

1. GENERAL PRINCIPLES

In application of the provisions of art. 7, paragraph 1, of law 20 May 1970, No. 300 (Workers' Statute) and of the "National Collective Employment Contract for workers in the Private Metalworking Industry and Installation of Equipment", all the personnel of Forge Fedriga s.r.l., whose contract is governed by the above mentioned NCEC, are made aware of the following disciplinary rules relating to the procedure for applying disciplinary infractions and the applicability of the penalties for each of them.

This "Disciplinary Regulation" shall be permanently affixed on the company's bulletin board. The Administration Manager shall be responsible for suitably disseminating and distributing any amendments and additions that might be required, as well as for handing a copy of the text to the concerned parties that request it.

With regards to senior managers, this is without prejudice to any right by the company to proceed otherwise should the essential relationship of trust with the manager fail.

2. REGULATORY FRAMEWORK

- National Collective Labour Contract for workers in the Private Metalworking Industry and Installation of Equipment – Title VII (Relations in the company) articles 8, 9, 10 and 11 that are affixed on the bulletin board jointly with this "Disciplinary Regulation"
- Workers' statute – art. 7 of law 20 May 1970, No. 300 set out below
 - The disciplinary rules on penalties, on offences in relation to which each one of them may be applied and on the procedures to state the same, should be brought to the attention of workers by affixing in a place accessible to all.*
 - They must apply the provisions established on the matter by agreements and labour contracts where existing. The employer may not implement any disciplinary measure against the worker prior to disputing the charge and without hearing their defence.*
 - The worker may be assisted by a representative of the trade union they have joined or have designated.*
 - Without prejudice to the provisions of law 15 July 1966, No. 604, no disciplinary measures may be implemented involving permanent changes in the employment relationship. Furthermore, the fine may not be enforced for an amount of more than four hours of basic pay and suspension from duty without pay for more than ten days.*
 - In any case, the disciplinary measures more serious than a verbal reprimand may not be applied earlier than 5 (five) days after written notification of the fact that caused them.*
 - Without prejudice to similar procedures set forth by the collective employment agreements, and subject to the right to appeal to the judicial authority, the employee to whom a disciplinary measure has been applied may initiate, within the following twenty days, also via the association they are registered with or acting on their behalf, through the provincial labour and employment office, a board of conciliation and arbitration, consisting of one representative of each party and a third member selected by mutual agreement or, failing agreement, appointed by the labour office director. The disciplinary measure remains suspended until the board has expressed an opinion.*
 - Should the employer fail to appoint their representative in the board mentioned in the previous paragraph, within ten days from the notice sent by the labour office, the disciplinary*

*measure has no effect. Should the employer bring the matter before the judicial authority, the disciplinary measure remains suspended until the judgement is made.
No effect of disciplinary measures shall be taken into account after two years of their application.*

- Italian Civil Code, articles 2104, 2105 and 2106

Art. 2104 "Diligence of the employee"

The employee shall use the diligence required by the nature of the service provided, by the interest of the company and the higher interest of national production. He or she must also comply with the provisions for execution and work regulations issued by the entrepreneur and the latter's associates he or she hierarchically reports to.

- Art. 2105 "Obligations of loyalty"

The employee shall not have dealings on their own behalf or on behalf of third parties in competition with the entrepreneur, nor disclose information concerning the organisation and production methods of the company, or use them so as to cause detriment to the same

- Art. 2106 "Disciplinary measures"

Failure to comply with the provisions contained in the two previous articles may give rise to application of disciplinary measures, according to the severity of the breach and in compliance with corporate standards.

It should be underlined that concrete application of the disciplinary measures is irrespective of any criminal proceedings, as the rules of conduct are implemented by the company in full autonomy, regardless of the offence any conduct might lead to.

- Legislative Decree 81/08 – Consolidated Law on workplace safety

This "Disciplinary Regulation" incorporates the provisions under the Consolidated Law on workplace safety with regards to the obligations set forth for supervisors by art. 19 and for workers by art, 20 which are reproduced in their entirety.

Art. 19: Obligations of supervisors

1. *With regards to the activities indicated in article 3, the supervisors, according to their assignments and responsibilities, must:*
 - a) *supervise and watch over compliance by individual employees with their legal obligations, as well as with company provisions on health and safety in the workplace and on the use of collective and personal protection equipment made available to them and, in the event the non-compliance should persist, inform their direct superiors;*

- b) *ensure only workers who have received adequate instructions access the areas that expose them to a severe and specific risk;*
- c) *request compliance with the measures for controlling situations of risk in the event of emergency and issue instructions so that workers, in the event of severe, immediate and unavoidable danger, leave their workplace or hazardous area;*
- d) *inform as soon as possible the workers exposed to the risk of a severe and immediate danger on said risk and on the measures taken or to be taken for protection;*
- e) *refrain, except where duly substantiated, from asking workers to resume their activities in a work situation where a severe and immediate danger persists;*
- f) *promptly inform the employer or manager both on deficiencies of the work equipment and personal protection equipment, and on any other condition of danger that should occur during work, that they should become aware of on the basis of the training received;*
- g) *attend appropriate training courses according to the provisions of article 37.*

Art. 20: Obligations of workers

1. *Every worker must take care of their health and safety and that of other persons in the workplace, who are affected by their actions or omissions, in compliance with their training, instructions or equipment provided by the employer.*
2. *Specifically, workers must:*
 - a. *contribute, together with the employer, the managers and supervisors, to fulfilling the obligations set forth to protect health and safety in the workplace;*
 - b. *comply with the provisions and instructions issued by the employer, managers and supervisors, for the aims of collective and personal protection;*
 - c. *use correctly the work equipment, hazardous substances and preparations, means of transport, as well as safety equipment;*
 - d. *use appropriately the protection equipment made available to them;*
 - e. *immediately report to the employer, manager or supervisor the deficiencies of the means and equipment under letters c) and d) as well as any hazardous condition they might become aware of, directly taking action, in the event of urgency, within their responsibilities and possibilities and without prejudice to the obligation under letter f) to eliminate or reduce the situations of grave and imminent danger, informing the workers' representative for safety;*
 - f. *do not remove or modify without authorisation the safety, signalling or control devices;*
 - g. *do not perform on their own initiative operations or manoeuvres that do not fall within their responsibilities or that might affect their own safety or that of other workers;*
 - h. *take part in the training and education programmes organised by the employer;*
 - i. *undergo the health checks set forth by this legislative decree or as arranged by the company doctor.*

3. GENERAL SYSTEM OF SANCTIONS

Negligences by workers may be punished, according to their severity, by:

- a. Verbal reprimand
- b. Written warning
- c. Fine not exceeding 3 hours calculated on the minimum wages
- d. Suspension from work without pay for up to a maximum of 3 days
- e. Dismissal for misconduct pursuant to art. 10, Title VII of the NCEC (dismissal with or without notice)

For the procedure and application of the penalties concerning failure to comply with the regulatory provisions under item 2 and with regards to the misconduct indicated above, reference is made to the provisions of the contract that are attached to this "Disciplinary Regulation".

4. LEGISLATIVE DECREE 231/2001

The code regulating company organisation, implemented in accordance with the law provisions in force, is integrated based on the following statutory provisions pursuant to and by effect of Legislative Decree 231/2001.

The following constitutes a disciplinary offence by the company's employee/associate:

- failed, incomplete or untrue documentation of the activity carried out set forth for sensitive processes
- obstructing the checks, unjustifiably preventing access to information and documentation to the parties in charge of checks under the procedures and decisions, including the Supervisory Board, or other conduct appropriate to the breach or circumvention of the control system
- breaching the regulations protecting health and safety in the workplace set forth by legislative decree 81/2008
- unjustified and repeated breaches of the other requirements of Model 231 (MOG) published on the website of Forge Fedriga s.r.l.

The disciplinary sanction, graded based on the severity of the infringement, shall be applied, also upon report and request of the Supervisory Board, in accordance with the Law provisions in force.

Significant breaches of the relevant requirements of Model 231 committed by persons that perform, or actually conduct functions of representation, administration or management of the company or organisational unit thereof having financial and functional autonomy, are reported to the Supervisory Board or Board of Directors for the relevant decisions, which depending on the severity of the breach may consist in:

- formal written reprimand, dispraising the breach of the provisions of Model 231



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- suspension from office without pay for a period between one month and six months for particularly serious, repeated or multiple breaches
- proposed or resolved removal from office, in case of exceptionally serious breaches

Specifically, Article 6 of Legislative Decree 231/01 expressly sets forth the implementation of an appropriate disciplinary system to punish non-compliance with the measures indicated in the model.

The preparation of an adequate system of sanctions, for the breach of the provisions contained in the model, is therefore an essential condition to assure the effectiveness of said model.

The application of the disciplinary measures is irrespective of the outcome of any criminal proceedings, since the rules of conduct imposed by the Model are implemented by the company in full autonomy, regardless of the type of offence that breaches of the model might lead to.

The type and extent of the measures are determined, as specified in the disciplinary code in force, in relation to:

- the intentionality of the behaviour or degree of negligence, imprudence or inexperience also with regard to the predictability of the event
- the overall conduct of the worker, particularly with respect to the existence or otherwise of disciplinary precedents against the same
- the worker's tasks and contractual framework
- the functional position of the persons involved in the facts representing the misconduct
- other particular circumstances attending the disciplinary infringement

With regards to the investigation of said offences, disciplinary proceedings and the application of sanctions, the powers already granted to the General Management remain unchanged, within the limits of the relevant competence.

The disciplinary system is constantly monitored by the SB.

5. DISCIPLINARY MEASURES APPLIED TO EMPLOYEES

The worker who does not comply with the regulations and procedures for management, prevention and control of offences damages the relationship of trust established with the organisation as they breach, inter alia, Article 2104 of the Italian Civil Code (*Diligence of the employee: the employee shall use the diligence required by the nature of the service provided and by the interest of the company employing them. He or she must also comply with the provisions for execution and work regulations issued by the entrepreneur and the latter's associates he or she hierarchically reports to*).

Any conduct of workers, in breach of individual rules of conduct inferred from this model are defined as disciplinary offences. The sanctions applicable to workers, fall within the provisions of the Disciplinary Regulations, in compliance with the procedures set forth by Article 7 of Law 300/1970 (Workers' Statute) "Disciplinary measures" and any special applicable regulations.

With regards to the above, the model refers to the categories of punishable offences set forth by the existing system of sanctions, in the terms that are described in the following table:

Disciplinary measure	Disciplinary misconduct
<p>Verbal or written reprimand</p>	<p>It is incurred by the worker who commits minor breaches, such as, for example:</p> <ul style="list-style-type: none"> ▪ Failure to comply with the required procedures ▪ Unjustified omission of the controls required in the areas identified as <i>at risk</i> ▪ Failure to send relevant information to the SB ▪ Implementation of a conduct that does not comply with the requirements of Model 231
<p>Fine</p>	<p>It is incurred by the worker in repeated breach, upon occurrence of one of the following events;</p> <ul style="list-style-type: none"> ▪ The same breaches, albeit minor, have been disputed to the worker several times in the previous two years with verbal or written reprimand ▪ The employee has performed, while carrying out the activity in areas considered at risk, repeated conducts not complying with the requirements of the model, even before these have been ascertained and disputed
<p>Suspension from duty without pay</p>	<p>It is incurred by the worker who, in breaching the internal procedures set forth by Model 231 or implementing, while carrying out activities in areas at risk, a conduct not complying with the requirements of Model 231, or by performing actions contrary to the interest of the company, should cause detriment to the same, or expose it to an objective situation of hazard to the integrity of its assets.</p>
<p>Dismissal with compensation in lieu of notice</p>	<p>It is incurred by the worker who, operating in areas at risk, should implement conduct strongly deviating from the requirements of the protocols of Model 231, or serious misconduct already sanctioned in the past or even, actions aimed unequivocally at performing a crime set forth by Legislative Decree 231/01.</p>
<p>Dismissal without notice</p>	<p>It is incurred by the worker who, while carrying out activities in areas at risk, implements a conduct blatantly in breach of the requirements of Model 231 or the Law, such as to bring about, potentially or de facto, application to the company of the measures set forth by Legislative Decree 231/01, with consequent and possibly severe financial and image damage for the company itself.</p>

6. DISCIPLINARY MEASURES APPLIED TO MANAGERS

In the event of breach by the managers of the internal procedures established by this Model 231 or implementation, while carrying out activities in areas at risk, of conducts in breach of the requirements of Model 231, the most appropriate measures shall be applied against those responsible, in compliance with the provisions of the applicable National Collective Employment Contract.

7. DISCIPLINARY MEASURES APPLIED TO DIRECTORS



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In the event of breach of the model by directors, the SB shall inform the entire Board of Directors, which shall take the appropriate initiatives set forth by the regulations in force.

8. DISCIPLINARY MEASURES APPLIED TO ASSOCIATES AND EXTERNAL CONSULTANTS

Individuals associated by partnerships or consultancy relations that should carry out, in performing their activities, conducts contrary to the provisions contained in Model 231 implemented by the company, may be sanctioned with the termination of their contract, on the basis of the appropriate express termination clauses, included in contracts entered into with said individuals.

9. REPORTING ON THE DISCIPLINARY SYSTEM

The Company shall set up suitable documentation (Register of Penalties 231) to indicate, for each employee, the number and subject of the verbal reprimands incurred, for adequate evidence to remain of the same, notwithstanding the fact that no penalty shall be taken into account after 2 years of its application for the aims of repeated breach.

On a six-monthly basis a report shall be drawn up by the Administrative Manager, the object of which shall be the disciplinary situation of the Company's personnel highlighting any reports and complaints made, either in writing or verbally, to employees of the Company for breaching the company's Compliance Programme. Said report shall be submitted to the Supervisory Board for examination and assessment.

The Supervisory Board shall be immediately informed of the outcome of all proceedings for application of penalties owing to breaches to the Company's Compliance Programme for it to exercise the powers of vigilance and control under its responsibilities.