Acciaierie d'Italia Holding S.p.A.

Organization, Management and Control Model pursuant to Legislative Decree 8th June 2001, no. 231

GENERAL PART

This document is a courtesy translation. The Italian version shall prevail.

Approved by the Board of

Acciaierie d'Italia Holding S.p.A. with decision of 28th July 2022

Available on the web site of Acciaierie d'Italia

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INTRODUCTION TO THE GENERAL PART

The Organization, Management and Control Model drawn up pursuant to Legislative Decree no. 231/2001 (hereinafter, also, the "**Model**") of Acciaierie d'Italia Holding S.p.A. (hereinafter, also, "**Acciaierie d'Italia Holding**" or the "**Company**") is composed of a General Part and a Special Part.

The General Part deals with the description of the regulations contained in Legislative Decree no. 231/2001 (hereinafter, also, the "**Decree**"), the description of the Company and its Internal Control and Risk Management System, the indication of the Recipients, the purposes and the process of preparing and updating the Model, the description of the categories of crimes applicable to the Company, the operating principles of the Supervisory Body, the indication of the obligations of communication and dissemination of the Model and training and, finally, the definition of a sanctioning system dedicated to monitoring of violations of the Model.

The Special Part deals with the indication of the "sensitive" activities for each category of crime envisaged by the Decree - that is, the activities which, following the Risk Self-Assessment activities carried out, have been considered by the Company as potentially exposed to the risk of committing a crime - the general principles of conduct and the essential control measures dedicated to the prevention and/or mitigation of offences.

The **Code of Business Conduct** (even just "Code of Conduct"), which defines the values, aspirations and mission of Acciaierie d'Italia Holding, constitutes an integral and substantial part of the Model.

The Company has also adopted a Compliance System consisting of codes, policies and procedures that help strengthen the Company's Internal Control and Risk Management System, integrating the principles and controls described in this Model:

- **Anti-corruption Code,** aimed at providing principles and guidelines in order to prevent corruption in all its forms;
- **Antitrust Code,** defines the need to operate in compliance with the principles established by national and international regulations aimed at protecting free competition, promoting fair competition, respecting the interests of all stakeholders;
- **Data Protection Code,** aimed at defining the data protection policy and outlining the conduct expected by all Recipients of the Model who use and process Personal Data
- **Whistleblowing Policy,** governs the methods for managing reports concerning unlawful, unfair, irregular acts, frauds or even potential violations of the Code of Business Conduct, of the Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001 and all the laws applicable to Acciaierie d'Italia Holding;
- **Procedure for Related Parties Transactions,** defines and governs the roles, responsibilities and operating procedures relating to the process of approval, execution and management of Transactions with Related Parties carried out by Acciaierie d'Italia Holding directly or through its subsidiaries in order to ensure its substantial and procedural correctness;
- **Procedure for the Management of Conflicts of Interest** defines the behaviors, roles and responsibilities of the subjects involved in the management of situations of real or potential conflict of interest.

Finally, the following items are an integral part of this Model:

- the **mapping of sensitive activities** prepared in order to identify sensitive company areas with reference to Legislative Decree no. 231/2001;
- the document containing the **results of the Risk Self-Assessment and the Gap Analysis**, prepared with a view to analysis according to Legislative Decree no. 231/2001.

GENERAL PART

1. THE LEGISLATIVE DECREE 8TH JUNE 2001, NO. 231

1.1. FEATURES AND NATURE OF CORPORATE LIABILITY

The Legislative Decree 8th June 2001, no. 231, in transposing the international legislation on the fight against corruption, introduces and regulates the administrative liability deriving from the crime of collective entities, which until 2001 could only be called upon to jointly pay fines, penalties and administrative sanctions imposed on their legal representatives, directors or employees.

The nature of this form of corporate liability is of a "mixed" nature and its peculiarity lies in the fact that it combines aspects of the criminal and administrative sanctioning system. According to the Decree, in fact, the entity is punished with an administrative sanction, as it is liable for an administrative offense, but the sanction system is based on the criminal regulatory system.

The administrative liability of an entity is different and independent from that of the natural person who commits the crime and exists even if the perpetrator of the crime has not been identified, or when the crime has been extinguished for a reason other than amnesty. In any case, the liability of an entity always adds to, and never replaces, that of the natural person who is the perpetrator of the crime.

The field of application of the Decree is very broad and concerns all entities with legal personality, companies, associations including those without legal personality, public economic entities and private entities that are concessionaires of a public service. The legislation, on the other hand, is not applicable to the State, to local public bodies, to non-economic public bodies, and to bodies that perform functions referred to in the Italian Constitution (such as, for example, political parties and trade unions).

The rule does not refer to entities not based in Italy. However, in this regard, the jurisprudence[1] established, basing the decision on the principle of territoriality, the existence of the jurisdiction of the Italian judge in relation to crimes committed by foreign entities in Italy.

Pursuant to art. 6, paragraph 2, of the criminal code, a crime is considered to have been committed in the territory of the State when the relevant action or omission took place in Italy in whole or (even only) in part, or if the event that is the consequence of the action or omission took place in Italy.

1.2. TYPES OF CRIME IDENTIFIED BY THE DECREE AND BY ITS SUBSEQUENT AMENDMENTS

The Company can only be held accountable for offenses - so-called predicate offenses - indicated by the Decree or in any case by a law that entered into force before committing the fact constituting a crime.

At the date of approval of this document, the predicate offenses belong to the following categories:

- crimes committed in relations with the Public Administration (articles 24 and 25);
- IT crimes and unlawful data processing (art. 24-*bis*);
- organized crime offenses (art. 24-*ter*);

[1] See: order of the GIP - Court of Milan (June 13, 2007); order of the GIP - Court of Milan (April 27, 2004); order of the GIP - Court of Milan (October 28, 2004).

- forgery of money, public credit cards, revenue stamps and identification instruments or signs (art. 25-*bis*);
- crimes against industry and trade (art. 25-*bis* 1);
- corporate crimes (art. 25-*ter*);
- crimes with the purpose of terrorism or subversion of the democratic order (art. 25-*quater*);
- mutilation practices of female genital organs (art. 25-*quater* 1);
- crimes against the individual personality (art. 25-*quinquies*);
- market abuse (art. 25-*sexies*);
- manslaughter or severe or very severe injuries committed in violation of the rules on the protection of health and safety at work (art. 25-*septies*);
- receiving, laundering and use of money, goods or benefits of illicit origin, as well as self-laundering (art. 25-*octies*);
- offenses relating to payment instruments other than cash (art. 25-*octies* 1);
- crimes relating to violation of copyright (art. 25-*novies*);
- inducement not to make statements or to make false statements to the judicial authority (art. 25-*decies*);
- environmental crimes (art. 25-*undecies*);
- employment of foreign citizens with an irregular residency permit (art. 25-*duodecies*);
- racism and xenophobia (art. 25-*terdecies);*
- fraud in sports competitions, abusive gaming or betting and gambling exercised by means of prohibited equipment (art. 25-*quaterdecies*);
- tax crimes (art. 25-*quinquesdecies*);
- smuggling crimes (art. 25-*sexiesdecies*);
- liability of entities for administrative offenses depending on a crime [a prerequisite for entities operating within the virgin olive oil supply chain] (Article 12, Law no. 9/2013);
- transnational crimes (art. 10, Law no. 146 of 16 March 2006);
- crimes against cultural heritage (arts.25-*septiesdecies* and 25-*duodevicies*).

The applicability and relevance of each predicate offense for the Company are further treated in this General Part.

1.3. CRITERIA FOR IMPUTATION OF LIABILITY TO AN ENTITY

In addition to committing one of the predicate offenses, in order for an entity to be sanctioned pursuant to Legislative Decree no. 231/2001, other regulatory requirements must be included. These additional criteria for the liability of entities can be divided into "**objective**" and "**subjective**".

The first objective criterion is supplemented by the fact that the crime was committed by a person linked to the entity by a qualified relationship. In this regard, a distinction is made between:

- subjects in "top positions", that is, who hold positions of representation, administration or management of the company, such as for example the legal representative, the director, the manager of a function, as well as the people who manage, even if only in fact, the company itself. These are the people who actually have autonomous power to make decisions in the name and on behalf of the company. Also similar to this category are all the subjects delegated by the directors to manage or carry out management activities of the entity or its branch offices;
- "subordinates" subjects, or all those who are subject to the management and supervision of top management. This category includes collaborators and those subjects who, although not part of the staff, have a task to be performed under the direction and control of top management. In addition to collaborators, the external parties concerned also include promoters and consultants who are given mandate by the company to carry out activities in its name. Moreover, the mandates or contractual relationships with subjects not belonging to the company's staff are also relevant, if these subjects act in the name, on behalf or in the interest of the company itself.

A further objective criterion is represented by the fact that the crime must be committed in the interest or to the advantage of the company (Article 5, paragraph 1 of the Decree); the existence of at least one of the two conditions, alternative to each other, is sufficient:

- the "**interest**" exists when the perpetrator of the crime acted with the aim of favoring the company, regardless of whether this objective was actually achieved;
- the "**advantage**" exists when the company got, or could get, a positive result, economic or other, from the crime.

By express will of the Legislator, the company is not liable in the event that the top management or subordinates have acted "in their own exclusive interest or that of third parties" (Article 5, paragraph 2 of the Decree).

According to law, the concepts of interest and advantage for the company should not be understood as a unique concept[2]; therefore the liability of an entity does not only exist when it gained an immediate financial advantage from committing the crime, but also when, even in the absence of this result, the fact was motivated in the interest of the entity. The improvement in market position or hiding a situation of financial crisis, for example, are cases that involve the interests of the entity without bringing an immediate economic advantage.

The criterion of "interest or advantage", consistent with the will of intentional crimes, is incompatible with the culpable nature of the predicate offences provided for by article 25-*septies* (culpable homicide and injury) and by the art. 25-*undecies* (certain environmental crimes) of the Decree.

In the latter cases, the culpable nature (which implies the lack of will) would lead to the exclusion of the predicate offense in the interest of the entity. However, the most accredited interpretation considers the fact that the non-compliance with the accident prevention legislation constitutes an objective advantage for an entity (at least in terms of lower costs deriving from the aforementioned non-compliance) as a criterion for imputation of culpable crimes.

Therefore, in relation to culpable crimes, an interest or an advantage of an entity may be recognized when the violation of the rule of conduct that produced the event was dictated by business needs, first of all cost savings.

[2] See: order of the Court of Milan (December 20, 2004) and Court of Cassation – Criminal Section no. 10265/2014, reaffirmed by the Court of Cassation - Criminal Section no. 28097/2019.

As for the subjective criteria for imputation of the crime to the company, these relate to the preventive tools that the company has adopted in order to prevent the commission of one of the crimes provided for by the Decree in the exercise of business activities.

In fact, the Decree only provides for the exclusion of liability for the company if the latter proves:

- that the administrative body adopted and effectively implemented organization, management and control models suitable for preventing crimes of the type that occurred before the commission of the fact;
- that the task of supervising the functioning and respect of the models and ensuring their updating has been entrusted to a body of the entity with autonomous powers of initiative and control;
- that there was no omission or insufficient supervision by the aforementioned body.

The conditions listed above must concur together in order for the liability of the company to be excluded.

Although the Model acts as a cause of non-punishment, whether the predicate offense was committed by a person in top position, or it was committed by a person in a subordinate position, the mechanism provided for by the Decree on the burden of proof is much more severe for the company in the event that the crime was committed by a person in a top position.

In the latter case, in fact, the company must prove that the people have committed the crime by fraudulently evading the Model; the Decree therefore requires a stronger proof of extraneousness, as the company must also prove fraudulent conduct on the part of top management.

In the event of crimes committed by subjects in a subordinate position, the company can instead be called to answer only if it is ascertained that the commission of the crime was made possible by the non-compliance with the management or supervision obligations. This is however excluded if, before the commission of the crime, the company has adopted an Organization, Management and Control Model suitable for preventing crimes such as the committed one. In this case, this is actually a fault in the organization: the company indirectly allowed to the commission of the crime, by not supervising the activities or conduct of the subjects at risk of committing a predicate offense.

1.4. INDICATIONS OF THE DECREE REGARDING THE CHARACTERISTICS OF THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL

The Decree merely regulates some general principles regarding the Model, without providing its specific characteristics. The Model operates as a cause of non-punishment only if it is:

- effective, i.e. if it is reasonably suitable for preventing the committed crime or crimes;
- actually implemented, i.e. if its content is applied in company procedures and in the Internal Control and Risk Management System.

As for the effectiveness of the Model, the Decree requires that it have the following minimum content:

- the activities of the company within which crimes may be committed are identified;
- specific protocols are foreseen in order to plan the training and implementation of the company's decisions, in relation to the crimes to be prevented;
- the methods for managing financial resources suitable for preventing the commission of crimes are identified;

- a suitable disciplinary system is introduced to sanction non-compliance with the measures indicated in the Model;
- there are obligations to provide information to the Supervisory Body;
- in relation to the nature and size of the organization, as well as the type of activity carried out, suitable measures are foreseen to ensure that the activity is carried out in compliance with the law and to promptly discover and eliminate risk situations.

The Decree establishes that the Model is subject to periodic verification and updating, both in the event that significant violations of the provisions emerge, and if significant changes occur in the organization or activity of the entity or in the reference legislation, in particular when new predicate offenses are introduced.

1.5. BUSINESS GROUPS AND LEGISLATIVE DECREE 231/2001

The Legislator does not expressly identify the "corporate group" among the recipients of criminal-administrative liability. Despite the absence of clear legislative references in this regard, the relevant law, in order to extend the concept of responsibility of companies belonging to a group, has made reference to the concept of "group interest" for the purpose of applying the Decree.

A generic reference to the group is not in itself sufficient to affirm the responsibility of the parent company or of a company belonging to the group. In fact, according to the majority of jurisprudential orientation, the interest of the parent company must be direct and immediate and the simple presence of a management and coordination activity of one company over the other is not in itself a sufficient condition for both to respond pursuant to Decree. The parent company (or other group company) may be called to respond pursuant to the Decree for the crime committed by a subsidiary provided that a natural person (top management, in law but also in fact), acting on behalf of the parent company, "co-acts" together with the subject acting on behalf of the subsidiary, pursuing the interest of the parent company.

The group interest is realized when the parent company influences the choices of the subsidiary with an active contribution by its representatives in the material commission of the crime attributable to the subsidiary and a senior or subordinate person of the subsidiary commits a crime in the scope of the parent company.

Liability pursuant to the Decree may also arise in the case of companies belonging to the same group, if a company performs services in favor of another company in the group, provided that the elements described above exist, with particular reference to the concurrence in the crime.

1.6. CRIMES COMMITTED ABROAD

Pursuant to art. 4 of the Decree[3and4], a company may be held accountable in Italy for predicate offenses committed abroad, if the general conditions of admissibility provided for by Articles 7[5], 8[6], 9[7] and 10[8] of the criminal code exist to prosecute in Italy a crime committed abroad:

- the company has its head office in the territory of the Italian State;
- the crime was committed abroad by a person functionally linked to the company;
- the State of the place where the crime was committed does not proceed against the company.

[3] On this point, the Cassation United Sections, in sentence no. 38343 of 24/04/2014 issued as part of the so-called "Thyssen" process, clarified that "in culpable event crimes the concepts of interest and advantage must necessarily refer to the conduct and not to the unlawful outcome". It was clarified that this solution "does not cause any difficulties of a logical nature: it is quite possible that a conduct characterized by the violation of the precautionary rules and therefore culpable is put in place in the interest of the entity or in any case leads to the achievement of an advantage. [...] This interpretation [...] is limited to adapting the original criterion of imputation to the changed reference framework, without changing the attribution criteria. The adjustment only concerns the object of the assessment which no longer considers the event but just the conduct, in accordance with the different type of offense. [...] it is quite possible that the agent is aware of violating the precaution, or even foresees the event that may arise, albeit without wanting it, to follow needs which are functional to the strategies of the entity ". Thus, in the Thyssen case, an interest of the entity was recognized in the savings related to the missing installation of an adequate fire prevention system.

[4] Art. 4, Legislative Decree no. 231/2001, "Crimes committed abroad", which states that "In the cases and under the conditions provided for by articles 7, 8, 9 and 10 of the Criminal Code, the entities having their head office in the territory of the Italian State are also liable for crimes committed abroad, provided that the State of the place where the crime was committed does not proceed against them. In cases where the law provides that the guilty party is punished upon request by the Minister of Justice, proceedings are brought against the entity only if the request is also made against the latter".

[5] Art. 7 of the Criminal Code, "Crimes committed abroad", states: "A citizen or a foreigner who commits any of the following crimes in foreign territory is punished according to Italian law [Criminal Code 4]: 1. crimes against the personality of the Italian State; 2. crimes of counterfeiting the State seal and use of this counterfeit seal; 3. crimes of counterfeiting in currency having legal tender in the territory of the State, or in stamps or in Italian public credit cards; 4. crimes committed by public officials in the service of the State, abusing their powers or violating the duties in their functions; 5. any other offense for which special provisions of law or international conventions establish the applicability of Italian criminal law".

[6] Art. 8 of the Criminal Code, "Political crime committed abroad", states: "The citizen or foreigner who commits in foreign territory a political crime not included among those indicated in no. 1 of the previous article, is punished according to Italian law, upon request by the Minister of Justice. If it is a crime punishable upon complaint by the injured person, in addition to this request, also the complaint is necessary. For the purposes of criminal law, any crime that offends a political interest of the State, or a political right of a citizen, is a political crime. A common crime determined, in whole or in part, for political reasons is also considered a political crime".

[7] Art. 9 of the Criminal Code, "Common crime of a citizen abroad", states: "The citizen, who, apart from the cases indicated in the two previous articles, commits a crime in foreign territory for which Italian law establishes [the death penalty or] life imprisonment, or imprisonment of no less than three years, is punished according to the same law, provided that he is in the territory of the State. In the case of a crime for which a penalty restricting personal freedom of lesser duration is established, the guilty party is punished upon request by the Minister of Justice or upon request or complaint by the injured person. In the cases provided for by the previous provisions, in the case of a crime committed to the detriment of the European Communities, a foreign State or a foreigner, the guilty party is punished at the request of the Minister of Justice, provided that his extradition has not been granted, or has not been accepted by the Government of the State in which he has committed the crime. In the cases provided for by the previous provisions, the request of the Minister of Justice or the request or complaint of the injured person are not necessary for the crimes provided for in articles 320, 321 and 346-bis.".

[8] Art. 10 of the Criminal Code, "Common crime of foreigners abroad", states: "A foreigner, who, except for the cases indicated in articles 7 and 8, commits in foreign territory, to the detriment of the State or a citizen, a crime for which the Italian law establishes [the death penalty] or life imprisonment, or imprisonment of not less than one year, is punished according to the same law, provided that he is in the territory of the State, and there is a request from the Minister of justice, or a request or complaint of the injured person. If the crime is committed to the detriment of the European Communities, a foreign state or a foreigner, the guilty party is punished according to Italian law, upon request by the Minister of Justice, provided that: 1. he is in the territory of the state; 2. it is a crime for which the death penalty or life imprisonment is established, or imprisonment of not less than three years; 3. his extradition has not been granted, or has not been accepted by the Government of the State in which he committed the crime, or by that of the State to which he belongs. The request of the Minister of Justice or the request or complaint by the injured person are not necessary for the crimes provided for in articles 317, 318, 319, 319-bis, 319-ter, 319-quater, 320, 321, 322 and 322-bis".

1.7. THE SANCTIONS

The sanction system provided for by the Decree is divided into four types of sanctions, which the company can be subjected to in the event of a conviction pursuant to the Decree.

- **Pecuniary sanction**: it is always applied if the judge holds the company responsible. It is calculated through a system based on quotas, which are determined by the judge in the number and amount: the number of quotas, to be applied between a minimum and a maximum that vary depending on the case in question, depends on the severity of the crime, the degree of liability of the entity, the activity carried out to eliminate or mitigate the consequences of the crime or to prevent the commission of other offenses; the amount of the single quota is instead established between a minimum of Euro 258.00 and a maximum of Euro 1,549.00, depending on the economic and financial conditions of the company.

  Article 12 of Legislative Decree no. 231/2001[9] provides for a series of cases in which the pecuniary sanction is reduced. Only the company, with its assets or with its own mutual fund, is required to comply with the obligation for the payment of the pecuniary sanction. Therefore, regardless of the legal nature of the collective body, the rule excludes shareholders or associates from being directly responsible with their assets.

- **Disqualification sanctions**: these are applied, in addition to the pecuniary sanctions, only if expressly provided for the crime for which the company is convicted and only if at least one of the following conditions is met:

  a) the company made a significant profit from the crime and the crime was committed by a senior person, or by a subordinate person if the commission of the crime was made possible by serious organizational deficiencies;

  b) in case of repetition of the offenses.

  The disqualification sanctions provided for by the Decree are:

  - ban from the business;
  - suspension or revocation of authorizations, permits or concessions related to the commission of the crime;
  - prohibition on negotiating with the Public Administration, except to obtain the performance of a public service;
  - exclusion from concessions, loans, contributions or aids and the possible revocation of those already granted;
  - ban from advertising goods or services.

  Exceptionally applicable with definitive effects, the disqualification sanctions are temporary, with a duration ranging from three months to seven years and relate to the specific activity of the company

[9] Art. 12, Legislative Decree no. 231/2001, "Cases of reduction of the pecuniary sanction", states: "1. The pecuniary sanction is reduced by half and cannot in any case be higher than Euro 103,291.00 if: a) the perpetrator of the crime has committed the offense in the prevailing interest of himself or of third parties and the entity has not benefited from it or has obtained a minimal benefit; b) the pecuniary damage caused is significantly low. 2. The sanction is reduced by one third to half if, before the declaration of opening of the first instance hearing: a) the entity has fully compensated the damage and eliminated the harmful or dangerous consequences of the crime or has in any case taken effective action for this; b) an organizational model suitable for preventing crimes of the type that occurred was adopted and made operational. 3. In the event that both conditions envisaged by the letters of the previous paragraph concur, the sanction is reduced from half to two thirds. 4. In any case, the pecuniary sanction cannot be less than Euro 10,329.00".

which the offense refers to. They can also be applied as a precautionary measure, before the conviction sentence, upon request of the Public Prosecutor, if there is serious evidence of the company's responsibility and well-founded and specific elements that suggest the danger of further commission of offenses of the same nature as the one pursued.

The application of disqualification sanctions is excluded if the company has put in place the remedial conducts provided for by article 17 of Legislative Decree no. 231/2001 before the declaration of opening of the first instance hearing and, more precisely, when the following conditions concur:

a) "the entity has fully compensated the damage and has eliminated the harmful or dangerous consequences of the crime or has in any case taken effective action for this";

b) "the entity has eliminated the organizational deficiencies that led to the crime by adopting and implementing organizational models suitable for preventing crimes of the type that occurred";

c) "the entity has made available the profit obtained for the purposes of confiscation".

- **Confiscation**: the sentence of conviction always orders the confiscation of the price or profit of the crime or of goods or other utilities of equivalent value. The crime profit has been defined by law[10] as the economic advantage of a direct and immediate consequence from the crime, and concretely determined net of the actual utility achieved by the injured party in the context of any contractual relationship with the entity.
- **Publication of the sentence of conviction**: it can be ordered when the company is sentenced to a disqualification sanction; it consists in the publication of the sentence only once, in extract or in full, in one or more newspapers indicated by the judge in the sentence as well as by posting in the Municipality where the company has its head office and is carried out at the expense of the company itself.

Although applied by the criminal court, all sanctions are of an administrative nature. The framework of sanctions provided for by the Decree is very strict, both due to the high amount of pecuniary sanctions, and because the disqualification sanctions can greatly limit the exercise of normal business activities, precluding several of them.

Pursuant to paragraph 2 of art. 26 of the Decree[11], the company is not liable when it voluntarily prevents the completion of the action or the accomplishment of the event.

The administrative sanctions against the company expire after the fifth year from the date of commission of the crime, except for the cases of interruption of the limitation period. The limitation period is interrupted in case of a request for the application of interdictory precautionary measures and complaint of an administrative offense; in the latter case, the limitation period does not run until the sentence of judgment becomes final. As a result of the interruption, a new limitation period begins.

The final conviction of the company is registered in the national register of administrative sanctions due to crimes.

[10] See United Sections of the Criminal Court of Cassation 27 March 2008, no. 26654, confirmed by Criminal Cassation 22 April 2016, no. 23013.

[11] Art. 26 Legislative Decree no. 231/2001, "Attempted crimes", states that "The pecuniary and disqualifying sanctions are reduced from one third to one half in relation to the commission, in the form of an attempt, of the crimes indicated in this chapter of the decree. The entity is not liable when it voluntarily prevents the completion of the action or the accomplishment of the event".

1.8. THE MODIFICATION EVENTS OF AN ENTITY

The Decree deals with the liability of a company in the event of transformation, merger, demerger or company sale/transfer.

In case of **transformation** of an entity, the responsibility for crimes committed prior to the date of transformation effectiveness remains unaffected. The new entity will therefore be the recipient of the sanctions applicable to the original entity, for acts committed prior to the transformation.

In case of a **merger**, the entity resulting from the merger itself, even by incorporation, is liable for the crimes for which the entities that participated in the merger were responsible. If the merger took place before the conclusion of the judgment to ascertain the liability of the entity, the judge must take into account the economic conditions of the original entity and not those of the entity resulting from the merger.

In case of a **demerger**, the responsibility of the demerged entity remains unaffected for the crimes committed prior to the date of demerger effectiveness and the beneficiary entities of the demerger are jointly obliged to pay the pecuniary sanctions imposed to the demerged entity within the limits of the value of the equity transferred to each single entity, except in the case of an entity to which the branch of activity where the crime was committed was even partially transferred; the disqualification sanctions are applied to the entity (or entities) with the branch of activity where the crime was committed. If the demerger took place before the conclusion of the judgment ascertaining the liability of the entity, the judge must take into account the economic conditions of the original entity and not those of the entity resulting from the merger.

In case of **sale/transfer** of the company in which the crime was committed, without prejudice to the benefit of prior liquidation of the transferring body, the transferee is jointly obliged with the transferring body to pay the pecuniary sanction, within the limits of value of the transferred company and within the limits of the pecuniary sanctions resulting from the obligatory accounting books or due for offenses of which the transferee was in any case aware.

2. ACCIAIERIE D'ITALIA HOLDING S.P.A.

2.1. ORGANIZATIONAL CHANGES

On 10/12/2020 ArcelorMittal Italy Holding S.r.l., ArcelorMittal S.A. and the Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa S.p.A. ("Invitalia") signed an investment and shareholder agreement ("Investment Agreement") - thus forming a public/private partnership - which provides for the recapitalization of AM InvestCo Italy S.p.A. ("AM InvestCo"), a company of the ArcelorMittal Group which on 28th June 2017 had signed the rental contract with obligation to purchase the business branches of ex Ilva S.p.A. under Extraordinary Administration ("Ilva in A.S."), as detailed in paragraph 2.4 of this Model. The Investment Agreement provides, among other things, for (a) an investment by Invitalia up to € 1,105,000,000 (through the subscription of increases in the share capital of AM InvestCo and a shareholder loan) divided into two tranches and (b) an investment by ArcelorMittal Italy Holding S.r.l. up to Euro 70 million by means of a capital increase. In this regard, the following is specified:

- Invitalia, on 15th April 2021, paid a first tranche of Euro 400 million into the share capital of AM InvestCo (subject to the antitrust authorization of the European Union), purchasing governance rights corresponding to a 50% shareholding which attributed to Invitalia joint control with the ArcelorMittal Group over AM InvestCo; therefore, the ArcelorMittal Group no longer exercises management and coordination activities over the Company.
  The extraordinary shareholders' meeting which approved the capital increase reserved for Invitalia also approved the change of the company name of AM InvestCo Italy S.p.A. into Acciaierie d'Italia Holding S.p.A. Consequently, the company names of the subsidiaries subject to management and coordination by Acciaierie d'Italia Holding S.p.A. have also been changed.
- Subject to the occurrence, by 31st May 2022, of the conditions precedent provided for in the Contract for the purchase of the business branches owned by the Granting Companies as defined in paragraph 2.4 below ("Conditions Precedent"[12]): (i) Invitalia would pay the second tranche for an amount up to Euro 705 million, partly through a share capital increase (Euro 680 million) and partly through shareholder loans (up to Euro 25 million); (ii) ArcelorMittal Italy Holding S.r.l. would invest up to Euro 70 million through a capital increase. As a result of this second investment, Invitalia would be the owner of 60% of the share capital of Acciaierie d'Italia Holding S.p.A. and ArcelorMittal Italy Holding S.r.l. of the remaining 40%.

On 31st May 2022, the initial expiry date of the rental Contract and of some conditions precedent, Acciaierie d'Italia Holding S.p.A. and the Granting Companies signed an amendment agreement to the rental Contract which introduced some updates and postponed the expiration date of the Contract by two years (until 31st May 2024).

At the same time, Invitalia and ArcelorMittal Italy Holding S.r.l. as shareholders of Acciaierie d'Italia Holding S.p.A., negotiated and signed an amendment to the Investment Agreement to reflect in this Agreement the

[12] The closing of the transaction was and is still subject to the fulfilment, among others, of the following conditions precedent, all - excluding the second - renounceable by Acciaierie d'Italia Holding S.p.A.: (i) the modification of the existing environmental plan in order to take account of the changes of new industrial plan; (ii) the withdrawal, or in any case the definitive loss of effectiveness, of certain criminal seizures concerning Acciaierie d'Italia plant in Taranto in the context of criminal proceedings in which Ilva S.p.A. under Extraordinary Administration as well as some of its managers and shareholders are part; (iii) the absence of restrictive measures disposed against the Granting Companies that impact on the business branches owned by these companies or on their transfer to Acciaierie d'Italia Holding S.p.A.

new expiration date of 31st May 2024 of the rental relationship as well as to introduce certain additional provisions.

2.2. THE ACTIVITY AND ORGANIZATION OF ACCIAIERIE D'ITALIA HOLDING S.P.A.

Acciaierie d'Italia Holding S.p.A. has as its object, through its subsidiaries, the activities summarized below:

- in the steel industry, the production, both in Italy and abroad, of steel, as well as the rolling, processing and trading of steel products; the operations, also through company rental, of every iron and steel, metallurgical, mining industry, as well as complementary, ancillary, auxiliary or similar industries; the study, design, works direction, testing and commissioning, start-up, management, operation, maintenance of steel plants and the assistance and training of personnel for third parties; the general trade of products related to the steel industries and similar; the performance of scientific and technical research and experiences applied to the steel and mechanical industry; the construction and management of power plants and other plants for the production, sale and transfer of electricity, thermal energy, gas, steam and hot water for heating;
- all commercial, industrial, including self-disposal of industrial waste deriving from the production activity, real estate, finance and securities operations, which are necessary, useful or functional for the achievement of the corporate purpose;
- the coordination, management assistance and the organizational, commercial, administrative and financial control of subsidiaries, associates or related companies, including the performance of related financial, accounting, administrative, managerial and similar services.

Acciaierie d'Italia Holding carries out management and coordination activities on the following subsidiaries (hereinafter also the "Group companies" and jointly the "Group"):

- Acciaierie d'Italia S.p.A.
- Adl Energia S.r.l.
- Adl Servizi Marittimi S.r.l.
- Adl Tubiforma S.r.l.
- Adl Socova S.a.s.[13]

THE GOVERNANCE AND CONTROL BODIES

The main governance and control bodies of the Company are:

- the **Shareholders' Meeting**: it is in charge of deciding, in ordinary and extraordinary session, on the matters reserved to it by law or by the Articles of Association;
- the **Board of Directors**: it is the body that administers the Company and is invested with the widest powers for its ordinary and extraordinary management, excluding those reserved by law to the Shareholders' Meeting only;
- the **Board of Statutory Auditors**: composed of standing auditors and alternate auditors in charge of the control and verification of the formal correctness and substantive legitimacy of the activity carried out by the Company and the functioning of the Internal Control and Risk Management System;

[13] Company under French law.

- the **company in charge of the accounting control**: the accounting control of the Company is carried out by an auditing company registered in the Register of Statutory Auditors at the Ministry of Economy and Finance. The auditing company verifies that the financial statements are drawn up clearly and represent truthfully and correctly the equity and financial situation, as well as the economic result of the Company. Furthermore, the auditing company, in compliance with the auditing standards, carries out random audits in order to reasonably ascertain that the data contained in the accounting records and other supporting documents are reliable and sufficient for the preparation of the financial statements and financial reporting.

THE ORGANIZATIONAL STRUCTURE AND THE *MANAGEMENT*

In addition to the members of the aforementioned governance and control bodies, the Company, in the absence of organizational structures and internal employees, makes use of the competent structures of Acciaierie d'Italia S.p.A. through *Intercompany* agreements for carrying out specific activities, including:

***Compliance* and *Risk Management* Director,** whose main tasks are:

- to operate as a reference point in the non-compliance risk prevention programs, supporting the *Management* in designing an adequate Internal Control and Risk Management System, expressing opinions and providing advice and recommendations aimed at strengthening the Internal Control and Risk Management System and spread a culture of *Compliance* and *Risk Management*;
- to ensure knowledge, implementation and monitoring of the relevant regulations for the Company together with the competent corporate functions to whom it provides assistance and support;
- to provide, together with the competent functions, for the adoption, revision and updating of the protocols of the internal regulatory system necessary for the prevention of illegal or incorrect corporate conduct;
- to oversee the reporting and warning on critical issues and violations, in terms of *Compliance*, acting as a coordination point in the application of the Model, the Code of Conduct and internal protocols;
- to carry out activities in support of the Company's Supervisory Body, including support in overseeing the updating and adaptation of the Model and monitoring the corrective actions that may arise;
- to support the Supervisory Body of the Company in carrying out the audit plan scheduled or requested by it;
- to provide support and advice on privacy matters to the Data Controller, the Data Processor and to people in charge of the processing, supervising the respect of the regulations and the internal policies and procedures, as well as assisting the interested parties and collaborating with the Data Protection Authority and/or with the other Authorities.

***Internal Audit* Director**, whose main tasks are:

- to verify company processes with particular regard to the assessment of risks and the related control measures;
- to evaluate the effectiveness and efficiency of the Internal Control and Risk Management System, also carrying out periodic or specific checks on the correct functioning of the Model and control protocols;
- to carry out internal investigation activity in the event of any violations of the Model and the Code of Conduct, providing the related reports to the Top Management;

- to perform a consultancy and support role on internal controls matters for the benefit of the various organizational units also with regard to the corrective actions necessary for the removal of the anomalies detected.

Furthermore, Acciaierie d'Italia S.p.A. provides services to the Company in the following areas of activity:

- Purchasing;
- Administration, Finance and Control;
- Communication;
- Legal and Corporate Affairs;
- Information Technology;
- Institutional Relations and M&A;
- Security;
- Relations with the Public Administration.

In each section of the Special Part of the Acciaierie d'Italia Holding Model, sensitive "outsourced" activities in the context of which crimes deemed relevant to the activities carried out by the Company could potentially be committed, have been indicated.

2.3. THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM OF ACCIAIERIE D'ITALIA HOLDING

The Company's Internal Control and Risk Management System contributes to the management of the organization consistent with the corporate objectives defined by the Board of Directors and helps to ensure the safeguard of corporate assets, the efficiency and effectiveness of corporate processes, the reliability of information provided to the corporate bodies, the compliance with laws and regulations as well as with the Articles of Association and internal procedures.

In particular, Acciaierie d'Italia Holding is committed to maintaining an adequate Internal Control and Risk Management System (hereinafter also referred to as "System") in line with national and international best practices. The Internal Control and Risk Management System is to be understood as the set of rules, procedures, organizational structures and tools aimed at allowing the identification, measurement, management and monitoring of the main risks and to address, manage and verify the activities carried out, with the aim of:

- contributing to the conduct of business activities consistent with the business objectives defined by the management body, encouraging informed decisions;
- ensuring the safeguard of company assets;
- contributing to ensure the efficiency and effectiveness of business processes and the reliability of the information provided to the corporate bodies;
- ensuring compliance with laws and regulations and company procedures;
- managing the activities carried out at all levels in a sustainable, optimal and efficient manner.

The *Intercompany* Agreements

The Company, in the ordinary management of business activities, makes use of certain services provided by other companies of Acciaierie d'Italia Group, defined within *Intercompany* service agreements.

The *Intercompany* agreements stipulated by the Company reflect the characteristics of the organizational structure and regulate the service relationships among the companies of the Group. In line with the reference best practices, the Intercompany agreements stipulated by the parties include, among other things:

- the scope of service;
- the duties and obligations of the parties;
- the price;
- administrative aspects (invoicing, payment methods and default interest);
- the duration of the agreement.

The performance of sensitive activities regarding goods, works or services can also be carried out by third parties (e.g. consultants) and, therefore, must be formalized through a written contract.

The contract with third parties must include at least the following elements on their side:

- the obligation to certify the truthfulness and completeness of the delivered documentation and the information communicated to the Company as required by law;
- the commitment to respect, during the term of the contract, the inspiring principles of the Model and the Code of Conduct, the provisions of Legislative Decree no. 231/2001, as well as the explicit obligation to ensure compliance with all applicable national civil, criminal, fiscal and tax regulations;
- the obligation to comply with any requests for information, data or news by the Supervisory Body of the Company.

2.4. THE RENTAL CONTRACT WITH OBLIGATION TO PURCHASE BUSINESS BRANCHES

The operations of Acciaierie d'Italia Holding S.p.A., on the date of approval of the Model, remain significantly governed by the rental contract with the obligation to purchase business branches as stipulated on 28th June 2017, and subsequently amended on 14th September 2018, 4th March and 23rd October 2020 and 31st May 2022 (hereinafter, also, the "**Contract**") between **AM InvestCo Italy S.p.A.** – previous company name of Acciaierie d'Italia Holding S.p.A. – (in this paragraph, also, "**Tenant**" or "**Tenant Company**") and the companies, falling under the so-called "ex-Ilva perimeter", also jointly referred to as the "**Company in A.S.**", "**Grantor Company**" or "**Grantor**", and listed below:

- Ilva S.p.A. under Extraordinary Administration (hereinafter, "**Ilva**");
- Ilvaform S.p.A. under Extraordinary Administration (hereinafter, "**Ilvaform**");
- Taranto Energia S.r.l. under Extraordinary Administration (hereinafter, "**Taranto Energia**");
- Ilva Servizi Marittimi S.p.A. under Extraordinary Administration (hereinafter, "**Ilva Servizi Marittimi**");
- Tillet S.a.s. under Extraordinary Administration (hereinafter, "**Tillet**") and
- Socova S.a.s. under Extraordinary Administration (hereinafter, "**Socova**").

On the basis of the terms and conditions of the Contract (of which only the aspects that are relevant in terms of Legislative Decree no. 231/2001 are summarized below), the Grantors, each for what is due and in exchange for a fee per year, have granted to the Tenant:

- the respective company branches (Ilva Company Branch; Ilvaform Company Branch; Taranto Energia Company Branch; Ilva Servizi Marittimi Company Branch; Socova Company Branch)[14], as better identified in the Contract and related agreements;
- some facilities (as better indicated in the Contract);
- certain company and consortium participations;
- the intellectual property right relating to the Ilva trademark and the domain "GruppoIlva.com";
- the service centers (as better specified in the Contract);
- activities and legal relationships relating to the commercial sector as a result of the activity previously carried out by the Granting Companies;
- the existing credit limit of the Grantors for the purchase of goods and services under tax suspension.

The Tenant, starting from the date of execution of the Contract and for the entire duration of the related rental relationship covered by the Contract, is obliged, also pursuant to and for the purposes of art. 4, paragraph 4-*quater* of Legislative Decree no. 347/2003, to carry out the business activities of the company branches indicated above, in accordance with the provisions of its Industrial Plan and, in any case, ensuring the continuity of production of the industrial plants. Furthermore, the Tenant is also obliged to carry out, at their own expense, the ordinary and extraordinary maintenance activities.

Therefore, the Tenant has taken over the contractual relationships previously held by the Granting Companies (except those expressly excluded) and, in any case, in all active and passive relationships belonging to the Granting Companies that have not been expressly indicated in the Contract.

The Tenant is obliged, in line with the Industrial Plan, to formulate a hiring proposal to each of the employees, with the exclusion of any continuity with respect to the employment relationship held by them with the Grantors. In formulating this proposal, the Tenant is obliged to ensure compliance with all the provisions and agreements under the Trade Union Procedure.

Without prejudice to the provisions of Article 4, paragraph 4-*sexies* of Legislative Decree no. 347/2003, the Tenant has undertaken:

- to put in place, at their own expense, all the legal, administrative and technical requirements necessary in order to obtain the issue, transfer and/or registration in their own name, of all administrative authorizations, permits, licenses, certifications and any other qualification required, pursuant to the applicable legislation, for the exercise of the business activity of the company branches;
- to carry out, at their own expense, everything necessary for the issue, transfer and/or registration in their own name, of the authorizations, permits, licenses and certifications specifically identified in the Contract;
- to do everything necessary to ensure that the authorizations, permits and licenses pertaining to the business branches remain fully valid and effective for the entire duration of the rental relationship covered by the Contract, sustaining and/or fulfilling all charges, costs or expenses necessary for this purpose or even only appropriate;

[14] As for the business branch owned by Tillet, see below.

- to carry out, at their own expense and supporting all related costs and charges, including administrative and fiscal ones, all that is necessary for the timely filing and acceptance of the environmental authorization application (as better specified in the Contract).

On 14th September 2018, Acciaierie d'Italia Holding S.p.A. and the extraordinary commissioners representing the Ilva Group signed an agreement to amend the Contract pursuant to which, among other things, Acciaierie d'Italia Holding S.p.A. has acquired the right to designate one or more companies controlled by it so that they, in place of Acciaierie d'Italia Holding S.p.A., rent and, subject to the occurrence of the conditions precedent provided for by the Contract, purchase the Business Branches (as defined in the Contract), buy the warehouse and other categories of goods relating to the respective Business Branches initially excluded from the perimeter of the Transaction, and take on all other related obligations and rights of Acciaierie d'Italia Holding S.p.A. as referred to in the Contract in relation to the respective Business Branches, while maintaining joint liability with them.

On 19th September 2018, Acciaierie d'Italia Holding S.p.A. exercised this right of designation, thereby designating:

- Acciaierie d'Italia S.p.A. (at the time called ArcelorMittal Italia S.p.A.), AdI Tubiforma S.r.l. (at the time called ArcelorMittal Italy Tubular S.r.l.), AdI Energia S.r.l. (at the time called ArcelorMittal Italy Energy S.r.l.), AdI Servizi Marittimi (at the time called ArcelorMittal Italy Maritime Services S.r.l.) and AdI Socova S.a.s. (at the time ArcelorMittal Socova S.a.s.) as companies designated for the rental, respectively, of the business branch owned by Ilva, the business branch owned by Ilvaform, the business branch owned by Taranto Energia, the business branch owned by Ilva Servizi Marittimi and the business branch owned by Socova.

  In this regard, on 31st October 2018 each of the aforementioned designated companies and the respective Granting Company signed a purely executive business branch rental agreement concerning the relevant business branch under which each designated company took over the management of the relevant business branch, starting from 1st November 2018.

- ArcelorMittal Tillet S.a.s. as the company designated for the definitive purchase of the business branch owned by Tillet.

Furthermore, pursuant to art. 21 and 22 of this Contract, the Tenant is required to maintain regular relations with the Granting Companies. These relations, in particular but not limited to this, provide that:

- the representatives of the Granting Companies and the Extraordinary Commissioners, with adequate notice and at their own expense, may, also through consultants and technicians in charge, access the Company Branches and carry out checks, verifications and inspections in order to check their correct preservation and verify the compliance of management with the provisions of the Contract and, in particular, with: the Industrial Plan (including the implementation of the measures and activities referred to in the Decontamination Specification), the Maintenance Plan and the provisions of the Technical Interventions Specification (for the details of which, please refer to the Contract);
- the Tenant is required to keep the Granting Companies informed by sending quarterly information reports and possibly through additional information regarding:
  - the fulfillment of obligations regarding employees and the maintenance of employment levels;
  - the execution of the Industrial Plan;
  - the execution of the Technical Interventions Specification;
  - the execution of the Maintenance Plan;

- the execution of the Environmental Plan, also with reference to the implementation of the activities and measures referred to in the Decontamination Specification;

- the Tenant also undertakes to keep the Granting Companies informed of any deed or provision by administrative or judicial Authorities communicated or notified to the Tenant and having as its object the opening of investigations or the imposition of sanctions or precautionary measures, relating or in any case connected to the management and preservation of the Company Branches, or to the execution of the Industrial Plan or the Environmental Plan;
- the Granting Companies, from the date of signing and for the entire duration of the rental relationship, undertake to keep the Tenant informed of any deed or provision by administrative or judicial Authorities communicated or notified to them and having as its object the opening of investigations or the imposition of sanctions or precautionary measures, relating or in any case connected to the management and preservation of the Company Branches, or to the execution of the Industrial Plan or the Environmental Plan.

The Contract signed by the parties is accompanied, among other things, by the following documents that regulate the reference context in which the subsidiary Acciaierie d'Italia S.p.A. is required to operate:

a) **Environmental Plan**: a plan containing the analytical description of the measures and activities of environmental and health protection, as required by Legislative Decree no. 61/2013 (Decree on the appointment of commissioners for Taranto Ilva), converted, with amendments, by Law no. 89/2013, which the Tenant is required to execute in implementation of the D.P.C.M. 2014 (hereinafter, also, the "Environmental Plan" or the "Plan"), and subsequently amended and supplemented by the subsequent D.P.C.M. of 29th September 2017, in which changes and additions to the Environmental Plan have been introduced as presented by the contractor of the Ilva industrial complex, i.e. the Tenant.

   Specifically, with the Environmental Plan of 2017, the previous Environmental Plan of 2014 was substantially confirmed and approved, providing among others:

   - the limitation of steel production to six million tons/year, down from the eight million tons/year authorized by the Review of 2012, until the implementation of the planned interventions;
   - the establishment of a permanent Observatory for monitoring the Environmental Plan with the participation of all involved subjects;
   - the rescheduling of the deadlines for interventions from 2018 to 23rd August 2023, i.e. the deadline for the Autorizzazione Integrata Ambientale "AIA".

   As part of the same Plan, the environmental interventions outside the perimeter of the sale remain under the responsibility of the Extraordinary Administration. For the sake of completeness, it should be noted that on 14th September 2018, the Tenant and the Granting Companies also signed an *addendum* to the Contract in order to regulate commitments to reinforce, supplement and expand some environmental, social and industrial obligations undertaken by the Tenant pursuant to the Contract.

b) **Industrial Plan**: an industrial and financial plan for the operation of the business branches.

3. THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL OF ACCIAIERIE D'ITALIA HOLDING S.P.A.

3.1. THE RECIPIENTS OF THE MODEL

This Organization, Management and Control Model is meant to represent a valid tool for all those who work in the name and on behalf of the Company, so that they follow, in carrying out their activities, correct and linear behavior, such as to prevent the risk of committing offenses contemplated in Decree 231.

The recipients[15] (hereinafter, "**Recipients**") of this Model, as such, within the scope of their specific skills, are required to know and comply with it and are:

- the **Shareholders' Meeting**;
- the **Board of Directors and the individual Directors**, as persons in charge of the broadest powers for the ordinary and extraordinary management of the Company, excluding those exclusively reserved for the Shareholders' Meeting by law;
- the **Board of Statutory Auditors**, as part of the control and verification of the formal correctness and substantive legitimacy of the activity carried out by the Company, of the functioning of the Internal Control and Risk Management System;
- the **company in charge of the accounting control**, in the context of the verification activities that the financial statements are drawn up with clarity and represent the equity and financial situation, as well as the economic result of the Company, truthfully and correctly;
- all the **Company's Attorneys**;
- all **collaborators** and all **third parties** with whom the Company has contractual relationships, for any reason, including occasional and/or only temporary ones.

The Recipients to whom the Model is addressed are required to comply punctually with all the provisions, also in fulfillment of the duties of loyalty, correctness and diligence that arise from the legal relationships of any nature established with the Company.

3.2. THE AIMS OF THE MODEL

The Company has decided, in accordance with its corporate policies and in line with its commitment to creating and maintaining a governance system adhering to high ethical standards, to proceed with the implementation of the Organization, Management and Control Model in compliance with Legislative Decree no. 231/2001.

The main objective of the Model is to create an organic and structured system of control principles and procedures aimed at preventing, where possible and concretely feasible, from committing the predicate offenses considered by the Decree. The Model constitutes the foundation of the Company's governance

[15] At the date of preparation of the 231 Model, there are no such employees in the Company organization.

system and will implement the process of spreading of a corporate culture based on fairness, transparency and legality.

The Model also has the following aims:

- to spread a culture oriented to control and the so-called "Risk Management";
- to implement an effective and efficient organization of business activities, placing particular emphasis on decision-making and their transparency and traceability, on the accountability of the resources dedicated to take such decisions and their implementation, on the provision of preventive and subsequent controls, as well as on the management of internal and external information;
- to provide adequate information to the Recipients about the activities that involve the risk of committing crimes;
- to implement all the necessary measures to reduce as much as possible and in a short time the risk of committing crimes, also by enhancing the protection measures in place, aimed at avoiding unlawful conduct pursuant to the Decree;
- to inform and train the Recipients about the existence of this system and the need for their operation to be constantly compliant with it, making them aware of the fact that the commission of a crime in the misunderstood interest or advantage of the Company gives rise not only to application of criminal and disciplinary sanctions against the individual who committed the crime, but also administrative sanctions against the Company, exposing it to financial, operational and reputational damage;
- to remind that the Company, even regardless of the hypothesis of administrative liability, does not tolerate improper behavior, not recognizing in any way the aim pursued or the mistaken belief to act in the interest or to the advantage of the Company, as such behaviors are in any case contrary to the ethical principles and values inspiring the Company in carrying out its corporate mission;
- to point out that all Recipients are required to strictly comply with current regulations and, in any case, to conform their behavior to the highest standards of diligence, prudence and expertise, in particular with regard to compliance with current regulations and the protection of health and safety and the environment;
- to point out that all Recipients must avoid carrying out or facilitating operations in conflict of interest - actual or potential - with the Company, as well as activities that may interfere with the ability to make decisions in the best interest of the Company in an impartial manner and in full compliance with the provisions of the Procedure for the Management of Conflicts of Interest;
- to inform all those who work in the name, on behalf or in any case in the interest of the Company that the violation of the provisions contained in the Model will result in the application of disciplinary and/or contractual sanctions, before and regardless of the possible commission of facts constituting a crime.

3.3. THE METHODOLOGY OF PREPARING THE MODEL AND PERFORMING THE RISK SELF ASSESSMENT

The Organization, Management and Control Model of Acciaierie d'Italia Holding S.p.A. was developed taking into account the activity actually carried out by the Company, its structure, as well as the nature and size of its organization.

The preparatory activities for drawing up this document have seen the Company carry out a preliminary analysis of its business context and, subsequently, an analysis of the areas of activity that present potential

risk profiles in relation to the commission of the offenses indicated by Legislative Decree no. 231/2001 (so-called *Risk Self Assessment*).

The approach used for the recognition of risks, in line with best practices, included the analysis of the risks of committing the offenses referred to in the Decree associated with the risk areas and sensitive activities, both at an inherent level (so-called Inherent Risk) and at the residual level (so-called Residual Risk), or considering the effects of the operational control measures.

The **Inherent Risk** was self-assessed by the company management through two dimensions:

- probability that one or more offenses referred to in Legislative Decree no. 231/2001 can be committed in carrying out sensitive activities, on the basis of "drivers" referring to the sensitive activity itself (frequency, magnitude, complexity, cases of irregularities and/or past sanctions);
- impact based on the severity of the sanctions that are envisaged for the potentially applicable crime categories in relation to the sensitive activity.

The adequacy of the **Internal Control and Risk Management System** was assessed by analyzing the level of implementation, in the individual sensitive activities, of the six key control principles, namely:

- roles and responsibilities (*Intercompany* agreements, powers and proxies);
- codes, policies and procedures;
- principles of segregation of duties;
- traceability;
- monitoring and reporting systems;
- independent audits and checks.

The **Residual Risk** of each sensitive activity was then assessed by reducing the level of inherent risk in proportion to the adequacy and level of implementation of the control measures capable of reducing the risk committing the offences provided for in Legislative Decree no. 231/2001 and possibly relevant to the Company.

3.4. THE TYPES OF CRIME APPLICABLE TO ACCIAIERIE D'ITALIA HOLDING S.P.A.

The preparation of this Model began with the identification of the activities carried out by the Company and the consequent identification of the processes and business activities considered "sensitive" for the accomplishment of the offenses indicated by the Decree.

Following legislative changes and/or changes in the activities carried out or in the organization, the Company updates the Model and the mapping matrix with the new sensitive activities and the appropriate operational measures.

Considering the company's operations and the evaluation expressed by the Management on the basis of the Risk Self-Assessment activity, the Company has considered as applicable the categories of predicate offenses provided for by Legislative Decree no. 231/2001 as shown in the table below.

TYPES OF CRIME PROVIDED FOR BY THE DECREE	Applicability to Acciaierie d'Italia Holding
Crimes in relationships with the Public Administration	Yes
IT crimes and unlawful data processing	Yes
Organized crime offences	Yes
Forgery of money, public credit cards, revenue stamps and identification instruments or signs	No
Crimes against industry and trade	No
Corporate crimes	Yes
Crimes with the purpose of terrorism or subversion of the democratic order	Yes
Mutilation practices of female genital organs	No
Crimes against the individual personality	No
Market abuse	Yes
Manslaughter and severe or very severe negligent injuries, committed in violation of the rules on the protection of health and safety at work	No
Receiving, laundering and use of money, goods or utilities of illicit origin, as well as self-laundering	Yes
Crimes relating to payment instruments other than cash	Yes
Crimes relating to violation of copyright	Yes
Inducement not to make statements or to make false statements to the judicial authority	Yes
Crimes against the environment	No
Employment of foreign citizens with an irregular residency permit	Yes
Racism and Xenophobia	Yes
Fraud in sports competitions, abusive gambling or betting and gambling by means of prohibited devices	No
Tax crimes	Yes
Smuggling crimes	No
Responsibility of entities operating in the virgin olive oil supply chain	No
Transnational crimes	Yes
Crimes against cultural heritage	No

Market abuse crimes (Article 25-*sexies* of Legislative Decree no. 231/2001) have been deemed to be associated with a remote risk of occurrence considering the current corporate structure. However, according to a prudential approach and in consideration of the reintroduction of the crime of "*secondary insider trading*"

in the Consolidated Law on Finance (Article 184), the Company has also chosen to keep a specific section within the Special Section of this Model, for which specific principles of conduct and control measures are indicated, designed to prevent such crimes. It should be noted that the unlawful conduct of market manipulation and abuse or unlawful disclosure of privileged information, although they do not directly concern the Company as it is not an issuer of financial instruments, have been considered abstractly applicable if, within Acciaierie d'Italia Holding, privileged information should be generated capable of influencing the price of the financial instruments issued by the shareholder Invitalia or by the parent company of the shareholder ArcelorMittal Italy Holding.

3.5. THE MODEL UPDATE PROCESS

In accordance with art. 6 of the Decree, the administrative body, in agreement with the Supervisory Body (hereinafter also "**SB**"), oversees the updating and adaptation of the Model.

The administrative body takes care of the updating and adaptation of the Model, as well as the relevant protocols according to Legislative Decree no. 231/2001.

In particular, it is responsible for:

- proceeding without delay, even on the recommendation of the Supervisory Body, to take action for the revision/integration of the Model;
- initiating and preparing, with the contribution of the competent corporate functions, after consulting the Supervisory Body, the preliminary activities for updating the Model;
- monitoring the progress of any corrective actions that may be necessary as a result of the Model update.

With the aim of maintaining an efficient and effective Model over time, the events that may be taken into consideration for updating or adapting the Model, are attributable, by way of example, to these categories:

- legislative changes with reference to the regulation of the liability of entities for administrative offences resulting from a crime;
- guidelines of prevailing case law and doctrine;;
- findings of deficiencies and/or gaps and/or significant violations of the provisions of the Model following checks on its effectiveness and/or reports;
- significant changes in the company, in the organizational structure or in the activity sectors of the Company.

4. ETHICAL PRINCIPLES AND THE CODE OF BUSINESS CONDUCT

4.1. THE CODE OF BUSINESS CONDUCT

Acciaierie d'Italia Holding has deemed it appropriate and necessary to adopt its own Code of Business Conduct which establishes the fundamental values and principles which must inspire the behavior of its stakeholders, or of all those who have relations of any nature with the Company, considering the observance and full respect of said values and principles as primary conditions for the achievement of corporate objectives.

The Model and the Code of Conduct form an integrated *corpus* of internal rules which, together with the other policies and principles of the Acciaierie d'Italia Compliance System, pursue the objective of spreading a corporate culture based on ethics, honesty, corporate integrity and transparency.

The Code of Conduct was approved by the Board of Directors of the Company on 28 July 2022 and is addressed to the Directors, the Attorneys of the Company as well as all those who operate in Italy and abroad on behalf or in favor of the Company, or have business relations with it.

The recipients of the Model and the Code of Conduct are required to comply with any local, state, regional, national, international or foreign law and regulation that apply to the Company's business, operating, in addition to those already indicated, in compliance with the values of the Group described below:

- **Protection of Competition**

Acciaierie d'Italia Holding fully complies with the legislation to protect competition and is strongly committed to avoiding any collusive practice with competitors in defining commercial strategies. In line with the provisions on Antitrust, the Company promotes integrity, fairness and fair competition between the parties and undertakes to always respect every stakeholder, including competitors.

- **Protection of Confidential Information**

All recipients of the Code of Conduct have the responsibility to recognize, protect and defend the confidential information and intellectual property of Acciaierie d'Italia Holding and respect that of third parties.

- **Gifts, Hospitality and Representation Expenses**

In relations with the Italian and foreign Public Administration, Acciaierie d'Italia Holding undertakes not to improperly influence the activities or decisions of Public Officials or public service officers. It is expressly forbidden to receive, give, offer or promise, directly or indirectly, money, goods, favors, services or activities not due with regard to relations with Public Officials, public service officers, public or private entities and their employees. Furthermore, acts of commercial courtesy, such as gifts, entertainment, or forms of hospitality are allowed only if of modest value and in any case such as not to compromise the integrity and reputation and must not be interpreted by a third and impartial observer as exceeding the normal commercial practices or professional courtesy, or in any case aimed at improperly influencing a decision or activity.

- **Conflict of Interest**

Acciaierie d'Italia Holding asks each recipient of the Code of Conduct to promptly refrain from intervening in investigations, decision-making or control processes that can even potentially lead to situations of conflict of interest, reporting real or potential conflict situations through the methods provided by the Company.

- **Relations with Suppliers and Collaborators**

Acciaierie d'Italia Holding shares values and integrity with suppliers, collaborators and business partners so that relationships are based on maximum transparency and requires them, in addition to proven professionalism, a commitment to sharing the fundamental principles defined herein. Acciaierie d'Italia Holding adopts careful selection and qualification processes for suppliers, collaborators and business partners based on the principles of objectivity, competence, transparency, integrity and quality and does not tolerate collusive practices, in full compliance with the law.

- **Protection of Personal Data**

Acciaierie d'Italia Holding undertakes to ensure that the personal data acquired in the context of its activities are managed and protected in full compliance with the applicable legislation, avoiding improper or unauthorized use, to protect dignity, reputation and confidentiality of each individual, internal or external to the Company.

- **Non Discrimination**

Acciaierie d'Italia Holding considers plurality and diversity as sources of enrichment and resources for the development of an inclusive work environment respecting the dignity of all and recognizing the value of differences. For this reason, the Company does not tolerate any form of discrimination and harassment, in particular those based on gender, race, ethnic or social origin, citizenship, language, religion, political opinions, age, sexual orientation.

- **Ethical Work Environment**

Acciaierie d'Italia Holding promotes the establishment and maintenance of a work environment free from any form of discrimination or harassment, based on decent working conditions, open dialogue and the enhancement of diversity.

- **Health and Safety in the Workplace**

Acciaierie d'Italia Holding considers its primary responsibility to ensure health and safety at work and therefore undertakes to comply with all relevant rules and regulations and to adopt the best existing practices in order to protect health and safety at work. In addition, in order to spread a corporate culture in Acciaierie d'Italia based on the protection of health and safety, the Company actively promotes and works to encourage the development of conscious and responsible behavior.

- **Protection of the Environment**

Acciaierie d'Italia Holding undertakes to strictly comply with the current environmental regulations and to prevent the commission of any environmental crime. The Company also proposes to actively contribute to sustainable development by reducing the direct and indirect impacts and risks deriving from the complex activities carried out, establishing an open and collaborative dialogue with the interested parties and local communities, listening to and understanding their needs and expectations.

4.2. RELATIONSHIPS WITH THIRD PARTIES

As part of the constant commitment to promote compliance with ethical principles, the Company bases its relationships with third parties on correctness, completeness and transparency. Third parties involved in contractual relationships defined and in place with Acciaierie d'Italia Holding, are required to act with professional rigor, as well as in full compliance with current regulations and the Code of Conduct, which must be formally accepted when signing the contract. In the event of violations committed by third parties in contractual relationships, depending on their severity, the signed contract may be considered terminated due to non-fulfillment, attributable pursuant to arts. 1453 and 1455 of the Italian Civil Code.

5. THE SUPERVISORY BODY

5.1 FUNCTION

The Company has established, in compliance with Legislative Decree no. 231/2001, an autonomous, independent and competent Supervisory Body with regard to the Internal Control and Risk Management System within the scope of Legislative Decree no. 231/2001 and connected to the specific activity carried out by the Company and the related legal profiles.

Pursuant to the Decree, the Supervisory Body is responsible for supervising the functioning and respect of the Model. In particular, the Supervisory Body is entrusted with the task of:

- supervising the efficiency, effectiveness and appropriateness of the Model in preventing and fighting the commission of predicate offenses;
- constantly supervising the respect of the prescriptions contained in the Model by the Recipients, noting the consistency and any deviations of the actual behaviors, through the analysis of the information flows and the reports received by the Recipients of the Model as well as by subjects required to comply with the ethical principles and the specific rules referred to in the Model;
- carrying out a proper inspection activity to ascertain the occurrence of violations of the Model, coordinating each time with the relevant functions to acquire all the elements useful for the investigation;
- following the ascertained violation of the Model, supervising on the start and implementation of the procedure to impose the possible disciplinary sanction;
- proposing the updating of the Model in the event that there is a need for adaptation, making proposals to the competent Corporate Bodies, or where appropriate amendments and/or additions following to significant violations of the provisions of the Model, significant changes to the corporate, organizational and procedural structure of the Company, as well as legislative changes that may have occurred on the subject;
- verifying the implementation of the communication and dissemination plan of the Model;
- keeping all the documentation relating to the activities specified above through the filing system set up by the Company.

5.2. REQUIREMENTS OF AUTONOMY AND INDEPENDENCE, PROFESSIONALISM AND CONTINUITY OF ACTION

Pursuant to Legislative Decree no. 231/2001, with the aim of ensuring an efficient and effective implementation of the Model, the Supervisory Body has the following requirements: autonomy and independence, professionalism and continuity of action.

The autonomy and independence of the Supervisory Body refer to the autonomy of control initiative with respect to any form of interference or conditioning by any member of the Company and, in particular, the management body. In order to ensure these requirements, the members of the SB must act with autonomy of judgment, directly reporting to the Board of Directors for the matters covered by the Model and the Decree. The SB also enjoys such guarantees as to prevent the same Body, or any of its members, from being removed or penalized as a result of the performance of their duties. During audits and inspections, the Supervisory

Body and the organizational structures it may use are entrusted with the widest powers in order to effectively carry out their tasks.

Furthermore, in order to be able to act autonomously and independently, the SB has autonomous spending powers on the basis of an annual budget, approved by the Board of Directors, on the proposal of the same SB. In any case, the latter may request an integration of the assigned budget, if not sufficient for the effective performance of their functions, and may extend their spending autonomy on their own initiative, as well as directly select and manage external consultants to support their own activities, in the presence of exceptional or urgent situations. These circumstances are the subject of a report by the Supervisory Body to the Board of Directors at the earliest opportunity.

The requirement of professionalism, on the other hand, refers to the ability of the SB to perform its inspection functions with respect to the effective application of the Model, as well as to the characteristics that the members of the SB must have in order to effectively carry out their activities and guarantee the dynamism of the Model itself, through proposals for updating to be sent to the Top Management.

The SB is supported by the internal structures of the Company, in particular by the Compliance and Risk Management Department and the other company control functions, in order to put in place specific inspections. Where necessary, with reference to the performance of the technical operations needed to carry out controls, the SB can be also supported by external consultants. In this case, the consultants will always report their results to the SB.

Finally, with reference to continuity of action, the SB must supervise compliance with the Model, verify its effectiveness and efficiency, propose, if necessary, its updating, following organizational and/or regulatory changes and/or in case of clear inefficiency and/or inadequacy of the Model. The Supervisory Body continuously carries out the activities necessary for the supervision of the Model with proper commitment and with the necessary powers of investigation.

5.3. COMPOSITION, APPOINTMENT AND DURATION

The Supervisory Body is composed in a collegiate form of members chosen from among qualified individuals, in possession of the requirements of autonomy, professionalism and independence as required by the Decree, as well as integrity requirements, as referred to above. In particular, the Supervisory Body can be composed according to the aforementioned indications by:

- an external member with the functions of Chairman;
- one or more members external to the Company.

The secretarial functions are carried out, upon appointment by the Supervisory Body, by the Compliance and Risk Management Director.

The Board of Directors appoints the Supervisory Body establishing its remuneration, motivating the decision regarding the choice of each member, after verifying the existence of the requirements referred to in the preceding paragraphs.

The term of office of the members of the SB is established by the Board of Directors that appointed it, and its members can be re-elected.

Upon expiry of the office, the members of the SB hold their functions and powers up to their possible reconfirmation or the appointment of new ones. In order to ensure that the Supervisory Body is operational even in cases of suspension or temporary impediment of a member (as described below), the Board of Directors can appoint an alternate member who ceases from office when the impediment of the replaced

member of the SB ceases. In the event of failure to appoint the alternate member, the SB still exercises its own powers.

5.4. VERIFICATION OF THE REQUIREMENTS

Before the assignment of the appointment, the members of the SB must declare the absence of reasons for ineligibility and/or incompatibility.

Reasons for ineligibility and/or incompatibility of the members of the SB are:

- to be or become a non-independent Director of the Company's Board of Directors;
- to work or have worked on behalf of the Company's auditing firm in the last three years, taking part, as statutory auditor or head of the statutory audit or with management and supervision functions, in the auditing of the Company's financial statements or of another Group company;
- to be linked by kinship, marriage or affinity up to the fourth degree with the members of the Board of Directors or the Board of Statutory Auditors of the Company;
- to have direct or indirect economic and/or contractual relations, for consideration or free of charge, with the Company or its directors, with the exclusion of permanent employment relationship, of such importance as to compromise their independence;
- being in a state of temporary ban or suspension from the management offices of legal persons and companies;
- being in one of the conditions of ineligibility or forfeiture provided for by art. 2382 of the Civil Code;
- having been subjected to preventive measures pursuant to Law no. 1423 of 27th December 1956; Law n. 575 of 31st May 1965 and subsequent amendments and without prejudice to the effects of rehabilitation; Legislative Decree no. 159/2011;
- having been subjected to the ancillary administrative sanctions referred to in art. 187-*quater* of Legislative Decree no. 58/1998;
- to have reported a judgment of conviction or plea agreement, even if not final, even if with a conditionally suspended judgment, without prejudice to the effects of rehabilitation:
    - for one of the crimes provided for by the Royal Decree no. 267 of 16th March 1942 (bankruptcy law);
    - for one of the crimes provided for in Chapter XI of Book V of the Civil Code (companies and consortia);
    - for a crime against the Public Administration, against public faith, against assets, against the public economy or for a tax crime;
    - for one of the crimes provided for by the rules on banking, finance, securities, insurance and by the rules on markets and securities, payment instruments;
    - for any other non-culpable crime, for a period of not less than one year;
- to have reported, in Italy or abroad, a judgment of conviction or plea agreement, even if not final, even if with a conditionally suspended judgment, without prejudice to the effects of rehabilitation, for violations relevant to the administrative liability of entities pursuant to Legislative Decree n. 231/2001;

- to be the recipient of a decree that orders the indictment for any crimes/offenses provided for by Legislative Decree no. 231/2001.

The members of the SB are required to communicate, without delay, to the Board of Directors, the occurrence of causes of ineligibility and/or incompatibility or the lack of the above requirements.

5.5. CAUSES OF SUSPENSION, REVOCATION, FORFEITURE AND TERMINATION

Suspension and Revocation

Reasons for suspension from the function of member of the Supervisory Body are:

- a conviction judgment, even if not final, issued against the member of the SB or other measures for which, based on current legislation, the suspension of members of the Board of Directors is foreseen;
- cases in which the Board of Directors ascertains, after the appointment, that a member of the Supervisory Body has held the same role in a company against which the sanctions provided for by art. 9 of the same Decree, for offenses of the entity committed during their office, were applied;
- the non-definitive sentence of conviction, equaled to the sentence issued pursuant to art. 444 of the Criminal Procedure Code, even if the penalty is suspended, for one of the predicate offenses of Legislative Decree no. 231/2001;
- the request for indictment for one of the predicate offenses of Legislative Decree no. 231/2001 or for the crimes referred to in the R.D. n. 267/1942 and for tax offenses;
- the submission to preventive measures pursuant to law no. 1423 of 27th December 1956 or law no. 575 of 31st May 1965 and subsequent amendments and additions, without prejudice to the effects of rehabilitation;
- illness or injury or other justified impediment that last for more than three months and prevent the member of the SB from participating in the meetings of the same Supervisory Body.

The members of the Supervisory Body, under their responsibility, must promptly notify the Chairman of the SB and the Chairman of the Board of Directors of the occurrence of one of the above causes of suspension.

In any case, should the Chairman of the Board of Directors become aware of the occurrence of one of the aforementioned causes of suspension, he shall promptly inform the Board of Directors so that, in his first subsequent meeting, it will declare the suspension from office.

In the event of the suspension of one or more effective members, the Board of Directors arranges for the integration of the Supervisory Body with one or more alternate members, taking into account the specific skills of each.

Without prejudice to different legal and regulatory provisions, the suspension cannot last more than six months, within which the Chairman of the Board of Directors - if following the available evidence (e.g. outcomes of legal proceedings), he finds out the possible continuation of the causes that have determined the suspension - enters the possible revocation of the suspended member among the matters to be discussed in the first meeting of the Board after this period. The Board of Directors then resolves on the possible revocation of the suspended member, or the full reinstatement of the functions, remaining in this case the alternate substitute available as alternate.

If the suspension concerns the Chairman of the Supervisory Body, the Chairmanship is taken over, for its entire duration, by the most senior member being appointed or, with the same seniority of appointment, by the most senior member of age.

In addition, the Board of Directors may, at any time, revoke, for just cause and with a motivated resolution, one or more members of the Supervisory Body. For just cause for revocation, the occurrence of one of the following cases must certainly be understood:

- gross negligence in carrying out the tasks related to the assignment, including the violation of confidentiality obligations;
- the unjustified absence, during the mandate, at two consecutive meetings of the Supervisory Body;
- the application to the Company, even if not definitively, of a sanction pursuant to Legislative Decree no. 231/2001, connected to an ascertained omitted or insufficient supervisory activity, including a negligent one, by the SB.

Causes of Forfeiture

The members of the Supervisory Body, after their appointment, forfeit their office if:

- the requirements of professionalism and independence referred to above are no longer valid;
- the above causes of incompatibility and/or ineligibility are ascertained;
- serious breaches or conduct not assisted by diligence and good faith in the performance of duties are ascertained;
- operational functions and responsibilities are assigned to the member within the company organization, which are incompatible with the requirements of independence and autonomy of the SB;
- unjustified absence is ascertained at two or more consecutive meetings of the Supervisory Body, held following formal and regular call. Where the member is internal to the Group, the termination of the employment relationship constitutes a cause for forfeiture.

The members of the Supervisory Body must promptly notify the Chairman of the SB and the Chairman of the Board of Directors of the occurrence of one of the causes for forfeiture mentioned above. The Chairman of the Board of Directors, even in all other cases in which he becomes aware of the occurrence of a cause for forfeiture, informs the Board of Directors without delay so that, in the first useful meeting, it proceeds with the declaration of forfeiture from office of the member of the Supervisory Body and his replacement.

Termination for Waiver

Each member of the Supervisory Body can renounce the appointment at any time with a notice of at least two months through written communication to be sent to the Chairman of the SB and the Chairman of the Board of Directors. The Chairman of the Board of Directors informs the Board of Directors without delay so that, in the first useful meeting, it proceeds with the replacement.

Termination due to inability or death

In such cases, the Board of Directors, in the first useful meeting, proceeds to his replacement.

5.6. OPERATION AND POWERS OF THE SUPERVISORY BODY

The Supervisory Body adopts its own operating Regulations, approving its contents in accordance with this document.

The Supervisory Body meets on a monthly basis and whenever two members ask the Chairman for a call of the meeting upon a written request, justifying the reason for the call. Furthermore, they can delegate specific functions to the President. The minutes of the meetings are drawn up and transcribed in the book of meetings and resolutions of the Supervisory Body and signed by its members and the secretary.

For the performance of the assigned tasks, the Supervisory Body is vested with all the powers of initiative and control over every business activity, and reports exclusively to the Board of Directors, to which it reports through its Chairman. Any members of the SB who are part of the staff of one of the subsidiaries, in carrying out the functions assigned by the SB, report exclusively to the Board of Directors.

The tasks and powers of the SB and its members cannot be syndicated by any other corporate body or structure, it being understood that the Board of Directors can verify the consistency between the activity actually carried out by the Supervisory Body and the mandate assigned to it. Furthermore, the SB, except for prevailing legal provisions, has free access - without the need for any prior consent - to all the Functions and Bodies of the Company, in order to obtain any information, data and documents deemed necessary for the performance of its duties. The SB may also conduct sudden inspections for the purpose of carrying out its duties.

The Supervisory Body organizes its activities on the basis of its own activity Plan through which the initiatives to be undertaken are planned to evaluate the effectiveness and efficiency of the Model as well as its updating. The Supervisory Body, in carrying out its functions, makes use of the support of the Compliance and Risk Management Department of Acciaierie d'Italia.

The Supervisory Body assesses the adequacy of its annual budget approved by the Board of Directors when appointing the same SB.

The members of the SB, as well as the subjects of whom the same SB makes use for whatever reason, are required to comply with the obligation of confidentiality on all the information they have become aware of in the exercise of their functions (except for the reporting activities to the Board of Directors).

The members of the Supervisory Body ensure the confidentiality of the information they come into possession, in particular if related to reports they may have received regarding alleged violations of the Model. The members of the Supervisory Body refrain from receiving and using confidential information for purposes other than those included in this paragraph, and in any case for purposes that do not comply with the functions of the Supervisory Body, except in the case of express and conscious authorization.

Any information held by the members of the Supervisory Body must in any case be managed in accordance with current legislation on the processing of personal data.

5.7. INFORMATION FLOWS FROM AND TO THE SUPERVISORY BODY

Foreword

Article 6, second paragraph, letter d) of the Decree requires the provision in the Model of disclosure obligations to and from the SB to allow the Supervisory Body to effectively fulfill its obligations to verify compliance and correct implementation of the Model.

The information flow obligation is therefore bidirectional, that is, it must be addressed by the Supervisory Body to the Administrative Body, as well as to the Board of Statutory Auditors, in order to inform on the supervisory activity conducted and on any critical aspects identified; or it must be addressed to the SB by the organizational structures in service responsible for managing sensitive activities, as well as by other organizational structures with specific responsibilities for managing the Model, in order to keep it constantly informed on the state of implementation of the Model itself and on any critical aspects come out.

The information flows in the two described directions allow the SB to ascertain more easily and reconstruct the causes that led to violations of the Model, the Code of Conduct, or, in the most serious cases, the occurrence of crimes.

Information flows to the Board of Directors and to the Board of Statutory Auditors

In order to guarantee its full autonomy and independence in the performance of its functions, the SB reports directly to the Board of Directors of the Company on the implementation of the Model, the outcome of any critical issues, the need for any updates and adjustments of the Model and the reporting of ascertained violations.

The Supervisory Body transmits a written report on its work to the Board of Directors every six months, including the inspections carried out. The report must include, among others, the following information:

- an overall assessment of the functioning and effectiveness of the Model, with any proposals for additions, corrections or changes in form and content;
- an account of the activities carried out and the controls performed;
- an indication of any problems that have arisen in the application of the procedures for implementing the Model;
- the indication of any new sensitive activities not covered by the Model;
- a report on the reports received, concerning alleged violations of the Model and the implementation procedures as well as the outcome of the resulting verification activities;
- any disciplinary proceedings initiated for the infringements referred to in the rules of the Model and the measures adopted.

The Supervisory Body also prepares an annual report of the expenses incurred within the assigned budget.

Together with the report, the SB sends the activity plan to the Board of Directors.

In addition to the information reported in the half-yearly report, the SB promptly reports to the Board of Directors, for appropriate measures:

- on ascertained violations of the Model and any unlawful conduct, relevant for the purposes of the Decree, of which it has become aware on its own initiative or following the communications sent to it, as illustrated below;
- on the need to update the Model;
- on any information useful for the proper performance of their functions and the effective implementation of the Model.

The Supervisory Body also promptly communicates to the Board of Directors any element of particular importance that may come out in the context of the activities carried out within its competence.

The SB may at any time request to be heard by the Board of Directors if it ascertains facts of particular relevance, or deems an examination or intervention in matters relating to the functioning and effective implementation of the Model as appropriate.

The Supervisory Body also reports to the Board of Statutory Auditors, together with the Board of Directors, on the application of the Model, its operation, its updating and the relevant facts or events encountered. In particular, the SB:

- reports any deficiencies found regarding the organizational structure and the effectiveness and functioning of the procedures;
- reports on violations of the Model by Directors or other Recipients of the Model.

The Board of Directors has the right to call the SB at any time. Likewise, the SB has, in turn, the right to request, through the Functions or competent subjects, the calling of the Board of Directors for urgent reasons. The meetings with the Bodies to which the SB reports are recorded and a copy of the minutes is kept by the SB and by the bodies involved each time.

Information flows to the Supervisory Body

a) Periodic Information Flows

In order to allow the Supervisory Body to exercise its control responsibilities, the following periodic reporting activities are provided for, among others, by the organizational structures of the Company.

In particular, the subjects, organizational structures and company Departments identified below, transmit the flows listed below and, in any case, whenever the Supervisory Body requests them to do so.

Compliance and Risk Management Department of Acciaierie d'Italia S.p.A.: Annual Plan of Compliance activities, with evidence of those having relevance pursuant to Legislative Decree no. 231/2001 and the related time schedule containing information about the activities carried out with periodic updating. Annual Plan of Risk Management activities and periodic update.

Internal Audit Department of Acciaierie d'Italia S.p.A.: Annual Plan of activities, with evidence of those having relevance pursuant to Legislative Decree no. 231/2001 and the relative time planning; annual report, containing information on the activities carried out, the main findings, the planned remedial actions and the relative state of implementation, the additional control interventions scheduled for the following year, in line with the Department's Annual Plan.

The Company defines a specific procedure in order to establish the types of information that the Recipients involved in the management of sensitive activities must transmit together with the frequency and methods with which such communications are forwarded to the same Supervisory Body.

All Recipients can be invited to attend the meetings of the Supervisory Body. On such occasions, they will be required to certify the level of implementation of the Model with particular attention to compliance with control and behavior principles in the context of the operations within their competence. In particular, in these meetings, they will be asked to highlight: (i) any critical issues in the managed processes; (ii) any deviations from the provisions of the Model and the Internal Regulations; (iii) the adequacy of the same Internal Regulations with respect to the operational areas of interest and any remedial measures adopted or the plan for their adoption.

b) Occasional/Spot Information Flows

The Recipients of the Model are obliged to collaborate to implement it fully and effectively by immediately reporting any obvious violation of the Model, any illegal behavior, any abnormal and/or atypical conduct (even if it does not constitute an explicit violation of the Model but deviates significantly from the procedures in force), as well as any procedural shortcomings.

This obligation is also required by external subjects involved, for various reasons, in sensitive activities, on the basis of the provisions of the clauses of commitment included in the contracts and/or in the letters of appointment governing the relations between the Company and these subjects.

In particular, the Supervisory Body must receive, with the necessary timeliness and in writing, any information regarding:

- violations - even alleged - of the Model and/or the Code of Business Conduct;
- any reporting documents prepared by the organizational structures and/or Control Bodies (including the auditing company) as part of their inspection activities, from which critical facts, acts, events or

omissions may arise with respect to the compliance with the provisions of Legislative Decree no. 231/2001 and/or the provisions of the Model and the protocols;

- disciplinary investigations launched for alleged violations of the Model, in order to provide the Supervisory Body with all the elements necessary to carry out its inspection activities regarding such alleged violations;
- the provisions and/or news from judicial Police bodies, or from any other Authority, which indicate that investigations are being carried out, including against unknown persons, for the crimes contemplated by Legislative Decree no. 231/2001 and which may involve the Company. Without prejudice to any different provisions and/or nondisclosure obligations to be observed in carrying out investigations and/or proceedings. Where the Recipient concerned is not clear about any such different provisions, it will be the responsibility of the same to acquire complete information in this regard from the competent body and/or Authority;
- news:
  - on the initiation of judicial proceedings against Directors and Attorneys who have been challenged with the types of crime referred to in the Decree;
  - on the progress of judicial proceedings concerning the administrative responsibility of the entities pursuant to the Decree in which the Company is involved and, upon their conclusion, on the relative outcomes;
  - on any sentences of conviction of Directors and Attorneys following the commission of crimes falling within predicate offenses as per the Decree;
  - on the initiation of visits, inspections and assessments by the competent bodies (eg. Financial Police, Revenue Agency, Local Health Authority) or by the Supervisory Authority and, upon their conclusion, on the relative outcomes;
- requests for legal assistance in case of initiation of judicial proceedings against itself for the crimes envisaged by the Decree;
- news relating to the sanctioning proceedings or the withdrawal measures of such proceedings with the related reasons.

Any omitted or delayed communication to the Supervisory Body of the information flows listed above will be considered a violation of the Model and may be sanctioned in accordance with the sanction system referred to in the following chapter.

In addition to the event and periodic information flows described above, the Supervisory Body may request, from time to time, additional information flows to support its supervisory activities on the functioning and observance of the Model and to update it, defining the relative methods and timing of transmission.

However, the SB has the right to propose changes deemed necessary to the information flows represented above.

Methods of transmission of Information Flows and Reports

In order to allow timely compliance with the provisions referred to in the previous paragraphs, all Recipients of the Model must communicate directly with the Supervisory Body in the following ways:

- by e-mail to the following box: odv231.adiholding@acciaierieditalia.com;

- by ordinary mail addressed to the Supervisory Body in Milan, Viale Certosa 239 or to the *Compliance and Risk Management* Department in Milan, Viale Certosa 239 to the attention of the *Compliance and Risk Management* Director.

All information and reports provided for in the Model are kept by the SB in a specific computer and/or paper archive for a period of ten years or determined in line with any legal applicable requirements in force, as well as in compliance with the provisions on personal data protection. Access to the database is therefore only allowed to the Supervisory Body and to the Compliance and Risk Management Department which carries out support activities for the Supervisory Body.

5.8. WHISTLEBLOWING

With the Law of 30th November 2017, no. 179 containing the "Provisions for the protection of the authors of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship" (hereinafter, also, "**Whistleblowing Law**"), the Legislator, in an attempt to harmonize the provisions envisaged for the public sector with the aforementioned Law, has introduced specific provisions for the recipient entities of Legislative Decree no. 231/2001 and inserted within art. 6 of Legislative Decree no. 231/2001 three new paragraphs, i.e. paragraph 2-*bis*, 2-*ter* and 2-*quater*.

In particular, art. 6 envisages:

- in paragraph 2-*bis* that the organization, management and control models must provide:
  - one or more channels that allow the subjects indicated in art. 5, paragraph 1, letters a) and b)[16], to submit, while protecting the integrity of the entity, detailed reports on unlawful conduct, deemed relevant pursuant to the Decree and based on precise and consistent facts, or violations of the organization and management of the entity, of which they have become aware due to the functions performed; these channels guarantee the confidentiality of the identity of the whistleblower in the management of the report;
  - at least one alternative reporting channel suitable to guarantee, with IT methods, the confidentiality of the identity of the whistleblower;
  - the prohibition of direct or indirect retaliation or discriminatory acts against the whistleblower for reasons connected, directly or indirectly, to the report;
  - in the disciplinary system adopted pursuant to paragraph 2, letter e), sanctions against those who violate the protection measures of the whistleblower, as well as those who make reports that turn out to be unfounded with willful misconduct or gross negligence;
- in paragraph 2-*ter* it provides that the adoption of discriminatory measures against the subjects who make the reports referred to in paragraph 2-*bis* can be reported to the Labor Inspectorate, for the measures within its competence, not only by the whistleblower, but also by the trade union organization indicated by the same;
- in paragraph 2-*quater* it governs the retaliatory or discriminatory dismissal of the reporting subject, which is expressly qualified as "null". The change of duties pursuant to art. 2103 of the Italian Civil

[16] Art. 5, paragraph 1 of Legislative Decree no. 231/2001, states that:
a) "*The entity is liable for crimes committed in its interest or to its advantage: by persons who hold representation, administration or management functions of the entity or of one of its organizational units with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the entity;*
b) *by persons subject to the direction or supervision of one of the persons referred to in letter a)".*

Code, as well as any other retaliatory or discriminatory measures adopted against the whistleblower are also qualified as "null".

The aforementioned article also provides that in the event of disputes related to the application of disciplinary sanctions, demotion, dismissal, transfer or involvement of the whistleblower in other organizational measures that have negative effects on the working conditions, it is up to the employer to prove that such measures have been adopted on the basis of reasons unrelated to whistleblowing.

The Whistleblowing Law introduces in the Italian legal system a set of rules aimed at improving the effectiveness of the instruments to fight corruption, as well as to protect the authors of the reports with greater intensity by encouraging the use of the instrument of reporting illegal conduct or violations of the organization, management and control models, giving the employer the burden of proving - in the event of disputes related to the imposition of disciplinary sanctions, demotion, dismissal, transfer or submission of the whistleblower to another organizational measure following the presentation of the report and having direct or indirect negative effects on the working condition - that such measures are based on reasons unrelated to the report itself (so-called "reversal of the burden of proof in favor of the whistleblower").

The *Whistleblowing Policy*

Recipients who, in carrying out their duties, detect or become aware of possible illicit behavior or irregularities carried out by subjects who have various relationships with Acciaierie d'Italia Holding are required to activate the Whistleblowing Policy by reporting without delay the facts, events and circumstances that they believe, in good faith and on the basis of reasonable elements, to have resulted in such violations and/or conduct that do not comply with the principles of the Company.

"Reporting" means the communication of possible illicit, incorrect, commissive or omissive behaviors that constitute or may constitute a violation, or inducement to commit a violation of laws and/or regulations, values and/or principles established in the Code of Business Conduct and Model 231 of Acciaierie d'Italia Holding, in the principles of internal control, as well as in the company Codes and Policies. Actions likely to cause damage to the assets or reputation of Acciaierie d'Italia Holding are also considered subject to Reporting.

The Report can be sent in the following ways:

- by e-mail to: whistleblowing@acciaierieditalia.com with limited access to the Internal Audit Department;
- by ordinary mail to the address: Acciaierie d'Italia Holding S.p.A. – Viale Certosa n. 239 – Milan, to the attention of the Internal Audit Director;
- by e-mail to: odv231.adiholding@acciaierieditalia.com with limited access to the Compliance and Risk Management Department.

The verification activities regarding the validity of the circumstances represented in the Report are the responsibility of the Internal Audit Department, even if the report is received directly by the Supervisory Body, agreeing on the verification methods and providing for a periodic information flow.

The Internal Audit Department carries out a timely and accurate investigation, in compliance with the principles of impartiality, fairness and confidentiality towards all those involved, informing the Supervisory Body on the results of the investigation through periodic or spot information flows.

The investigation of the Report is delegated to the Internal Audit Department. During the checks, the Internal Audit Department may avail itself of the support of other Company Departments or Functions in Acciaierie d'Italia and, where deemed appropriate, of external consultants specialized in the Report received and whose involvement is functional to the assessment of the Reporting, ensuring the confidentiality and – where possible – the anonymity of any personal data contained in the Report.

At the outcome of the investigation phase, the Internal Audit Department prepares a summary report of the checks carried out and of the evidence that emerged, sharing it, based on the results, with the other company Departments or Functions of Acciaierie d'Italia, in order to define any plans, actions to be implemented and actions to be initiated to protect the Company, also communicating the results of the investigations carried out in relation to each Report to the managers of the company structures affected by it.

Otherwise, should there be the absence of sufficiently detailed elements at the end of the analysis, or, in any case, groundlessness of the facts referred to in the Report, the latter will be filed, together with the related reasons, by the Internal Audit Department.

The Internal Audit Department periodically reports to the Control Bodies on the types of reports received and the outcome of the investigation activities.

Reports with potential relevance pursuant to Legislative Decree 231/01 are promptly brought to the attention of the Supervisory Body for the relevant assessments.

In the course of the activities aimed at verifying the validity of the Reports, all necessary measures will be taken to protect the Data from accidental or unlawful destruction, loss and unauthorized disclosure. The documentation relating to the activities carried out and the results is filed by the Internal Audit Department for a period of not less than ten years.

6. COMMUNICATION AND DISSEMINATION OF THE MODEL AND TRAINING

6.1. COMMUNICATION AND DISSEMINATION OF THE MODEL AND TRAINING

In line with the provisions of the Decree and the Confindustria Guidelines, the Company intends to give full publicity to this Model, in order to ensure that all Recipients are aware of all its contents.

It is the Company's objective to ensure that the communication is effective, clear and detailed, with periodic updates connected with changes in the Model.

For this purpose, the communication must:

- be appropriate in relation to the hierarchical level of destination;
- use the most appropriate and easily accessible communication channels for the recipients of the communication in order to provide information in a timely manner;
- be of quality in terms of content (include all necessary information) and timeliness (must contain the most updated information).

The communication plan relating to the essential components of this Model must be developed, in accordance with the principles defined above, through the company means of communication deemed most suitable.

In particular, it is the duty of the Company to implement and formalize specific communication and dissemination plans aimed at ensuring effective knowledge of Legislative Decree no. 231/2001, of the Model and of the Code of Conduct by the Recipients.

In any case, in order to allow the various Recipients to be fully aware of the corporate provisions and ethical standards that they are required to comply with, the communication and dissemination activity must be based on the principles of completeness, clarity, accessibility and continuity.

The Company promotes awareness of the Model, of the Internal Regulatory System and their relative updates among the Recipients, who are therefore required to know the respective content, observe it and contribute to its implementation. Furthermore, each Recipient is provided with the indications and tools to become aware of the existence and contents of the Model.

The Model and the reference principles contained therein, together with the Code of Conduct, must be communicated to each person who, in relation to the particular relationship of trust and the margin of managerial autonomy recognized, is called to actively collaborate for its correct and concrete implementation.

In particular, the communication and dissemination actions include:

- inclusion of the Model and the Code of Conduct in the company *Repository* of internal regulations, as well as publication of the General Part and the Code of Conduct on the website;
- availability of the Model and the Code of Conduct for all Recipients;
- update on the changes made to the Model or to the Code of Conduct resulting from regulatory and/or organizational changes relevant to the purposes of the Decree, also through the revision of the online course made available.

As part of the communication and dissemination of the Model, ad hoc training sessions on the Model and on the Code of Business Conduct may also be provided to the Recipients.

Any personal data acquired or used in the context of communication, dissemination and training activities will be treated in compliance with the regulatory and corporate provisions on privacy as well as with the provisions pursuant to Legislative Decree no. 231/2001 and the Model itself.

6.2. INFORMATION TO EXTERNAL COLLABORATORS, SUPPLIERS AND PARTNERS

The principles of the Model and the contents of the Code of Conduct are applicable to all subjects, including third parties who operate, in any capacity, with/for Acciaierie d'Italia Holding S.p.A.

Therefore, the communication activity on the contents of the Model and the Code of Conduct is also addressed to those third parties who maintain relations with the Company for various reasons or who represent the Company without employment relationships.

The Company promotes awareness of and compliance with the Model and the Code of Conduct towards all those who have contacts, in any capacity, with the Company, including, by way of example but not limited to, commercial partners, suppliers, collaborators and consultants.

To third parties with whom the Company maintains economic-contractual relations, the same, through specific clauses, requests the acknowledgment and acceptance of the Code of Conduct and the Model of the Company, undertaking to maintain a behavior compliant with the provisions contained in Acciaierie d'Italia Holding.

In contracts with commercial, financial partners and consultants, the Company, through specific contractual clauses regulates that, in the event of non-compliance with the ethical principles or control protocols, a serious breach by these parties will occur, thus attributing to the Company the right to terminate the contract.

The exercise of the right to terminate or suspend the execution of the contract may take place to the detriment of the counterparty, who will be charged for all the deriving and/or consequential additional costs, without prejudice to compensation for all damages, patrimonial ones and others, deriving from the violation/non-compliance with the Model and the Code of Conduct, as well as the right of the Company to be relieved and held undamaged in relation to any action or claim by third parties deriving from such non-compliance or in any case consequent to it.

7. SANCTION SYSTEM AND MEASURES IN CASE OF FAILURE TO OBSERVE THE PROVISIONS OF THE MODEL

7.1. GENERAL PRINCIPLES

The preparation of a system of sanctions for the assumption of unlawful conduct or for the violation of the provisions contained in the Model is an essential condition for ensuring the effectiveness of the Model itself.

Indeed, in this regard, article 6, paragraph 2, letter e) of Legislative Decree no. 231/2001 provides that the organization, management and control models must "introduce a disciplinary system suitable for sanctioning failure to comply with the measures of the Model". Furthermore, this sanction system has been further integrated to take into account the provisions introduced by Law no. 179 of 29th December 2017 containing "Provisions for the protection of authors of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship", related to the measures for the presentation and management of reports, and regulating the protection mechanism towards the whistleblower, in order to encourage any reports of unlawful behavior and/or violations of the Model that may have occurred within the Company, and at the same time ensure the protection of the reported party if said reports are made with willful misconduct or gross negligence and are detected as unfounded.

To this end, the Company guarantees the confidentiality of the whistleblower against any direct or indirect form of retaliation, discrimination or penalization, for reasons directly or indirectly connected to the report.

In consideration of the current organization of the Company, for the purposes of the sanction system, the conduct subject to sanctions includes both unlawful conduct pursuant to the Decree, and any violations of the Model or of the Code of Business Conduct carried out by Directors and Attorneys or by third parties who have a relationship of any kind with the Company. Since the Model is also made up of the regulatory system that is an integral part of it, it follows that "violation of the Model" must also be understood as the violation of one or more procedures and/or principles of the Code of Business Conduct.

The application of the sanction system is independent of the initiation and/or outcome of any criminal proceedings, as the rules of conduct imposed by the Model are taken by the Company in full autonomy and regardless of the type of offense possibly caused by the violations of the Model itself.

Illegal behavior in relation to Legislative Decree no. 231/2001 and violations of the Model harm the relationship of trust established with the Company and, consequently, lead to actions such as the application of the sanction system, regardless of the possible establishment of a criminal trial in cases where the behavior constitutes a crime.

The identification and application of sanctions must take into account the principles of proportionality and adequacy with respect to the alleged violation. In this regard, the following circumstances are relevant:

- type of alleged offence;
- concrete circumstances in which the offense occurred;
- methods of committing the conduct;

- severity of the violation, also taking into account the behavior of the agent;
- possible commission of several violations within the same conduct;
- possible concurrence of several subjects in the commission of the violation;
- possible recidivism of the agent.

7.2. MEASURES AGAINST THE ADMINISTRATIVE BODY AND THE CONTROL BODY

In the event of unlawful behavior and/or violation of the Model by one or more members of the Company's Administrative Body or Control Body, the SB will consider any possible information to the competent bodies or Authorities, taking into account the severity of the violation and the powers provided by law.

7.3. MEASURES AGAINST COMMERCIAL PARTNERS, COLLABORATORS, CONSULTANTS, COUNTERPARTIES AND OTHER EXTERNAL SUBJECTS

Any behavior put in place in a contractual relationship by commercial partners, collaborators, consultants, suppliers, counterparties and other external subjects, which is in contrast with the lines of conduct indicated by the Model and the Code of Conduct or more generally relevant according to Legislative Decree no. 231/2001, can determine the unilateral withdrawal from the contractual relationship, by virtue of the clauses provided for by the Company in each contract.

Of course, this is without prejudice to the right of the Company to request compensation for damages deriving from the aforementioned third parties' violation of the provisions and rules of conduct set out in the Model.

7.4. THE PROCEDURE FOR THE APPLICATION OF SANCTIONS AGAINST THE ADMINISTRATIVE BODY AND THE CONTROL BODY

The procedure for applying the sanctions for unlawful conduct relevant to the purposes of Legislative Decree no. 231/2001 and/or violation of the Model and the Code of Conduct differs with regard to each category of Recipients as to the stages of:

- notification of the violation to the data subject;
- determination and subsequent application of the sanction.

The proceeding is initiated by the competent corporate bodies in relation to an alleged illicit behavior relevant according to Legislative Decree no. 231/2001 and/or of a violation of the Model, of the Code of Conduct, on the basis of a report by the SB or the Internal Audit Department or on their own initiative but in any case, after informing the Supervisory Body itself in case of origin of the reporting of violations by other corporate structures or by third parties.

In particular, whenever the SB receives a report (even anonymously), or acquires, during its supervisory and verification activity, the elements suitable for suspecting the danger of a violation of the Model or, more in general, unlawful conduct according to Legislative Decree no. 231/2001, it has the obligation to activate the Internal Audit Department in accordance with the provisions of the Whistleblowing Policy. The preliminary investigation is entrusted to the Internal Audit Department, which may ask for the support of the Functions of Acciaierie d'Italia S.p.A., on the basis of the elements in its possession. At the conclusion of the preliminary investigation, the Internal Audit Department gives written reasons for the procedure followed and the results.

The Sanctioning Procedure against the Administrative Body and the Control Body

If the SB finds a violation of the Model or, more generally, an illegal behavior relevant according to Legislative Decree no. 231/2001 by a member of the Administrative Body or of the Control Body, it will consider any

possible information to the competent bodies or authorities, taking into account the severity of the violation and in accordance with the powers established by law, preparing a report containing:

- the description of the observed conduct;
- the indication of the provisions of the Decree, the Model or the Code of Conduct which have been violated;
- the personal data of the person responsible for the violation;
- any documents proving the violation and/or other evidence.

7.5. THE PROCEDURE AGAINST THIRD RECIPIENTS OF THE MODEL

In order to allow the implementation of the initiatives foreseen by the contractual clauses indicated above, the SB sends the Administrative Body and the Control Body a report containing:

- the personal data of the person responsible for the violation;
- the description of the contested conduct;
- the indication of the provisions of the Decree and/or of the Model which have been violated;
- any documents and elements supporting the contestation.

Subsequently, a written communication is sent to the interested third party containing an indication of the contested conduct, the provisions of the Decree and/or the Model being violated, as well as an indication of the specific contractual clauses, taking care of their proper application.

7.6. THE PROCEDURE AGAINST THE SUPERVISORY BODY AS A REPORTED PARTY IN THE CONTEXT OF "WHISTLEBLOWING" REPORTS

In the event of a violation of the regulatory provisions on whistleblowing, in order to protect the identity of the whistleblower and his/her person from any acts of retaliation or discrimination, the Company through the Administrative Body may apply to the members of the Supervisory Body, the subject of reports, some measures, including:

- the revocation of the appointment of the SB's members who committed the violation and the consequent appointment of new members to replace them;
- the revocation of the appointment of the entire body and the consequent appointment of a new SB.