transmitted to the Board of Directors for the relative acknowledgement.

The Chairman of the Supervisory Board has the power to appoint a secretary each time, who may also be a non-member. The name of the appointee must be transmitted to the Board of Directors beforehand for its binding approval.

3.2. POWERS AND FUNCTIONS OF THE SUPERVISORY BOARD

The duties of the Supervisory Board are:

- monitor the extent of knowledge, understanding of and compliance with the Model at the Company;
- monitor the Recipients' compliance with the Model;

- monitor the validity and adequacy of the Model, with particular reference to conduct at the company;
- monitor implementation of and compliance with the Model in areas of activity that are potentially at risk of a crime;
- report any need to revise the Model to the Board of Directors, in response to changes in company conditions and/or regulations.

In performance of these activities, the Supervisory Board has the following duties:

- Coordinate and cooperate with company functions (also through specific meetings) for better monitoring of the company activities identified as at risk of a crime in the Model;
- Check the effective performance of information and training initiatives on the Model undertaken by the Company;
- Perform or ensure performance of checks on the truthfulness and validity of the reports received, prepare a report on the activities performed and propose the adoption of the sanctions set forth in Section Four to the Administration and Human Resources Department;
- Use the assistance and support of Company employees for monitoring activities, and also the Employer and the structure it coordinates for issues of workplace health and safety, or external consultants for particularly complex issues or issues requiring specific skill sets;
- Check the introduction and functioning of specific and “dedicated” information channels (such as e-mail addresses) that facilitate the flow of reporting and information to the Supervisory Board;
- Perform targeted checks on specific operations or actions, carried out in the areas of company activity identified as potentially at risk of a crime;
- Check and control correct keeping and efficiency of all documentation relating to the activities/operations identified in the Model, with access to all documentation and information considered useful to the purposes of monitoring;
- Immediately report to the Board of Directors any established breaches of the Model by Company directors or executives, in this latter case the person responsible for exercising disciplinary powers and imposing sanctions, if not directly involved in the report;
- Immediately report to the Board of Auditors any established breaches of the Model by the entire Board of Directors or by one or more directors.

In order to perform the duties listed above, the Supervisory Board has the powers indicated below:

FUNCTIONS

Access, without prior authorisation, to all company documentation that is relevant for performance of the functions attributed to it by Leg. Decree 231/2001;	Issue service orders and instructions serving to govern its activities and prepare and revise the list of information that must be provided to it by the company functions;
Order the company managers, and all Recipients in any case, promptly to provide the information, data and/or news requested from them to identify aspects connected with the various relevant company activities according to the Model and to check that they are effectively implemented by the Company;	Carry out investigations into the reports received to check whether there have been breaches of the Code of Ethics and/or the Model and to check whether the reports are justified, and, when the investigations have been completed, inform either the Department concerned or the Board of Directors, depending on the company position of the person guilty of the breach, of whether a disciplinary procedure should be started or appropriate disciplinary measures taken against them;
Obtain information on the results of disciplinary proceedings started following breaches of the Code of Ethics and/or the Model;	Use the services of external consultants of proven professionalism in cases where it is necessary to carry out auditing and control activities or review the Model.

For better performance of its activities, the Supervisory Board may delegate one or more of its specific duties to its individual members, who will perform them in the name and on behalf of the board itself. The Supervisory Board as a whole is responsible for the delegated duties.

The Board of Directors of the Company assigns an annual budget to the Supervisory Board, taking into consideration the amount proposed by the Board itself and, in any case, appropriate to the functions it performs.

The Supervisory Board resolves on its expenditure independently, in accordance with company signing powers, and must be authorised directly by the Board of Directors in the case of expenditure that exceeds the budget.

3.3. REPORTING TO THE SUPERVISORY BOARD

As already said, in order to guarantee full autonomy and independence in performance of its functions, the Supervisory Board reports directly to the Board of Directors of the Company.

Specifically, the Supervisory Board reports to the governing body on the effective state of implementation of the Model and on the results of its supervisory activities through direct reporting or meetings (including telephone or video conference calls), in the following manners:

- every six months, to the Board of Directors, through a written report, in which it describes the monitoring activities performed, any critical issues that have emerged and any appropriate corrective actions or improvements for implementation of the Model. it also informs the Board of Auditors of the contents of the written report;
- annually, to the Board of Auditors, in relation to presumed breaches by company executives or by directors; it may receive requests for information or clarifications on said presumed breaches from the Board of Auditors.

A Supervisory Board meeting may be convened at any moment by both the Board of Directors and the Board of Auditors and the Supervisory Board itself may also request convening of said bodies for matters relating to the functioning and efficient implementation of the Model or in relation to specific situations. The Supervisory Board also reports to the Board of Auditors periodically, and at least annually, before approval of the annual financial statements by the Board of Directors, keeping a record in specific minutes.

This reporting activity is documented through minutes that are kept in the Board's records, in accordance with the principle of confidentiality of the data and information contained therein.

In order to ensure a correct and efficient information flow, and also correct and complete performance of its duties, the Supervisory Board is entitled to request clarifications or information directly from the main operational managers.

3.4. INFORMATION FLOWS TO THE SUPERVISORY BODY

According to Leg. Decree 231/2001, the requirements that the Model satisfies must include the introduction of specific reporting obligations of Company departments to the Supervisory Board, in order to allow it to perform its supervisory and control activities.

The following information must be communicated to the Supervisory Board:

periodically:

- information, data, news and documents that constitute derogations and/or exceptions from company procedures, identified beforehand by the Supervisory Board and for which it submits a formal request to the individual Departments (so-called information flows), with the methods and timing established by the Board itself;
- as part of the auditing activities of the Supervisory Board, all information, data, news and documents considered useful and/or necessary for performance of said audits, identified beforehand by the Board and formally requested from the individual Departments;

occasionally:

- measures and/or notices from the judicial police, or from any other authority, including administrative authorities, involving the Company or executives, from which it emerges that investigations are under way, also against unknown persons, for the crimes referred to in Leg. Decree 231/2001, without prejudice to the confidentiality and secrecy obligations laid down by law;
- request for legal assistance submitted by employees if legal proceedings are started for the crimes included in Leg. Decree 231/2001;
- changes to the system of proxies and powers of attorney, and also changes to the articles of association or organisation chart;
- information on the results of disciplinary proceedings started following breaches of the Code of Ethics and/or the Model;
- reports of serious or grievous personal injury (such as manslaughter or serious or grievous bodily harm and, in any case, any injury with a prognosis over forty days) to

employees, collaborators and, more generically, to anyone who has access to the Company structures;

- presumed breaches of the Code of Ethics;
- information of any nature relating to implementation of the Model and/or the Code of Ethics in the areas of activity at risk of crime, and also compliance with the provisions of the Decree, that can assist the Board in performance of its duties (so-called reporting).

The following dedicated channels of communication for consulting the Supervisory Board have been created for this purpose, to which any reports may be sent and to which only the Board members have access:

- e-mail address: odv@padanatubi.it
- ordinary e-mail address: **The Supervisory Board Padana Tubi e Profilati Acciaio S.p.A., via Portamurata 8/A, 42016 Guastalla – Reggio Emilia**
- **dedicated mailbox** of the “Supervisory Board” at the Company offices.

For information and reports sent to the Supervisory Board, confidentiality of the sources and the information that comes into their possession is guaranteed, subject to legal obligations.

Furthermore, the Company will not take retaliatory actions (disciplinary measures, demotion, suspension, dismissal) and will not discriminate in the workplace, in any way, against company employees who have acted in good faith to report events or situations concerning compliance with the Code of Ethics, the Model, company procedures or the law.

The Supervisory Board will assess the reports it receives and, if it deems this necessary, will convene both the person who has made the report, to obtain more information, and the person who allegedly committed the breach. It will also carry out all checks and investigations that are necessary to ascertain where the report is justified.

If the Board concludes that the report is justified:

- for breaches by employees, it immediately informs the Administration and Human Resources Department in writing, to allow the appropriate actions to be taken;
- for ascertained breaches of the Model and/or the Code of Ethics by the Company directors, immediately informs the Board of Directors and the Board of Auditors;
- for ascertained breaches of the Model and/or the Code of Ethics by executives of the Company, immediately informs the Board of Directors.

With the support of the Company, the Supervisory Board establishes the methods of transmitting said information and notifies the Departments required to send it.

All information and documentation, including the reporting envisaged by the Model, and the reports collected by the Supervisory Board, or received by it, in performance of its institutional duties, must be kept by the Board in a special archive set up at the Company registered office.

SECTION FOUR

DISCIPLINARY SYSTEM

Establishment of a system of disciplinary measures that are applicable if the requirements of this Model are breached is a necessary condition to ensuring that the Model itself is effectively implemented. It is also essential to allowing the Company to benefit from exemption from administrative liability.

Disciplinary measures are applied regardless of the start and results of criminal proceedings that may have been started in cases where the breach constitutes a major crime pursuant to Leg. Decree 231/2001.

The applicable disciplinary measures vary according to the nature of the relationship between the person responsible and the Company, and also the importance and the seriousness of the breach committed and the role and responsibilities of the person concerned. In detail, the applicable measures vary according to the degree of imprudence, carelessness, negligence, blame or intentionality of the action/omissive conduct, also taking repetition of the same conduct into account, and the working activity performed by the person concerned, their position at the company and any other circumstances of the event.

Breaches are generally the result of the following behaviours:

- a) negligent failure to implement the requirements of the Model and/or the Code of Ethics, including company directives, procedures or instructions;
- b) deliberate failure to implement the requirements of the Model and/or the Code of Ethics, such as to undermine the relationship of trust between the person responsible and the Company, as the sole intention was to commit a crime;

and also classified as follows:

- a breach of the requirements of the Model or the procedures established for implementation of the Model and the Code of Ethics, including through omission and possibly in association with others;
- the deliberate drafting of altered or untruthful documentation;
- assisting, including through omission, breaches of the Model and the Code of Ethics and the drafting by others of altered or untruthful documentation;
- failure to prepare the documentation envisaged by the Model or the procedures for its implementation.

The disciplinary measures are imposed in all cases by the competent company function and/or bodies.

4.1. DISCIPLINARY MEASURES FOR EMPLOYEES

For subordinate employees, the Company must comply with the limits set forth by Art. 7 of Law 300/1970 (Workers' Statute) and the provisions contained in the applicable Collective

National Employment Contract (CCNL)¹, both in relation to the imposable disciplinary measures and the methods of exercising disciplinary power.

Subordinate employees who do not comply with the requirements of the Model and/or the Code of Ethics, and all the documentation forming part of them, fail to satisfy their obligations under the employment relationship pursuant to Art. 2104 of the Italian Civil Code and commit a disciplinary offence.

In detail, a Company employee whose conduct may be qualified, according to what is indicated in the previous paragraph, as a disciplinary offence, also breaches the obligation placed on a worker of carrying out their duties with maximum diligence, according to the directives of the Company, as envisaged by the currently applicable CCNL.

When a breach of the Model is reported, a disciplinary action will be started to ascertain whether the breach has occurred. In particular, during the investigatory phase, the employee will be told of the accusation and will be given a sufficient amount of time to respond. Once the breach has been confirmed, a disciplinary measure commensurate to the gravity of the breach will be imposed on the person responsible.

The disciplinary measures that may be imposed on subordinate employees according to the applicable CCNL include, but are not limited to, the following:

- i) a verbal warning;
- ii) a written warning;
- iii) a fine up to an amount corresponding with three hours of pay;
- iv) suspension from work and deduction of pay for up to three days;
- iv) dismissal for cause.

In order to identify the criteria of correlation between the breaches and the disciplinary measures, it is specified that:

- i) precautionary disciplinary measures are imposed on an employee who:
 - breaches the requirements contained in the Model and in all the documentation forming part of it, or adopts, in performance of activities in at-risk areas, conduct that does not comply with the requirements of the Model, as such conduct is considered as failing to carry out the instructions of the Company;
- ii) in contrast, final disciplinary measures are imposed on an employee who:
 - adopts, in performance of activities in at-risk areas, conduct that does not comply with the requirements of the Model, and in the documentation forming part of it, as said conduct is considered as a lack of discipline and diligence in satisfying their contractual obligations of a gravity such as to undermine the Company's trust in that employee;
 - adopts, in performance of activities associated with at-risk areas, conduct that is manifestly in contrast with the requirements contained in the Model and in the documentation forming part of it, and such as to result in application on the Company of the measures envisaged by Leg. Decree 231/2001, since said conduct

¹ The CCNL currently adopted by the Company is the Metal and Mechanical Workers' CCNL for "metal and mechanical engineering companies".

is an act that causes serious moral and material damage to the Company of an extent that makes even temporary continuation of the relationship impossible.

The Company cannot adopt any disciplinary measure against the employee without using the procedures envisaged by the applicable CCNL.

The principles of correlation and proportionality between the breach committed and the disciplinary measure imposed are upheld by satisfying the following criteria:

- the gravity of the breach;
- the duties, position, responsibilities and independence of the employee;
- predictability of the event;
- whether the conduct was deliberate or the degree of negligence, imprudence or carelessness involved;
- overall conduct of the person responsible for the breach, with regard to whether or not disciplinary offences have been committed in the past, in the terms set forth by the applicable CCNL;
- other specific circumstances characterising the breach.

All provisions and guarantees set forth by the applicable CCNL will be followed in disciplinary proceedings and, in particular:

- the obligation – in relation to application of disciplinary measures more serious than a verbal warning – of giving prior written notice to the employee indicating the facts constituting the breach and a period of five days from receiving that notice within which the employee may submit their own justifications and be heard to make their defence;
- the obligation of not adopting the disciplinary measure before the minimum period of five (5) days from written notice of the charge, as laid down by Art. 7 of the Workers' Statute and by the CCNL applied;
- the obligation of notifying the adoption of the disciplinary measure in writing within the maximum deadlines laid down by the CCNL applied, from the end of the period granted to the employee to submit their justifications. Failing this, the justifications will be intended as accepted.

Employees must necessarily be made aware of the existence of a disciplinary system associated with compliance with the requirements contained in the Model, and in the documentation that forms part of it, through the means deemed most appropriate by the Company (such as information and training activities).

The Company is also entitled to claim compensation of the damages resulting from breach of the Model by an employee. Any compensation of damages claimed will be commensurate to:

- the level of responsibility and independence of the employee who has committed the disciplinary offence;
- whether or not the employee has already committed disciplinary offences in the past;

- the degree to which the employee's conduct was deliberate;
- the gravity of the effects of the conduct, meaning the level of risk to which the Company may reasonably consider it has been exposed - pursuant to and in accordance with the Decree - as a result of the disciplinary offence.

4.2. DISCIPLINARY MEASURES FOR SUBORDINATE EMPLOYEES WHO ARE SENIOR MANAGERS

Senior managers who fail to comply with the requirements of the Model, and all the documentation that forms part of it, are subject to the disciplinary measures referred to in the collective bargaining for the other categories of employees, in accordance with Arts. 2106, 2118 and 2119 of the Italian Civil Code, and also Art. 7 of Law 300/1970.

Generally speaking, the following disciplinary measures may be imposed on senior managers:

- i) a fine;
- ii) suspension from work;
- iii) early termination of the employment relationship.

The discovery of breaches, and also inadequate monitoring and failure to report promptly to the Supervisory Board, may result in employees with management positions being suspended from work as a precautionary measure, although the manager remains entitled to their salary, and also, again as a temporary and precautionary measure, for a maximum period of three months, assignment to different duties, in accordance with Art. 2103 of the Italian Civil Code.

In cases of serious breaches, the Company may terminate the employment contract early without prior notice, pursuant to and in accordance with Art. 2119 of the Italian Civil Code.

4.3. DISCIPLINARY MEASURES FOR COLLABORATORS SUBJECT TO MANAGEMENT OR SUPERVISION

Collaborators subject to management or supervision by Company executives who fail to comply with the requirements of the Model, including a breach of the obligations on reporting to the Supervisory Board, are subject, in accordance with the contents of the specific contractual relationship, to termination of the contract, and the Company is entitled to claim compensation of the damages suffered as a result of said conduct, including the damages caused by application of the disciplinary measures envisaged by Leg. Decree 231/2001.

4.4. MEASURES AGAINST DIRECTORS

If one or more directors have breached the requirements of the Model, including those of the documentation that forms part of it, the Supervisory Board promptly informs the entire Board of Directors and the Board of Auditors, in order to allow them to take or request the most appropriate and suitable actions, in relation to the gravity of the breach and in accordance with the powers granted by current laws and by the Articles of Association.

If the entire Board of Directors has breached the requirements of the Model, including the documentation forming part of it, the Supervisory Board promptly informs the Board of Auditors, to allow it to take the consequent actions.

In particular, if one or more directors have breached the requirements of the Model, including those of the documentation forming part of it, the Board of Directors may proceed directly, depending on the extent and gravity of the breach committed, to apply the disciplinary measure of a formal written warning or total or partial revocation of the delegated powers and the powers of attorney granted in the most serious cases, such as to undermine the Company's trust of the directors responsible.

If one or more directors have breached the requirements of the Model, including those of the documentation forming part of it, in order to assist or instigate committing of a relevant crime pursuant to Leg. Decree 231/2001 or in order to commit it, the disciplinary measures (including, but not limited to, temporary suspension from office and, in the most serious cases, removal from office) must be adopted by the shareholders' meeting, on proposal of the Board of Directors or the Board of Auditors.

4.5. MEASURES AGAINST EXECUTIVES

If executives breach the specific obligation of monitoring their subordinates, the Company will apply the disciplinary measures deemed most appropriate, in relation both to the nature and gravity of the breach and to the position of the executive who has committed it.

4.6. DISCIPLINARY MEASURES PURSUANT TO ART. 6(2-BIS) OF LEG. DECREE 231/2001 ("WHISTLE-BLOWING")

The disciplinary system relating to correct management of reporting of illegal activities pursuant to Art. 6(2-bis) of Leg. Decree 231/2001 (so-called "Whistleblowing") imposes:

- measures of protection against retaliatory or discriminatory acts, whether direct or indirect, against the whistle-blower for reasons directly or indirectly related to the report;
- measures against those who, intentionally or with gross negligence, make reports that prove to be unfounded.

The measures are established in relation to the role of the person on whom they are imposed, as indicated in the paragraphs above, and the extent to which the breach of regulations on the reporting system are, in themselves, a breach of the requirements of the Model.

Section Five

DISSEMINATION OF THE MODEL

The Company is aware of the importance of training and information in prevention and has therefore defined a communication and training plan that guarantees disclosure to the Recipients of the main contents of the Decree and the resulting obligations, as well as the requirements of the Model.

Training and communication are the central means of dissemination of the Model and the Code of Conduct adopted by the Company, as an essential vehicle of the regulatory system that all employees must know, comply with and implement in their respective functions.

Personnel information and training activities are organised at various levels of depth, depending on their degree of involvement in the activities at risk of a crime. In any case, the training activity serving to raise awareness of Leg. Decree 231/2001 and the requirements of the Model is differentiated in terms of content and disclosure methods according to the position of the Recipients, the level of risk in the area where they operate and whether or not they carry out functions of representation and management of the Company.

The relative training activities must be planned and performed upon recruitment, when there is a change in duties and also following updates and/or changes to the Model.

For dissemination of the Model, the Company undertakes to:

- send notice to all personnel communicating adoption of this Model;
- display the Model on the noticeboard or use any other means of communication deemed appropriate, or make it available at the offices;
- organise training activities for new recruits to raise awareness of Leg. Decree 231/2001 and the requirements of the Model, and also plan training sessions for personnel when there are updates and/or changes to the Model, using the methods deemed most appropriate.

The courses are obligatory and the documentation on information and training activities (such as the list of participants and the training material used) will be kept by the Administration and Human Resources Department and available for consultation by the Supervisory Board and anyone else authorised to view it.

The Company also promotes awareness of and compliance with the Code of Ethics of the Model among its business partners, consultants, collaborators of various kinds, customers and suppliers, to whom both documents are available for on-line consultation on the Company website.

SECTION SIX

ADOPTION AND UPDATING OF THE MODEL

The Board of Directors is expressly responsible by law for the adoption and efficient implementation of the Model. The Board of Directors therefore has the power to adopt any updates to the Model, which is exercised through a resolution with the methods envisaged for its adoption.

Updating, which may be in the form of both a supplement and an amendment, aims to guarantee the adequacy and suitability of the Model, assessed on the basis of its function of preventing the crimes envisaged by Leg. Decree 231/2001.

The Supervisory Board is responsible for checking whether it is necessary or opportune to revise the Model and informs the Board of Directors accordingly. Under the powers granted to it by Art. 6(1)(b) and Art. 7(4)(a) of the Decree, the Supervisory Board is responsible for submitting proposed reviews and adaptations of this Model to the Board of Directors.

The Model must, in any case, be promptly amended and supplemented by the Board of Directors, also on proposal and following prior consultation of the Supervisory Board, in the following cases:

- changes to and avoidance of the requirements it contains that have highlighted the inefficiency or inconsistency in preventing crimes;
- major changes in the internal organisation of the Company and/or changes in the activities it performs;
- changes in regulations.

In particular, the Chairman establishes the structure of the Model to submit to the approval of the Board of Directors, with the support of the company functions and departments for their respective areas of responsibility.

The managers of the departments concerned prepare and introduce any changes to the procedures for which they are responsible, when said changes are necessary for efficient implementation of the Model, or when they prove to be ineffective for purposes of correct implementation of the requirements of the Model. The departments responsible also make any changes or additions to the procedures necessary to implement any reviews of this Model.

The Supervisory Board must always be informed of any changes, updates and additions to the Model and also of any changes or additions to company procedures.