

# Organisation and Management Model in accordance with Italian Legislative Decree no. 231 of 8 June 2001

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## GENERAL PART

### 1. ITALIAN LEGISLATIVE DECREE 231/2001 "CORPORATE ADMINISTRATIVE LIABILITY": DESCRIPTION OF LEGISLATION

#### 1.1. THE LEGAL REGIME OF ADMINISTRATIVE LIABILITY OF LEGAL ENTITIES, COMPANIES AND ASSOCIATIONS

Italian Legislative Decree No. 231, dated 8 June 2001 (hereinafter "Italian Legislative Decree no. 231/2001")<sup>1</sup>, in partial implementation of Enabling Law no. 300, dated 29 September 2000, regulates the administrative liability of legal entities, companies and associations even without legal personality (entities).

Italian Legislative Decree 231/2001 fits into a context of implementation of international obligations and – in line with the regulatory systems of many European nations - establishes the liability of the company, considered "*as an independent centre of legal interests and relationships, a point of reference of various precepts, and the hub of decisions and activities carried out by persons who act in the name, on behalf or in any case in the interests of the entity*".

The establishment of corporate administrative liability arises from the consideration that unlawful conduct committed within the company, far from stemming from a private initiative of the individual, frequently falls under a widespread company policy and stems from the decisions made by the senior management of that entity.

Both criminal and administrative liability are involved since, albeit involving administrative sanctions, that liability results from a crime and can only be punished through investigative criminal proceedings.

In particular, Italian Legislative Decree 231/2001 provides a structured system of sanctions that ranges from lenient financial penalties to the most serious disqualification sanctions, therein including the "capital" sanction of disqualification from exercising the activity.

The fine can be inflicted against the company exclusively by a judge of a criminal court in the protective context of criminal proceedings only if all objective and subjective requirements established by the legislator are in place: this includes the commission of a particular crime in the interest or for the benefit of the company by qualified persons (senior management figures or their subordinates).

Corporate liability also extends to crimes committed abroad, provided that no action is taken by the State in which the crime was committed, on the condition that the particular conditions provided by Italian Legislative Decree 231/2001 are still in place.

Administrative liability applies, primarily, when a crime is committed in the interest of the entity, i.e. when the unlawful conduct benefits the company; that liability is may also be incurred by the company when it draws from the unlawful conduct any indirect benefit (economic or otherwise), even when the perpetrator of the crime acts without the sole intention of benefiting the company. Conversely, the *exclusive* benefit of the perpetrator (or a third party other than the entity) excludes the liability of the entity, as it is absolutely and clearly extraneous to the crime committed.

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<sup>1</sup> The full text of Decree 231/2001, periodically updated, is available at the intranet address:  
<\\Sinimidata\infocenter\Politiche Aziendali\Modello 231\07 Normativa>

With regard to the persons involved, in Art. 5 of Italian Legislative Decree 231/2001, the legislator provides that the entity will be held liable when the crime is committed:

- a) *"by persons who hold positions of representation, administration or management of the entity or one of its organisational units equipped with financial and operational autonomy as well as by persons who exercise, even de facto, management and control of the same"* (known as senior management figures);
- b) *"by persons working under the direction or supervision of one of the persons set out in letter a)"* (known as subordinates).

For the purposes of ascertaining the liability of the entity, in addition to the existence of the cited requirements that objectively link the crime to the entity, the legislator also requires the culpability of the entity to be verified. That subjective requirement determines the guilt of the organisation, meaning a violation of rules self-imposed by that entity to prevent the specific crimes being committed.

## 1.2. CRIMES THAT DETERMINE THE ADMINISTRATIVE LIABILITY OF THE ENTITY

The crimes from which the administrative liability of the entity may result are expressly indicated in Italian Legislative Decree 231/2001: these are the crimes of extortion, undue inducement to give or promise advantages (Art. 25) and the crimes of misappropriation of funds, fraud against the State or a public body or for obtaining public funds and computer fraud against the State or a public body (Art. 24); computer crimes and unlawful data processing (Art. 24 bis); organised crime (Art. 24 ter); crimes of counterfeiting money, legal tender and revenue stamps (Art. 25 bis); crimes against industry and commerce (Art. 25 bis.1); corporate crimes (Art. 25 ter); crimes for the purposes of terrorism or subversion of democratic order (Art. 25 quater); the crime of female genital mutilation (Art. 25 quater 1) and crimes against the individual (Art. 25 quinquies<sup>2</sup>); crimes of market abuse (Art. 25 sexies) and crimes of manslaughter and serious or very serious bodily injury, committed in breach of accident-prevention and occupational health and safety rules (Art. 25 septies) and receiving, laundering and using stolen money, goods or benefits as well as self-money laundering (Art. 25-octies); felonies of copyright infringement (Art. 25 novies) and the crime of inducement not to make statements or to make false statements to the judicial authority (Art. 25 decies); so-called environmental crimes (Art. 25 undecies) and the crime of using illegally staying third country nationals (Art. 25 duodecies); the crimes of racism and xenophobia (Art. 25 terdecies). Under Italian Law no. 146 of 16 March 2006 the crimes relating to administrative liability of legal persons and corporate bodies in general were extended to "transnational crimes"; Art. 10 of the aforementioned law provides for the application of various provisions of Italian Legislative Decree 231/2001<sup>3</sup>.

## 1.3. EXEMPTION FROM LIABILITY: THE ORGANISATION, MANAGEMENT AND CONTROL MODEL

Italian Legislative Decree 231/2001 expressly provides, in Articles 6 and 7, the exemption from administrative liability where the entity is equipped with effective and efficient organisation and management models suitable for preventing crimes of the nature that occurred. Proper organisation and the presence of the Supervisory Body are the instruments provided by the Decree that are able to exclude the "guilt" of the entity and, consequently, the application of sanctions upon the same.

In particular, liability is excluded if the company can prove that:

<sup>2</sup> Art. 6 of Law 199 of 2016 has recently inserted the crime referred to in Art. 603-bis of the Italian Criminal Code in Art. 25-quinquies, paragraph 1, letter a).

The Catalogue of predicate offences crimes is available at the Intranet address:

<\\Sinimidata\infocenter\Politiche Aziendali\Modello 231\07 Normativa>

- a) management adopted and effectively implemented, before the crime was committed, Organisation and Management Models suitable to prevent crimes of the nature that occurred;
- b) the task of supervising the operation of and compliance with the models and their update was assigned to a corporate body with independent powers of initiative and control;
- c) the persons committed the crime by fraudulently evading the organisation and management models;
- d) there was no lack of or insufficient supervision by the body mentioned in letter b).

The adoption of an Organisation and Management Model that is specifically designed in accordance with the risks to which the Company is exposed and which aims to prevent, by establishing rules of conduct, the commission of certain crimes, therefore constitutes the measure of diligence defined by the legislator and represents – precisely in view of its preventive function - the main method of managing the risk control system.

Adoption of a Model by management - which is the body holding managerial power: the Board of Directors – will not, however, be deemed sufficient to determine the entity's exoneration from liability, rather, the Model must also be efficient and effective.

With regard to the **effectiveness of the Model**, in Art. 6<sup>4</sup>, paragraph 2, Italian Legislative Decree 231/2001, the legislator specifies that the Model must meet the following requirements:

- a) identify the activities during which the crimes may be committed (known as “mapping” the activities at risk);
- b) establish specific protocols aimed at planning the formation and implementation of decisions of the entity in relation to the crimes to be prevented;
- c) identify ways of managing financial resources suitable to prevent the crimes being committed;
- d) provide reporting obligations to the body in charge of supervising the operation of and compliance with the models.
- e) provide one or more channels permitting the persons indicated in Art. 5, paragraph 1, letters a) and b)5, to make detailed reports on unlawful conduct, for protecting the integrity of the company, relevant to the sense of this decree and based on precise and concordant elements, or on violations of the company's organisation and management model, they become aware of on account of the functions carried out; such channels ensure the confidentiality of the identity of the person reporting the alleged wrongdoing during report management activities;
- f) provide at least one alternative reporting channel with IT method for guaranteeing the confidentiality of the identity of the person reporting the alleged wrongdoing;
- g) forbid direct and indirect retaliatory or discriminatory acts against the person who reports an alleged wrongdoing for reasons directly or indirectly tied to the report made;
- h) ensure that the disciplinary system adopted in accordance with paragraph 2, letter e) provides for sanctions against those who violate the protection measures of the person who reported an alleged wrongdoing, and those who made a report with malicious intent or due to gross negligence that proved to be baseless.

With reference to the amendments made to Art. 6, paragraph 2, et seq. one must also take into account the provisions of Art. 1 which, by amending Art. 54-bis of Italian Legislative Decree 165/2001<sup>6</sup>, extends the

<sup>4</sup> As amended by Art. 2 of Law No. 179 of 14.12.2017 entitled: "Provisions for the protection of those who report crimes or irregularities they become aware of in the framework of a public or private work relationship" (Whistleblowing)

<sup>5</sup> So-called "senior management" figures and persons working under the management or supervision of "senior management" figures"

<sup>6</sup> Italian Legislative Decree No. 165 of 30 March 2001 "General provisions on the organisation of work in the departments of public administration"

regulation protecting civil servants to workers and collaborators of companies which supply goods and services and carry out projects for the public administration.

**The effectiveness of the Model** is linked to its effective implementation which, in accordance with Art. 7, Paragraph 4 of Italian Legislative Decree 231/2001, requires:

- i) a periodic check and possible amendment of the model when there are significant violations of the requirements or when changes are made within the organisation or the activity (update of the Model);
- j) a suitable disciplinary system for punishing lack of compliance with the measures indicated in the Model.

However, the Company is not obliged to adopt this system; it is merely an option that may allow it to be exonerated from liability and provide other benefits in terms of reduced punishments.



## 2. SOURCE OF THE MODEL

### 2.1. CONFINDUSTRIA - NEW GUIDELINES FOR DESIGNING ORGANISATION MODELS - MARCH 2014

By express legislative provision (Art. 6, Paragraph 3 of Italian Legislative Decree 231/2001), organisation and management models may be adopted on the basis of codes of conduct prepared by industry associations and communicated to the Ministry of Justice.

In March 2014 Confindustria updated the text of its "Guidelines for designing organisation, management and control models pursuant to Italian Legislative Decree 231/2001", issued in 2002 and approved by the Ministry of Justice in 2004 and updated the first time in 2008, in order to "offer concrete support to companies and associations on developing models and choosing a supervisory body". Those Guidelines may be planned as follows:

- identification of risk areas, with the aim of verifying in which business area/sector it is possible to commit the crimes specified by Italian Legislative Decree 231/2001;
- preparation of a system of control able to prevent risks by adopting appropriate protocols. The most relevant components of the control system the Confindustria singled out are:
  - Code of Ethics;
  - organisation system;
  - manual and IT procedures;
  - powers of authorisation and signature;
  - management control systems;
  - communication to staff and staff training.

The components of the system of control should be based upon the following principles:

- verifiability, documented records, coherence and consistency of every operation;
- application of the principle of separation of functions (nobody may independently manage an entire process);
- documentation of controls;
- provision of an adequate systems of sanctions for breaches of the rules of the Civil Code and the procedures provided by the Model;
- identification of the requirements of the Supervisory Body (SB) which can be summarised as follows:
  - Autonomy and independence;
  - Professionalism;
  - Continuity of action;
- reporting obligations by the SB.

### 2.2. CONFINDUSTRIA - CIRCULAR NO. 19867 "THE NEW CRIME OF SELF-LAUNDERING AND LIABILITY PURSUANT TO DECREE 231" - JUNE 2015

Finally, following the introduction in the Italian Criminal Code of Art. 648 ter, paragraph 1 of the crime of Self-laundering and consequently the issue of administrative liability, of the supplement to Art. 25 octies of Italian Legislative Decree 231/2001, this Model has taken into account the indications given by Confindustria in the above circular. In particular:

- by carrying out a risk assessment update
- by developing a specific risk monitoring protocol.



### 2.3. CONFINDUSTRIA - REGULATION OF WHISTLEBLOWING MATTERS - JANUARY 2018

*"On 29 December 2017 Law No. 179 entitled "Provisions for the protection of those who report crimes or irregularities they become aware of in the framework of a public or private work relationship" (published in the Gazzetta Ufficiale, General Series No. 291 of 14 December 2017) entered into force.*

*The law aims to give workers an incentive to cooperate so as to encourage bringing corrupt practices of public and private bodies out into the open. The introduction of ad hoc regulations on whistleblowing is a response to the plea made to Italy by some international bodies fighting corruption to strengthen its prevention and contrasting efforts against this practice, even by providing systems enabling workers to safely report any unlawful acts they become aware of...*

*As regards the private sector, Article 2 of Law No. 179 of 2017 intervenes in Decree 231 and inserts a new provision in Article 6 (Senior management figures and the company's organisation models"), which positions the measures tied to submission and handling of reports in the framework of organisation model pursuant to Decree 231 (hereinafter also referred to as the OM). Consequently, according to the law companies that adopt the OM are also obligated to implement new measures ...*

*... Considering the subjective framework of application of the provision - i.e. companies which have adopted the organisation model pursuant to Decree 231 - it is believed that the OM must clearly specify which person or body the reports object of the new provisions must be addressed to.*

*... for the aims of properly choosing the person/body in charge of receiving reports, it is necessary to pay attention to the role of the Supervisory Body...*

*... For instance, the Supervisory Body could be chosen as the independent addressee of the reports. It seems that this solution can effectively achieve the goals of the new regulation of safeguarding the integrity of the company and protecting the person who reports an alleged violation; on the other hand, it would be hard to achieve this goal if reports were addressed to persons the person reporting the alleged violation reports to functionally or hierarchically i.e. the one allegedly responsible for the violation, or to persons with a potential interest related to the report ..."*<sup>7</sup>

The organisation Model adopted by Siirtec Nigi SpA provides from the first issue, ways for reporting illegal conduct - constituting violations of the Model and/or Code of Ethics - and ways for reporting alleged violations to the Supervisory Body, ensuring the privacy of the person making the report even by using IT channels.

Even the choice of specifying the Supervisory Body as addressee and the Body which will take action in relation to assessment of the content of reports, appears to be in line with the indications of the Confindustria in the above document.

Nevertheless, in compliance with the provisions, our Company has introduced explicit disciplinary measures sanctioning groundless reports as well as discriminatory behaviour by company Bodies against the person who reported an alleged violation, although the Supervisory Body also has the option of looking into anonymous reports.

## 3. ADOPTION OF THE MODEL

### 3.1. ROLE AND ACTIVITIES OF SIIRTEC NIGI

Siirtec Nigi S.p.A. is an international engineering and construction company with its head office in Milan and with branches and representative offices located in strategic parts of the market, even abroad in non-EU nations.

<sup>7</sup> Confindustria, "Regulation of whistleblowing matters – Illustrative Note", January 2018

The organisational structure of Siirtec Nigi S.p.A. is detailed in the company organisation chart<sup>8</sup> which identifies the departments and respective responsibilities. The organisational structure must be continually updated and re-issued – due to any company changes and/or developments - and it is the responsibility of the relevant company bodies to provide prompt communication of the same to the SB.

The decision of the Board of Directors of Siirtec Nigi S.p.A. to adopt an Organisation and Management Model in accordance with the requirements of Italian Legislative Decree 231/2001 is part of a broader business policy, implemented through interventions and initiatives, aimed at raising awareness of all staff of Siirtec Nigi S.p.A. (from management to subordinates) and of all external collaborators and commercial partners in relation to transparent and correct company management, in compliance with existing legal rules and fundamental principles of business ethics in order to achieve the company's objectives.

In particular, by adopting the Model, the BoD and, therefore, the Company aim to pursue the following purposes:

- inform all Siirtec Nigi S.p.A. staff and all those who collaborate or have business relations with the company that the company absolutely condemns all acts carried out in breach of laws, regulations, supervisory rules or in any case in breach of internal regulations and the principles of sound and transparent management of the activity approved by the company;
- inform company staff and collaborators and external partners of the serious administrative sanctions applicable to the company in the event of commission of any of the crimes listed in the catalogue as a prerequisite for administrative liability;
- ensure, as far as possible, the prevention of commission of crimes within the company by way of: i) continuous control of all risk areas of activity; ii) staff training on the correct implementation of their duties; iii) the establishment of a system of sanctions for any breaches of the Model.

### 3.2. GUIDING PRINCIPLES OF THE MODEL

In preparing this Model, consideration has been given to the procedures and systems of control already widely in use in the company as they are valid also as measures of prevention of crimes and control over sensitive activities.

In particular, amongst the specific instruments already in place and aimed at planning the formation and implementation of decisions of the Company also in relation to the crimes to be prevented, Siirtec Nigi S.p.A. has identified, besides the articles and memorandum of association, the power of attorney and proxy system and the regulations governing intergroup relationships:

- The principles contained in the Articles of Association and Code of Ethics<sup>9</sup>;
- the organisational procedures (Level I procedures) and operational procedures (Level II procedures) set out in the HSE-Q Manual;
- the 231 protocols;
- the standard contracts;
- company notices and circulars;
- the system of sanctions.

### 3.3. DEFINITION OF ETHICAL PRINCIPLES

<sup>8</sup> Available at the Intranet address::

<\\Sinimidata\infocenter\Politiche Aziendali\Modello 231\08 Organigramma>

<sup>9</sup> Available at the Intranet address:

<\\Sinimidata\infocenter\Politiche Aziendali\Modello 231\01 Codice Etico>

Siirtec Nigi S.p.A. has defined the ethical principles intended to create consistency in the management of the company's own activities also in relation to conduct that might involve a crime among those regulated by Italian Legislative Decree 231/2001.

Ethical principles are the basis of company culture and represent the daily standards of conduct internally and externally of Siirtec Nigi S.p.A.

In particular, the company undertakes to:

- operate in accordance with the law and existing regulations;
- base its relations with the Public Administration on principles of ethics, transparency, correctness, legitimacy and integrity;
- maintain, in relations with customers, suppliers and contractors, collaborative conduct characterised by loyalty and openness and aimed at avoiding conflicts of interest.

In line with the provisions of Italian Legislative Decree 231/2001, this Organisation and Management Model satisfies the need to prepare a system of internal rules aimed at preventing the commission of particular types of crimes (for acts which, when committed in the interest or to the benefit of Siirtec Nigi S.p.A. may constitute, based upon the provisions set out in Italian Legislative Decree 231/2001, the administrative liability of the Company), supplementing the relevant principles ratified in the Code of Ethics of Siirtec Nigi S.p.A.

## **4. THE GOVERNANCE STRUCTURE**

### **4.1. GENERAL INFORMATION**

Siirtec Nigi Spa is managed by a Board of Directors comprising five members; a Chairman – Legal Representative and two Directors - Managing Directors both Legal Representative.

The control bodies are the Board of Statutory Auditors comprising three statutory and two alternate auditors and the external auditors who are entrusted with the financial audit.

### **4.2. BOARD OF DIRECTORS**

On 21 July 2016 the Board of Directors of Siirtec Nigi SpA resolved to assign to the exclusive responsibility of the Board of Directors, besides matters which cannot be delegated according to law and the Articles of Association, the powers listed in a document attached to the minutes of the meeting.

The Board of Directors is the Employer pursuant to Italian Legislative Decree 81 of 2008 and on 15 February 2018 the Functions Delegation provided by Art. 16 of the same Decree was attributed to the Director - Managing Director of Areas A and B (see further on).

#### **4.2.1. RESOLUTIONS RESERVED TO THE SHAREHOLDERS' MEETING – ART. 11 OF THE ARTICLES OF ASSOCIATION**

The Shareholders' Meeting passes resolution on the subject matters it is responsible for as of articles 2364 and 2365 of the Italian Civil Code and, exclusively, on the following subject matters:

- mergers and demergers;
- indication of which of the directors can represent the company;
- transfer of the registered office within the territory of Italy;
- issue of bonds;
- authorization of the Board of Directors as of article 2364 Paragraph 5 of the Italian Civil Code to carry out administrative acts as of points a) to d) both covered by Article 25 of the Articles of Association;
- determination of the fees of the Directors, Statutory Auditors and Independent Auditors.

#### **4.2.2. BOARD OF DIRECTORS: RESOLUTIONS THAT CANNOT BE DELEGATED AND AUTHORIZATION POWERS ASSIGNED BY THE SHAREHOLDERS' MEETING – ARTICLE 25 OF THE ARTICLES OF ASSOCIATION**

Resolutions regarding the subject-matters listed below cannot be delegated and those indicated in points a) to d) both included, cannot be adopted without the prior authorization of the Shareholders' Meeting:

- a) projects to float the company
- b) appointment and determination of the powers of the Managing Director(s) and the determination of any benefits or other incentive mechanisms for directors in general;
- c) approval of stock option plans;
- d) conveyances for any reasons ... with, as object:
  - o companies or lines of business as well as controlling shareholdings;
  - o real estate and intangible assets (including trademarks and drawings) with a value of more than 5,000,000.00 Euros
- e) decisions and/or proposals regarding resolutions to submit to the Shareholders' Meeting of subsidiaries and/or affiliates, including therein the granting of powers of attorney and voting instructions to the Company's proxy in the related meetings;
- f) draft resolutions related to variations in the capital, including increases ... issue of bonds and financial instruments in general;
- g) draft resolutions related to transformations, mergers, demergers, dissolutions and winding-up;
- h) conveyances for any reason ... with as object real estate and intangible assets (including trademarks and drawings) with a value of less than 5,000,000.00 Euros;
- i) approval and modification of the budget, business plan and annual or multi-year financial plans;
- l) decisions and/or proposals regarding resolutions to submit to the Company Shareholders' Meeting;
- m) definition of strategies;
- n) definition of annual compensation policies and determination of incentive mechanisms for employees, with the exception of the adoption of stock option plans;
- o) entering into any internal collective bargaining agreement;
- p) opening or closing of plants, agencies or branches with the exception of branches related to the performance of contracts;
- q) entering into, modification or termination of any contract with Related Parties, irrespective of the term of validity or value. President

#### **4.3. CHAIRMAN OF THE BOARD OF DIRECTORS**

The Chairman of the Board of Directors is the legal representative of the Company.

#### **4.4. DIRECTORS - MANAGING DIRECTORS - LEGAL REPRESENTATIVES AREAS UNDER THEIR RESPONSIBILITY**

By a resolution of 15 February 2018 the Board of Directors appointed:

1. **DIRECTOR – MANAGING DIRECTOR FOR AREAS A AND B**
2. **DIRECTOR – MANAGING DIRECTOR FOR AREAS C AND D**

taking into account the following company organisation:

- A. **BUSINESS DEVELOPMENT AREA, SALES, COMMERCIAL OPERATION, TECHNOLOGIES & MARKET RESEARCH, CUSTOMERS RELATIONSHIP, TECHNOLOGY & BUSINESS SOLUTIONS**

which oversees the following departments:

- a. Customer Relationship Management, Technology & Business Solutions Management;
- b. Business Development & Sales Management
- c. Commercial Operations Department;
- d. Technologies & Market Research Department.

**B. PROJECT CONTROL AREA, QUALITY SYSTEM & HSE, EQUIPMENT & PACKAGES DIVISION, HUMAN RESOURCES, ICT & FACILITY OFFICE MANAGEMENT, COMPLIANCE & SECURITY**

which oversees the following departments:

- a. Project Control Management;
- b. Quality System & HSE Management;
- c. Equipment & Packages Division Management;
- d. Compliance & Security Department;
- e. ICT Department;
- f. HR Administration & Payroll Department
- g. Travel Department
- h. Facility Office Management Department.

**C. PROJECT EXECUTION AREA**

which oversees the following departments:

- a. Projects & Construction Management;
- b. Engineering Management
- c. Procurement & Sub-contracting Management
- d. Process Design & Operations Department

**D. CORPORATE MANAGEMENT CONTROL AREA, FINANCE, LEGAL & CONTRACT ADMINISTRATION**

which oversees the following departments:

- a. Finance, Treasury & Billings Management;
- b. Legal Counsel Department
- c. Contract Administration Department
- d. Administration & Accounting Department.

**4.5. STEERING COMMITTEE**

**4.5.1. COMPOSITION**

The Committee is elected by the Board of Directors and is made up of Managing Directors in office as well as company management (hereinafter "Senior Managers"):

- Business Development Management, Sales & Marketing;
- Commercial Operations Management;
- Project Execution Management;
- Process Design & Operations Management;
- Engineering Management;
- Procurement & Sub-contracting Management.

The Chairman of the Board of Directors, the Chairman of the Board of Statutory Auditors and other statutory auditors designated by the same, as well as other persons, including other members of the Board of Directors and of the structure of the Company can take part in the meetings of the Committee when invited by the Committee Chairman on behalf of the whole Committee in relation to individual items on the agenda.

**4.5.2. DUTIES**

The Committee plays a supporting role to company departments and company bodies, in particular to the Board of Directors and the Managing Directors, by making available the technical skills of the Senior Managers belonging to it so as to contribute useful elements for carrying out management tasks at best, including strategic planning, definition of risks deriving from Risk Analysis of Bids and/or Projects, definition

of the company's organisational structure, resolutions concerning transactions to be executed and monitoring of the general trend of operations.

This function becomes manifest in activities of a consultative and advisory nature.

#### 4.5.2.1. CONSULTATIVE ACTIVITIES

The Committee plays its consultative role by giving its opinion, of a non-binding nature, on the following issues within in the budget set in the Rules of the Steering Committee:

- **activities of Business Development Management, Sales & Marketing, Commercial Operations Management**
  - supply contracts as contractor, including engineering only supply contracts
  - collaboration and consultancy contracts and those of another nature
- **activities of Project Execution Management**
  - project variants supply contracts as contractor, including engineering only supply contracts
  - purchase contracts for materials, services, technical consulting, engineering as customer.

Opinion is given after a wide ranging discussion, during which everyone taking part is required to make an active contribution by thoroughly examining the matter based on technical elements provided by the concerned Senior Manager(s).

At the end of the discussion the opinion is considered favourable if five members of the Committee agree with it. Otherwise the opinion given is considered negative.

At any rate the opinion must be given with a brief explanation of the reasons adopted by each one in favour of the position stated.

#### 4.5.2.2. ADVISORY ACTIVITIES

The Committee plays its guiding role by preparing draft resolutions for the Board of Directors on the following issues:

- **in the framework of activities of Business Development Management, Sales & Marketing, Commercial Operations**
  - supply contracts as contractor, including engineering only supply contracts
  - collaboration and consultancy contracts and those of another nature
- **in the framework of the activities of Project Execution Management**
  - project variants supply contracts as contractor, including engineering only supply contracts
  - purchase contracts for materials, services, technical consulting, engineering as customer

Each Managing Director has the option of submitting further questions to the Committee believed worthy of examination in order to stimulate its propulsive function on behalf of the Board of Directors.

Once all necessary and appropriate checks have been made and the matter has been discussed in detail among participants, the draft resolution is submitted to the Board of Directors for a vote if seven Committee members vote in favour of it. In the event six members vote in favour of the draft resolution the session is adjourned for another session to be held within 48 hours during which it is analysed again based on any further appraisal factors.

Otherwise the draft resolution is considered rejected.



The Committee can also give its opinion, also of a non-binding nature, on other matters submitted to it by the Board of Directors.

## **5. THE POWERS OF ATTORNEY STRUCTURE (T.U.S.L. (CONSOLIDATED ACT ON SAFETY AT WORK) AND ENVIRONMENTAL PROTECTION LAWS)**

### **5.1. GENERAL INFORMATION: THE EMPLOYER PURSUANT TO ITALIAN LEGISLATIVE DECREE 81/2008 - DELEGATION PURSUANT TO ART. 16, PARAGRAPHS 1 AND 2**

On 15 February 2018 the Board of Directors of Siirtec Nigi SpA elected the **Director – Managing Director for Areas A and B DELEGATE OF THE EMPLOYER** pursuant to Art. 16, paragraph 1 and 2 of Italian Legislative Decree 81/2008 has risen sharply.

#### **5.1.1. SUB-DELEGATE OF FUNCTIONS PURSUANT TO ART. 16, PARAGRAPH 3-BIS OF ITALIAN LEGISLATIVE DECREE 81/2008 – QUALITY & HSE DIRECTOR**

On 5 March 2018 the Quality & HSE Director was appointed Sub-delegate of the Employer pursuant to Art. 16, paragraph 3bis of Italian Legislative Decree 81/2008 with reference to the Company and/or the company location at Via Algardi, 2, in Milan, and for certain fulfilments related to training of company staff and that in charge of work site activities, and with the obligation to report to the Delegate of the Employer every four months;

#### **5.1.2. SUB-DELEGATE PURSUANT TO ART. 16, PARAGRAPH 3-BIS OF ITALIAN LEGISLATIVE DECREE 81/2008 – PROJECTS EXECUTION DIRECTOR**

On the same date the Projects Execution Director was appointed Sub-delegate of the Employer pursuant to Art. 16, paragraph 3bis of Italian Legislative Decree 81/2008 with reference to looking after the safety of non-work site external tasks and coordination with the Sub-delegates of the Employer responsible for individual company work sites; with the obligation to report to the Employer every four months.

#### **5.1.3. SUB-DELEGATE OF FUNCTIONS PURSUANT TO ART. 16, PARAGRAPH 3-BIS OF ITALIAN LEGISLATIVE DECREE 81/2008 – WORK SITE MANAGERS**

With reference to work sites and with the obligation to report to the Sub-delegate of the Projects Execution Director and to the Delegate of the Employer every month, the latter will choose the most suitable person from among those working at each work site.

### **5.2. DELEGATION FOR ENVIRONMENTAL PROTECTION AND SAFEGUARDING DIRECTOR PURSUANT TO ITALIAN LEGISLATIVE DECREE 152/2006**

With reference to Italian Legislative Decree 152 of 2006 on environmental protection, on 15 February 2018 the Board of Directors issued a delegation to the Director - Managing Director for Areas A and B for protection and safeguard of the environment pursuant to Italian Legislative Decree 152/2006 has risen sharply.

#### **5.2.1. FUNCTION SUB-DELEGATE – ENVIRONMENTAL PROTECTION AND SAFEGUARDING DIRECTOR PURSUANT TO ITALIAN LEGISLATIVE DECREE 152/06 – QUALITY - HSE DIRECTOR**

On 5 March 2018 the Quality & HSE Director was appointed Sub-delegate of the Department and is responsible for the protection and safeguard of the environment pursuant to Italian Legislative Decree 152/2006 with reference to fulfilment of all duties and obligations, excluding those which cannot be delegated, for protection and safeguard of the environment related to the Company and/or the company location at Via Algardi, 2, in Milan, and for certain fulfilments related to training of company staff and that in charge of work site activities, and with the obligation to report to the Managing Director for Areas A and B every four months;

#### **5.2.2. FUNCTION SUB-DELEGATE – ENVIRONMENTAL PROTECTION AND SAFEGUARDING DIRECTOR PURSUANT TO ITALIAN LEGISLATIVE DECREE 152/06 – PROJECTS EXECUTION DIRECTOR**

On the same date the Projects Execution Director was appointed Sub-delegate of the Department and is responsible for the protection and safeguard of the environment pursuant to Italian Legislative Decree 152/2006 with reference to fulfilment of all duties and obligations, excluding those which cannot be delegated, for protection and safeguard of the environment related to non-work site external tasks of the Company, and to a coordination function with



the Sub-delegates responsible for individual company work sites, and for certain fulfilments related to training of company staff, with the obligation to report to the Managing Director for Areas A and B every four months.

### **5.2.3. FUNCTION SUB-DELEGATE – ENVIRONMENTAL PROTECTION AND SAFEGUARDING DIRECTOR PURSUANT TO ITALIAN LEGISLATIVE DECREE 152/06 – WORK SITE MANAGERS**

With reference to work sites and with the obligation to report to the Managing Director for Areas A and B every month, the latter will choose the most suitable person from among those working at each work site.

## **6. SYSTEM OF INTERNAL CONTROLS**

The current system of internal controls implemented by Siirtec Nigi S.p.A. is a structured and organic system of activities, procedures, behavioural rules, service communications and organisational choices that extends throughout all the Company's activity and involves various different entities.

The main objectives of the Company's system of internal controls are based upon guaranteeing, with reasonable certainty, the achievement of operational, informative and compliance objectives:

- the operational objective of the system of internal controls involves the Company's effectiveness and efficiency in using resources, protecting itself from losses and safeguarding company assets: in that case, the system of internal controls aims to ensure that throughout the organisation, staff members work to achieve company objectives and do not prioritise other interests above those of the Company;
- the disclosure objective involves establishing prompt and reliable reports for the decision-making process within the organisation and also responds to the need to ensure reliable documents for external use, in compliance with the protection of confidentiality of company proprietary information;
- the compliance objective ensures that all operations are conducted in compliance with laws and regulations, prudential requirements as well as relevant internal procedures.

The system of controls involves every sector of activity performed by the Company through the separation of operational duties from those of control, in order to reduce every possible conflict of interest.

In particular, the Company's system of internal control is based upon the following distinguishing elements:

- Code of Ethics;
- Formalised and clear organisational system for assigning responsibilities;
- System of procedures and service communications;
- Specific operational protocols for managing sensitive relationships or processes;
- IT system oriented towards segregation of functions;
- System of control and reporting;
- Powers of authorisation and signature assigned in line with responsibilities and in accordance with corporate procedures;
- System of internal communication and staff training;
- Departments in charge of control of compliance and internal control.

The following general principles are the basis for this system of controls:

- every operation, transaction or action must be verifiable, documented and coherent;
- segregation of tasks;
- the system of control documents the implementation of controls and also of supervision.

The controls involve, with different roles, also the BoD and the Board of Statutory Auditors (BoSA), as part of and as established by the laws, regulations and codes of conduct in force.

When carrying out their control activities, the Board of Directors and the Board of Statutory Auditors can use external consultants for conducting audits on specific matters.

Each organisational department is responsible for ensuring the correct operation of the internal control system for all processes for which it has operational responsibility. The current type of internal control structure provides, inter alia, for line controls performed by the individual operational units on processes under their remit, and aimed at ensuring the correct performance of the operations.

## 6.1. THE COMPLIANCE DEPARTMENT

The Compliance Department (CMP) assesses the risks of non-compliance with the rules of business operations, such as:

- the risk of incurring legal or administrative sanctions,
- significant financial losses,
- reputational damage,

as a consequence of breach of mandatory rules (laws, regulations) or of self-regulation (Articles of Association, Code of Ethics, Organisation Model, Procedures, Protocols as per Legislative Decree 231).

- legal risk may be defined as the risk of losses resulting from breaches of laws or regulations, from contractual liability or tort or other disputes.
- operational risk represents the risk of losses resulting from the inadequacy or dysfunction of procedures, human resources, internal systems or exogenous events including the legal risk.
- reputational risk represents the current or prospective risk of losses resulting from a negative perception of the image of the Company by Customers, Partners, and Suppliers.

Given those specifications, therefore, CMP represents a compliance function that is part of the control functions of management of risks, exercising second level controls.

## 6.2. THE INTERNAL AUDIT FUNCTION

### 6.2.1. SCOPE OF INTERVENTION

The IA Function is assigned the duty of monitoring the correct operation of the company's internal audit system, meaning the set of rules, procedures and organisational structures aimed at allowing, through an adequate process of identification, measurement, management and monitoring of the main risks, for the sound and correct management of the company in line with pre-established objectives.

In the described context, the duties of the IA function include:

- compliance audits, which refer to the check of compliance with laws, regulations, policies and administrative procedures established by many Authorities (both national and foreign);
- operational audits, related mainly to organisational control and assessing the efficiency and effectiveness of the operational procedures and methods in use at the various functional areas of the company. In that sense, the subject of the audit may be work flows, organisational structures, information and communication flows, mechanisms of management of human resources or decision-making systems.

### 6.2.2. COMPOSITION

The Internal Audit Function implements its mandate in the framework of guidelines received from the Board of Directors, the Board of Statutory Auditors and the Supervisory Body and can use company resources

chosen from time to time for carrying out its activities.

### 6.2.3. REPORTING

The IA Function reports functionally to the Board of Directors and in relation to controls carried out, to the Board of Statutory Auditors and the Supervisory Body.

### 6.2.4. CONFLICT OF INTEREST MITIGATION

Where the areas of investigation involve potential conflicts of interest or breaches of the principle of segregation of functions, the BoD may entrust the respective audit interventions to external entities.

## 7. IDENTIFICATION OF "AT RISK" ACTIVITIES AND DEFINITION OF PROTOCOLS

Article 6, Paragraph II, letter A) of Italian Legislative Decree 231/2001 expressly specifies that the Company's Organisation and Management Model should "*identify activities in which crimes may be committed*". The identification of company processes "sensitive" to the commission of the crimes indicated in that article therefore represented the starting point for defining the Model of Siirtec Nigi S.p.A.

On the other hand, monitoring of sensitive activities cannot be separated from the company's organisational structure and the system of delegations and powers of attorney. The analysis and evaluation of the risk profiles is therefore a dynamic process and must be constantly monitored and updated.

The current review of the Organisation Model has been structured based on a risk mapping update on the basis of the current organisational structure and the existing system of delegations and powers of attorney.

Consequently, and on completion of the risk assessment, the risk profiles were defined for each Body/Department depending on the type of company activity/process using a comparative structure with the cases set forth by the Decree.

According to the risk profile attributed on the basis of the above assessment, constant updates are also made to Protocols pursuant to Legislative Decree 231, constituting an integral part of the Organisation and Management Model adopted by Siirtec Nigi Spa; the rules of conduct contained therein are mandatory for all those who carry out activities as part of which a risk profile has been identified.

Company Protocols and Procedures pursuant to Legislative Decree 231 as a whole guarantee in particular that:

- only persons equipped with formal and specific powers may assume commitments towards third parties in the name and on behalf of the Company;
- where an Executive of Siirtec Nigi S.p.A. also covers the role of Director of a subsidiary company, the granting of powers is performed separately by each Company in relation to the respective specific activity;
- segregation of functions and an adequate system of signatures is in place for all payment operations .

In view of the aforementioned characteristics, this Model consists of:

- A. General Part, aimed at illustrating the function and principles of the Model as well as the contents of Italian Legislative Decree no. 231/2001 and the main rules of reference;
- B. Special Part, split into separate chapters, in relation to the crimes provided by this Model;

The Special Part concretely regulates the conduct of corporate entities, senior management and those subject to management and supervision by others, in order to prevent commission of the

crimes set out in the Decree, by way of a system of governance of activities constituted by regulatory restrictions and by Documents, Procedures and Protocols, prepared by the Company, operating within the different at risk activities identified, based upon the different categories of crime provided by that Decree.

- C. Risk mapping (Risk Assessment)
- D. Protocols pursuant to Legislative Decree 231
- E. Contracts<sup>10</sup>

The section on Contracts pursuant to Legislative Decree 231 contains the drafts of the contracts relating to relationships with Third Parties, whose subject has been assessed as sensitive with respect to the provisions of the Legislative Decree 231 and some elements of reference to Legislative Decree 231 to be inserted in the general contract details.

## 8. RECIPIENTS OF THE MODEL

As illustrated above, the Model is intended for:

- Directors;
- Statutory Auditors;
- Persons who operate for the company assigned to audit the Company;
- Employees, including Executives;
- all those who, albeit external to the Company, operate, directly or indirectly, for Siirtec Nigi Spa (e.g., attorneys, intermediaries, collaborators in any capacity, consultants, suppliers, financial and commercial partners, contractors listed below as “Third Parties”).

The provisions contained in the Model must therefore be respected primarily by Executives who work in the name and on behalf of the Company and by Employees, appropriately trained and informed on the contents of that Model, according to the methods indicated below.

Compliance with the Model is also guaranteed by the provision of contractual clauses that commit external collaborators, self-employed workers to respecting the principles contained in it and to observing the rules of conduct ratified by the Code of Ethics and the rules provided by the protocols relating to the activities in question, which are attached to this Model as they constitute an integral part hereof. In the event of non-compliance by these external partners, Siirtec Nigi will be entitled to withdraw from the contract or to terminate it.

With respect to the commercial partners or those connected by way of contractual relationships such as, for example, company consortia, the Company establishes relationships only with other companies with a respectable reputation that are guided by ethical principles comparable to those of this Company. To that end, the Company carries out preliminary due diligence activities, as provided by the Code of Ethics and the company procedures.

All Third Parties which sign a contract with Siirtec Nigi S.p.A. must declare that they have read and understood the Code of Ethics and this Organisation and Management Model, undertaking to comply with the principles indicated in the same, or, in the case of foreign parties or companies operating outside of Italy, to comply with the principles expressed in the Code of Ethics and, in any event, the international and local regulations

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<sup>10</sup> The Contracts pursuant to Legislative Decree 231 are available at the Intranet address:  
<\\Sinimidata\infocenter\Politiche Aziendali\Modello 231\06 Contrattualistica 231>

on the prevention of risks that might result in the liability of Siirtec Nigi S.p.A. consequent to commission of crimes.

Contracts with these parties shall contain a specific clause of withdrawal and/or termination relating to the breach of those obligations, without prejudice to the right of Siirtec Nigi S.p.A. to take action for any damages that occur, therein including damages caused by application by a court of the penalties provided by Italian Legislative Decree 231/2001.

It is the responsibility of the company department that makes use of Third Parties, and that is in any case appointed manager of the process to which the activities of the same belong, to record each piece of information and data that allows for the conduct of those parties to be understood and assessed. In cases where the SB so requests, that information must be made available to the Body.

## 9. INFORMATION

### 9.1. INFORMATION TO EMPLOYEES

At the time of adoption, the Organisational Model was distributed to all Personnel, accompanied by an official communication regarding the contents of the Decree. The text of the Model and the Code of Ethics and revisions of the latter, in addition, are available on the company intranet website and on the Company portal.

### 9.2. TRAINING PLAN ON ORGANISATIONAL MODEL

In line with the provisions of Italian Legislative Decree 231/2001, Siirtec Nigi SpA has implemented a specific Training Plan aimed at disseminating and illustrating the Model to all personnel and keeping it constantly updated.

The Training Plan on the "Organisation and Management Model" is prepared annually by CMP in collaboration with the SB and implemented by HR – HSE – CMP.

In general, the Training Plan pursuant to Legislative Decree 231 provides for diversified interventions depending on the target, with a view to customising the courses and actually responding to the requirements of the individual structures/resources.

Those interventions include, in the same session:

- A. A. common module
  - a. regulatory/legal update
  - b. any update to the Organisational Model - General Part
  
- B. B. specific in-depth module,
  - a. risk profiles in sensitive activities
  - b. adjustments/changes to the Procedures or Protocols pursuant to Legislative Decree 231 relating to sensitive activities
  
- C. C. seminar module
  - a. modules dedicated to single-subject investigations

Participation in training periods is formalised by way of attendance signature and insertion of the names of the attendees in the SB database.

### 9.3. INSERTION OF NEW RECRUITS

As regards newly-hired staff, a specific company procedure (QP-PER-03) regulates initial training and information on the contents of Italian Legislative Decree 231/2001 and on the Organisational Model adopted by the Company, by way of giving them a copy of the Model, getting them to sign a declaration of acceptance and implementation of a learning test, prepared by CMP, in anticipation of enrolling them in the next training course.

### 9.4. INFORMATION TO SELF-EMPLOYED WORKERS, PARTNERS, SUPPLIERS, SUBCONTRACTORS, COMMERCIAL INTERMEDIARIES AND EXTERNAL PROFESSIONALS

The Department Managers who have relationships with Third Parties provide specific information on the policies and procedures adopted by Siirtec Nigi S.p.A., on the Organisation and Management Model, on the Code of Ethics as well as on the consequences resulting from conduct contrary to the cited documents or existing regulations with regard to the contractual relationships.

As said before, in order to guarantee awareness of and information on the aforementioned principles, Siirtec Nigi S.p.A. inserts appropriate clauses into contracts with Third Parties.

## 10. ADOPTION OF THE MODEL WITHIN THE CORPORATE GROUP

Siirtec Nigi SpA is a Company subject to management and coordination by the sole shareholder Siirtec Nigi Holding SpA; therefore, the Organisation and Management Model pursuant to Italian Legislative Decree 231/2001 of Siirtec Nigi SpA shares the principles established in the Code of Ethics and in the Organisation and Management Model of Siirtec Nigi Holding SpA.

### 10.1. CONFINDUSTRIA GUIDELINES – REV. 2014

Decree 231 does not expressly deal with aspects related to the liability of individual entities belonging to a group of companies. Indeed, the legal system considers the group as a whole only from the economic point of view. From the legal viewpoint it has no autonomous capacity to contract and represents a group of entities each with their own legal status.

Not being an entity, the group cannot be considered the direct centre to which liability for crimes is to be allocated and cannot be classified among the parties indicated in article 1 of Decree 231: therefore, it cannot be claimed in any way that the group as a whole is liable as per Decree 231.

On the contrary, the entities making up the group can be called to account for crimes committed in the performance of the business activities. It is therefore more correct to investigate the liability for crimes within the group.

As stated by the most recent case law of the supreme courts<sup>11</sup>, the liability of subsidiaries cannot be assumed from the mere existence of a control or connection relationship within a group of companies.

Therefore, the fundamental question is to establish under which conditions of the crime committed by a company in a group can the other companies be called to account, above all the parent company, or in the presence of which conditions of the crime committed by the parent company can the subsidiaries be called to account.

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<sup>11</sup> See Court of Cassation, Criminal Section VI, judgement no. 2658 of 2014



The holding/parent company and, specularly, the subsidiary, can be deemed liable for the crime committed in the performance of the business of the subsidiary or holding if:

- a) a predicate offence is committed in the interest or to the immediate and direct advantage of both the subsidiary and holding and vice versa;
- b) natural persons linked in a functional way to the holding (or subsidiary) have taken part in the predicate offence, making a causally significant contribution<sup>12</sup>, proven in a concrete and specific way. For example, the following can be identified:
  - i) criminally illegitimate instructions, if the essential lines of the criminal behaviour of the partners in crime can be inferred in a sufficiently precise way by the programme established by top management;
  - ii) coincidence with the senior management of the holding and that of the subsidiary (so-called interlocking directorates): the risk of propagation of liability within the group increases because the companies could be considered separate entities only in a formal perspective.

## 10.2. DIRECTION AND COORDINATION BY SIIRTEC NIGI HOLDING SPA

Siirtec Nigi Spa is subject to the direction and coordination, as of article 2497 of the Italian Civil Code, by the sole shareholder Siirtec Nigi Holding Spa.

## 10.3. SIIRTEC NIGI OOO - RUSSIAN FEDERATION

Siirtec Nigi Spa controls "Siirtec Nigi OOO", a limited liability company under Russian law based in Moscow.

The commercial relationships between Siirtec Nigi OOO and Siirtec Nigi SpA are regulated by specific services contracts that define their contents.

The General Director of Siirtec Nigi OOO is required to bring his/her conduct in line with the prescriptions of the Code of Ethics and the Organisation Model of Siirtec Nigi SpA and its respective protocols, adopting a system of company management as close as possible to the principles adopted in the Code of Ethics of Siirtec Nigi SpA and in the Organisation Model pursuant to Italian Legislative Decree 231/2001.

On 15 September 2014, OOO Siirtec Nigi adopted its own "Code of Ethics", which is in line with the Siirtec Nigi Spa code.

A six-monthly information flow has been established between the director of "OOO Siirtec Nigi Spa" in the Russian Federation and the Supervisory Body of Siirtec Nigi Spa, with particular reference to the following activities:

- management of relations with the inspection and supervisory authorities;
- management of professional assignments to third parties;
- management of gifts, presents, sponsorships and entertainment expenses;
- management of authorisations, permits and concessions;
- management of relationships with brokerage and commercial support companies;
- protection of health and safety in the workplace.

## 10.4. ADOPTION OF THE MODEL AS PART OF CONSORTIA, TEMPORARY GROUPS OF COMPANIES AND AFFILIATED CONSORTIUM COMPANIES

For the purposes of participation in company consortia without legal personality or so-called "Temporary Groups of Companies", Siirtec Nigi SpA, by way of the person delegated to represent it:

<sup>12</sup> See Court of Cassation, Criminal Section V, judgement No. 24583 of 2011



- verifies the existence of Organisation Models pursuant to Italian Legislative Decree 231/2001 at the Italian Companies members of the consortium or TGC;
- verifies the existence of similar controls in the foreign companies - i.e. policies in relation to bribery, occupational safety, money laundering and financing of terrorism, organised crime - with respect to the type of crimes provided for by Italian Legislative Decree 231/2001;
- in any case, Siirtec Nigi s.p.a. will introduce, into contracts with which it determines any participation in the consortium or TGC, a specific clause which provides the prohibition for all the participants from making any payment, gift, entertainment expense or any offer or promise of making payments, gifts or entertainment expenses to any administrative officer, public body, political party, party official, candidate for public office or other person who, directly or indirectly, may exercise an influence over the activities that the consortium or TGC may develop, for the purposes of influencing the conduct of those entities to carry out illegal activities.

In the case of activities to be carried out abroad and relating to its powers, Siirtec Nigi SpA will perform a mapping of the risks of commission of the crimes pursuant to Italian Legislative Decree 231/2001 with reference to the regulations of the host country, where the activities will be carried out under the responsibility of Siirtec Nigi SpA, in order to verify the adequacy of its controls, possibly adopting specific operational protocols.

The outcome of those verifications and activities and the related documentation are made available to the Supervisory Body of Siirtec Nigi SpA.

In addition, for the purposes of investment in **Consortium Companies or Companies with capitalist purposes**, Siirtec Nigi s.p.a., by way of the person delegated to represent it:

- where the investment of Siirtec Nigi SpA represents the majority of the stocks or shares, it will request that the management body of the incorporating Consortium Company, if incorporated in Italy, adopt an Organisation Model pursuant to Italian Legislative Decree 231/2001 or, if incorporated abroad, adopt the Code of Ethics and the Organisation Model of Siirtec Nigi SpA for the parts in which this is possible, reserving the right to prepare specific protocols pursuant to Legislative Decree 231, in relation to the specific risk profiles of the Company being incorporated;
- where the investment of Siirtec Nigi SpA does not represent the majority, Siirtec Nigi SpA will suggest that the management body of the Company being incorporated, if incorporated in Italy, adopt an Organisation Model pursuant to Italian Legislative Decree 231/2001 or, if incorporated abroad, that the Shareholders adopt the Code of Ethics and Organisation Model used by Siirtec Nigi SpA;

The outcome of that activity and, in particular, a copy of the minutes containing the resolutions set out above, is made available to the SB.

## 11. SUPERVISORY BODY

### 11.1. STRUCTURE AND COMPOSITION OF SUPERVISORY BODY

In order to be exempt from administrative liability - as regulated by Art. 6, Paragraph 1 of Italian Legislative Decree 231 of 2001 – the entity must also mandatorily form a Supervisory Body (SB) within it, vested with both autonomous powers of control (enabling it to constantly monitor operation of and compliance with the Model) and autonomous powers of initiative, to guarantee the Model is updated.

As suggested by the Confindustria Guidelines, the collegial structure of that body is the best guarantee of allowing it to be able to fulfil its duties effectively.

The Board of Directors of Siirtec Nigi SpA has thus resolved to adopt a Supervisory Body made up of two external members and one internal member.

The mandate of the Supervisory Body is for a three-year period and it can be extended.

A further characteristic of the SB is represented by the fact that its members are equipped with authority and independence required to perform its control functions.

The characteristics of the SB are set out below:

- *autonomy and independence*, which are essential so that the SB is not directly involved in the management activities constituting the subject of its control activity. The SB - in order to guarantee its independence and the high standards of its work - will report directly to the senior company management. In addition, the composition of the SB and the qualifications of its members must be sufficient to ensure the absolute autonomy of its assessments and findings;
- *professionalism*, which is required for the conduct of sensitive and critical tasks assigned to it;
- continuity of action. To that end, the SB must:
  - a) work constantly on monitoring compliance with the Model using the necessary powers of investigation;
  - b) deal with implementing the Model and monitoring its compliance, in order to stimulate its constant updating;
  - c) represent a constant reference point for all Company personnel in relation to the correct application of the Model.

### 11.2. REQUIREMENTS OF MEMBERS

Members of the SB must possess the following requirements:

#### A. integrity;

In particular, members of the Body must not be in one of the following conditions:

1. in a state of temporary disqualification or suspension from the official duties of legal entities or companies;
2. in one of the conditions of ineligibility or forfeiture provided by Art. 2382 of the Italian Civil Code;
3. have been subject to prevention measures in accordance with Italian Law no. 1423 of 27 December 1956 or Italian Law no. 575 of 31 May 1965, as amended or supplemented, save for the effects of rehabilitation;
4. have been convicted, even in court of first instance, save for the effects of rehabilitation,
  - of one of the crimes provided for by Royal Decree no. 267 of 16 March 1942(bankruptcy law);

- of one of the crimes provided for by Title XI of Book V of the Italian Civil Code (companies and consortia);
- of a non-wilful crime, for a period of not less than one year;
- of a crime against the public administration, against public trust, against property, against the public economy;
- of one of the crimes provided for by rules governing banking, financial, property, insurance activity and by the rules in relation to the markets and securities, payment instruments.

B. absence of conflicts of interest;

C. absence of family ties with the company's senior management.

Possession of those requirements is declared and renewed year on year by self-certification, by each of the members of the Supervisory Body for the whole period in which the member of the SB remains in office.

The BoD reserves the right to ascertain the actual existence of those requirements.

In order to allow the SB to carry out its tasks fully, there is also provision for the same to use internal and external consultants. More specifically:

- it may use the specific expertise of departments internal to the company;
- it may in any case use external consultants for specific expertise that the SB deems necessary.

In addition, in order to ensure the SB has a clear understanding of the implementation of the Model, its effectiveness and actual operation, as well as on the requirements for updating the same, it is essential that the Body always works in close collaboration with the company departments.

As a result, the Department Managers with operational responsibility for the sectors of activity in which, at present, there is a risk of commission of the crimes provided by Italian Legislative Decree 231/2001 and who have also helped to define appropriate protocols to control those risks, must implement a reporting process to the Supervisory Body, the contents and frequency of which are indicated in Protocol 11.

The Department Managers identified are the following:

- Project Execution Management;
- Corporate Management Control;
- Procurement & Sub-contracting Director;
- Engineering Management
- Administration & Payroll Department;
- ICT Department;
- Compliance & Security Department;
- HSE-Q Department;
- Delegates of the Employer pursuant to Italian Legislative Decree 81/2008)
- Equipment & Packages Division;
- Finance Department;
- Legal Department;
- Branch Managers of Siirtec Nigi SpA

The establishment of the Department Managers should ensure a more practical and therefore more effective implementation of the Model, acting as an operational and informative link between the SB and the individual operational units as part of which the risk profiles have been identified.

The Head of the Compliance Department, in particular, constitutes for the SB the opportunity to make use of an element of connection internal to the Company that allows for:

- monitoring the correct fulfilment of reporting obligations to the SB by the Department Managers;
- ensuring the constant regulatory update and organisational adjustment of the Model and its components (General Part, Special Part, Protocols pursuant to Legislative Decree 231 and information flows)
- contributing to the constant training requirements on the Model and on the regulations pursuant to Legislative Decree 231, through the 231 Training Plan shared with the SB;

### **11.3. DEFINITION OF DUTIES AND POWERS**

On a general level and in compliance with the provisions of Art. 6, Paragraph 1, Letter B), of Italian Legislative Decree 231/2001, the SB of Siirtec Nigi S.p.A. is assigned the duty of:

- overseeing actual compliance with this Model by all recipients (directors, statutory auditors, auditors, employees and, to the extent required therein, all collaborators in any capacity of Siirtec Nigi S.p.A.);
- overseeing the actual effectiveness and suitability of the Model in relation to the company structure and the actual capacity to prevent the crimes set out in Italian Legislative Decree 231/2001;
- assessing whether the Model should be updated, when changes are seen to be necessary in relation to evolving business and/or regulatory conditions, requesting the relevant bodies take actions for this purpose.

In fulfilment of those duties, the SB is also entrusted the following activities

- proposing and possibly soliciting the issuance of provisions or orders of internal services for the purpose of implementing the system of control. It is noted, however, that the primary responsibility for monitoring the management activity relating to the risk areas is still held by the Department of Siirtec Nigi S.p.A. in charge of the respective management activity;
- indicating to the BoD the budget required for carrying out the activities under the remit of the SB and in the case of particular requirements presenting to the same a revised budget proposal;
- preparing the annual plan for audits on the adequacy and operation of the Model;
- performing checks on a continuous basis, as part of the annual plan, on the activities or operations identified in the risk areas, coordinating them with those entrusted to the Department Managers, in order to assess compliance with and operation of the Model;
- performing checks aimed at certain operations or specific actions, implemented by Siirtec Nigi S.p.A., particularly as part of the areas at risk of crime; those results must be summarised in an appropriate report to be submitted when reporting to the BoD;
- verifying that the elements provided for the implementation of this Model (adoption of standard clauses, performance of procedures, etc.) are in any case adequate and in compliance with Italian Legislative Decree 231/2001, proceeding, where they are not, to update those elements;
- examining the reports of the Department Managers in order to identify potential deficiencies in the operation of the Model and/or possible breaches of the same;
- collecting, compiling and storing information on compliance with the Model; in particular, regulating the information flow by the Department Managers;

- setting up an e-mail inbox specifically to receive from the company departments any requests for clarifications in relation to doubts or problematic circumstances, as well as solicitations for interventions aimed at implementing the Model;
- promoting adequate initiatives aimed at disseminating knowledge and understanding of the Model;
- assessing the reporting of possible breaches and/or lack of compliance with the Model;
- conducting investigations aimed at assessing possible breaches of the requirements of the Model;
- reporting ascertained breaches to the relevant body for it to take disciplinary action;
- assessing the requirements of update of the Model, also with appropriate meetings with the various relevant company departments;
- monitoring the update of the organisation chart, which describes the organisation of the whole company, identifying its Departments;
- requesting and/or assigning to third parties - in possession of the specific expertise for the best implementation of the assignment - any duties of a technical nature

In relation to updating the Model, the adoption of any changes is the responsibility of the BoD which, in line with Art. 6, Paragraph 1, Letter A), has direct responsibility for adopting and actually implementing the Model itself.

In relation to the duty of the SB to deal with updating the Model, that function translates into the following activities.

- monitoring changes in the applicable regulations;
- preparing appropriate measures for the purposes of keeping updated the mapping of risk areas in accordance with the methods and principles followed in adopting this Model and also identified by the Department Managers, regulating their methods of communication;
- overseeing the adequacy and update of the protocols set out in the Special Part with respect to the requirements to prevent crimes and verifying that every part that makes up the Model is and remains compliant with and suited to the purposes of the Model as identified by law, for that purpose being able to use information from and collaboration by the Department Managers;
- assessing, in the case of actual commission of crimes and significant breaches of the Model, the opportunity to suggest to the BoD the necessary changes to the same;
- suggesting to the BoD changes to the Model;
- verifying the effectiveness and functionality of changes to the Model adopted by the BoD;
- overseeing the congruity of the system of powers of attorney and delegations for the purpose of ensuring the constant effectiveness of the Model. The SB must therefore also carry out cross-checks to verify the correspondence between the activities actually implemented by representatives of Siirtec Nigi S.p.A. and the powers formally granted by existing powers of attorney.

It is important to note that, in order to ensure the complete effectiveness of its actions, the SB has free access to all company documentation that may be relevant for the purposes of verifying the correct functioning of the Model.

In any event, the SB has the power/duty both to consult with persons authorised by law to audit the company and to request verification of compliance with the requirements of the law for the purposes of proposing liability or revocation actions for just cause.

#### **11.4. SUPERVISORY BODY REGULATION**

For all the other operating aspects, the SB will be self-regulated by means of a series of regulations that guarantee its optimal functioning in terms of efficacy and independence.

### **11.5. REASONS FOR DISQUALIFICATION AND REVOCATION FROM THE SB**

The non-existence of the requirements provided at point 11.1.1. involves the disqualification from the role of a member of the SB.

Any revocation of the mandate of members of the SB, to be ordered exclusively for reasons connected to significant breaches concerning the assignment granted, must be resolved upon by the BoD and must be communicated in advance to the BoSA.

### **11.6. REPORTING BY THE SUPERVISORY BODY TO SENIOR MANAGEMENT**

As described above, in order to guarantee its full autonomy and independence in performing its functions, the SB communicates directly to the BoD of the Company and to the BoSA.

Its reporting to the Board of Directors, which has the power to convene the Shareholders' Meeting, also constitutes the best guarantee of ultimate control over the actions of the directors entrusted, in accordance with the legislation and the Company articles of association, to the shareholders.

The SB is assigned the following two lines of reporting:

- the first one on an ongoing basis, directly to the Director with delegation to Compliance;
- the second, on a six-monthly basis, to the BoD and BoSA, subject to informing the Director with delegation to Compliance, indicating in particular the checks made and the outcomes of same, the specific controls and the outcomes of same, any need to update the mapping of the sensitive processes and related risks, etc. and, on the occasion of the year end six-monthly meeting, a plan of audits for the following year.
- the current implementation status of the Model, with particular reference to the outcomes of the supervisory activity performed during the period and the interventions required to implement the Model, in a written report;

The SB may be convened at any time by the aforementioned bodies or may, itself, make a request – where it considers this appropriate or necessary - to be heard by the BoD to report upon particular events or situations relating to the operation and compliance with the Model, requesting, where appropriate, an intervention by that body.

In order to ensure the correct and effective flow of information, the SB may also, in order to fully and correctly exercise its powers, request clarifications or information directly from the Director with delegation to Compliance and the Department Managers.

On a six monthly basis, in addition, the SB sends to the BoD and the BoSA a written report in relation to the activity performed,

The report concerns:

- the activity performed by the SB;
- any criticalities (and suggestions for improvements) that may have emerged both in terms of conduct or events internal to the company Siirtec Nigi S.p.A., and in terms of effectiveness of the Model;
- suggestions for improvements

The reporting by the SB to the BoD and BoSA will occur only by the methods described above and will also be exercised in a collegial manner.



Minutes must be recorded for meetings with the bodies to which the SB reports and a copy of the minutes must be stored by the SB and by the bodies involved each time.

### **11.7. INFORMATION FLOWS TO THE SUPERVISORY BODY**

Italian Legislative Decree 231/2001 defines, among the requirements that the Model must satisfy, the establishment of information obligations towards the SB.

The information flows concern all information and documents that must be brought to the attention of the SB, according to the provisions of the protocols and by each part that makes up the Model.

The following obligations have therefore been established:

- the corporate bodies must report to the SB any information concerning compliance with and operation of the Model.

In particular BoSA and the External Auditors periodically send the Supervisory Body the information referred to in the preceding point with reference to any violations of the Code of Ethics and/or Model, and in general, the adequacy of the Model in relation to control and revision tasks they are responsible for;

- The personnel, employees and others must report any information relating to conduct constituting breaches of the requirements of the Model or relating to the commission of crimes.

For those purposes, a dedicated communication channel has been established for enabling personnel to send correspondence to the SB via an e-mail address; that method of sending information is intended to guarantee the confidentiality of the persons sending the message, also with a view to avoiding any retaliation against them.

The sending of reports must occur according to the methods set out by procedure QP-ICT-01 in compliance with the provisions of Art. 6, paragraph 2-bis, letters a) and b).

The SB assesses the reports even when anonymous and may convene, where it deems it necessary, the alleged perpetrator of the breach, also giving rise to all assessments and investigations that it deems appropriate to investigate the reported facts.

Where the report is received in anonymous written form, the SB assesses the opportunity to proceed with investigations, provided that the report contains sufficiently specific information to perform the necessary assessments.

Apart from the indicated reports - anonymous or in which the person who sent it should be or asks for his or her identity to be kept private - information concerning the following must be sent to the Supervisory Body:

- measures and/or information concerning the existence of criminal proceedings, even if these involve unknown persons, relating to issues affecting the Company;
- measures and/or information concerning the existence of administrative proceedings or significant civil disputes in relation to requests or initiatives of independent authorities, the financial administration, Environment Ministry, local administrations, contracts with the Public Administration, requests and/or management of public funds;
- requests for legal assistance sent to the Company by personnel in the case of criminal or civil proceedings being brought against them in relation to the crimes pursuant to Italian Legislative Decree 231/2001;
- reports prepared by the Department Managers as part of their monitoring activities which may show facts relevant to compliance with the Model;



- information relating to disciplinary proceedings performed and any sanctions applied (therein including measures against employees) or the dismissal of those proceedings and the reasons for that.

When necessary and/or appropriate, the SB proposes to the BoD any changes/additions to be made to the list indicated above.

The Department Managers also have an obligation to submit reports from their departments. In particular, those Managers must report to the SB:

- periodically, by way of reports;
- promptly in the case of serious anomalies in the functioning of the model or breaches of the requirements of the same.

**The methods and frequency of information flows to the SB are indicated in Protocol 231 no. 11 "Information flows to the SB"<sup>13</sup>.**

The Department Manager therefore undertakes to know and respect the rules provided by the Model, as well as promptly to perform his duties of supervision and control.

In exercising its powers of inspection, the SB may freely access all sources of information of the Department, read documents and consult data relating to the same.

All information, documentation, reports provided by this Model are stored by the SB, in digital or paper format for a period of 5 years; the SB is responsible for keeping confidential the documents and information acquired, also in compliance with privacy regulations.

Access to the foregoing is permitted only to the SB, members of the BoD and BoSA and the Company assigned to perform the Audit, subject to motivated request to the SB.

The SB adopts the appropriate safeguards to ensure the confidentiality of any reporting persons.

#### **11.8. VERIFICATION OF SUITABILITY OF THE MODEL**

In addition to the supervision that the SB performs continuously on the effectiveness of the Model by verifying the coherence between the conduct of the recipients and the model itself, the SB periodically performs verifications on the actual capacity of the Model to prevent the crimes.

For this purpose, the SB may obtain support from third parties with adequate characteristics of professionalism and independence.

For the verifications, the SB will normally be supported by the internal departments whenever their assistance is required. The verifications and their outcome are included in the annual report to the BoD and BoSA.

In particular, in the case of a negative outcome, the SB will explain in its annual plan the improvements to be implemented.

- The activity of the SB, from this further profile, involves: preparing a plan in which the actions that Siirtec Nigi S.p.A. must take are defined and suggested;
- the implementation of this Model along with monitoring aimed at verifying its operation and suitability.

<sup>13</sup> Protocol 11 "Information Flows to the SB" is available at the Intranet address:

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### **11.9. FEE**

The fee of the SB is applied by the BoD and may not be changed during the period of office, except for any changes determined by the opportunity to adjust the fee to legal indices.

### **11.10. RELATIONSHIPS BETWEEN THE SB OF SIIRTEC NIGI HOLDING SPA AND THE SB OF SIIRTEC NIGI SPA**

THE SB of SN and the SB of SNH meet at least once every six months to discuss their reference audit plans and the status of the audits carried out, and keep in touch for matters related to their activities, although either can request an urgent meeting when events necessitate this.

In this latter respect, the Supervisory Bodies can jointly conduct audits on activities involving the help of senior management figures of both Companies.

## 12. DISCIPLINARY SYSTEM

In order to assess the effectiveness and suitability of the Model for preventing the crimes envisaged by Italian Legislative Decree 231/2001, the Model must define and sanction the actions that may facilitate the commission of crimes.

This is in compliance with Art. 6, Paragraph 2 of Italian Legislative Decree 231/2001, which lists the conditions that must be included within the models established by companies, in letter e) which expressly provides that the company is obliged to "introduce a disciplinary system suitable for punishing non-compliance with the measures indicated by the Model".

### 12.1. RECIPIENTS AND DEFINITIONS

The following categories of employees are subject to the disciplinary system:

- employees of Siirtec Nigi S.p.A. as identified by Art. 2094 et seq. of the Italian Civil Code, therein including managers, and people working from home in accordance with Italian Law no. 877 of 18 December 1973;
- staff provided by employment agencies, used by Siirtec Nigi S.p.A.

In addition, the recipients of the disciplinary system are autonomous workers who collaborate with Siirtec Nigi S.p.A.:

- under a works contract based on Article 2222 et seq. of the Italian Civil Code;
- under a collaboration contract based on Art. 61 of Italian Legislative Decree No. 276 of 10 September 2003 and Art. 409, No. 3 of the Italian Code of Civil Procedure;
- under an agency contract based upon Art. 1742 of the Italian Civil Code.

### 12.2. CONDITIONS

The disciplinary system is applied by Siirtec Nigi S.p.A. to the recipients referred to above where breaches of the Model are ascertained, irrespective of the establishment or otherwise and the outcome of any investigation or criminal proceedings.

In fact, in accordance with the combined provisions of Articles 5, letter b), 6 paragraph 2-bis, letter d) and 7 of Italian Legislative Decree 231/2001, the sanctions provided in the following paragraphs may be applied, depending upon the severity of the breach, against employees, whether or not they are staff of Siirtec Nigi S.p.A., who carry out unlawful acts resulting from:

- failure to comply with the provisions of this Model;
- missing or falsified evidence of the activity performed in relation to the methods of documentation, storage and inspection of the documents required by the Protocols so as to prevent the transparency and verifiability of the same;
- lack of supervision, in relation to actual application of the Model, by hierarchical superiors on the conduct of their subordinates;
- lack of training and/or lack of update and/or lack of communication to personnel operating in at risk areas of the processes involved in the Model;
- breach and/or avoidance of the inspection system, implemented by way of removal, destruction or alteration of documentation required by the Protocols or impeding controls or access to the information and documentation by the inspectors, therein including the SB.
- violation of the protection measures of the person who reported an alleged violation;

- forwarding or submission of baseless reports made with malicious intent or caused by gross negligence.

### 12.3. SYSTEM OF SANCTIONS

#### 12.3.1. Disciplinary sanctions against employees with the title of workers, employees and managers

Breaches of the rules of law, the Code of Ethics and protocols attached to this Model as well as, in general, actions likely to expose the Company to the application of measures provided by Italian Legislative Decree 231/2001, when committed by employees other than senior managers, may result, under the terms of point 12.2, in the application of conservative sanctions or dismissal in compliance with the limits set out in Art. 2106 of the Italian Civil Code, Articles 7 and 18 of Italian Law no. 300 of 20 May 1970 and the collective contract applied.

#### 12.3.2. Disciplinary sanctions against senior management figures

Breaches of the rules of law, the Code of Ethics and protocols attached to this Model as well as, in general, actions likely to expose the Company to the application of measures provided by Italian Legislative Decree 231/2001, when committed by senior management figures, may result, under the terms of point 12.2, in the application of the sanctions set out in the collective contract for other categories of employees, in compliance with Articles 2106, 2118 and 2119 of the Italian Civil Code, as well as Art. 7, Italian Law No. 300 of 20 May 1970.

#### 12.3.3. Precautionary suspension

The breaches referred to in point 12.3.2, inadequate supervision and failure to provide prompt information to the Supervisory Body regarding breaches committed by subordinates, may determine, for senior managers, under the terms of point 12.2, temporary suspension from working activity, subject to the right of those senior managers to full pay, as well as, also provisionally and for a period not exceeding three months, placement on different duties, in compliance with Art. 2103 of the Italian Civil Code.