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1. INTRODUCTION

Adaptation of Italian legislation to some International Agreements Italy has adhered to (Brussels Agreement of 26 July 1995 on the protection of the financial interests of European Communities, Brussels Agreement of 26 May 1997 on the fight against corruption involving officials of the European Community or Member States and OECD Agreement of 17 December 1997 on the fight against corruption of foreign public officers in economic and international operations) has led to approval of **Legislative Decree 8 June 2001, no. 231**, entitled "*Laws regulating administrative responsibility of legal persons, companies and associations even without legal personality*".

This decree has introduced in Italian law a system of liability borne by Entities (S.r.l., cooperatives, recognised associations, etc.) for certain offences committed in the interest or for the benefit of the Entities themselves by persons who, even de facto, exercise their management or control, or by their subordinates.

The Entity's administrative liability, which makes it possible to apply the sanctions listed below, is based on an "organisation" fault: the Entity is considered equally liable for the crime committed by one of its members if they failed to give itself an organisation able to effectively prevent committing it; specifically if it has failed to implement an internal control system and adequate procedures for conducting the activities at greater risk of committing offences.

Legislative Decree 231/2001, with articles 6 and 7 indicates the methods for implementing said internal control system. Specifically, it entails implementing an "**organisation and management model**" and setting up an internal **Supervisory Board** (hereinafter also referred to as SB) in charge of controlling and constantly assess the preventative effectiveness of the model: said procedure is the only condition exempting from the application of the sanctions set forth by the decree.

In this connection, FORGE FEDRIGA S.r.l., deeming it appropriate to operate in a context of transparency and fairness, has decided to implement a suitable model that, in addition to compliance with the provisions of the Decree, takes into account the Guidelines issued by Confindustria.

This document, with all its annexes, is the **Organisation, Management and Control Model** (hereinafter also Compliance Programme) pursuant to Legislative Decree 8 June 2001, no. 231 approved by the Shareholders' Meeting and simultaneously implemented by the Board of Directors on 06/10/2016.

2. THE LEGAL PERSONS' ADMINISTRATIVE LIABILITY SYSTEM

It is a liability that, despite having been defined administrative by the lawmaker and although it involves penalties of said nature, has the typical features of criminal liability as it follows the execution of crimes and is established through criminal proceedings.

Specifically, the Entities may be considered "*liable*" every time the unlawful conducts strictly listed in Legislative Decree 231/01 (hereinafter the "Crimes") *in their interest or for the benefit* of:

- natural persons who are representatives, directors or managers of the Entity or one of its organisational units with financial and functional independence, or by persons exercising, even de facto, management and control of the same (so-called top managers) ;
- persons under the direction or supervision of one of the aforementioned individuals (so-called subordinate persons).

With regards to the concept of "*interest*", it is obtained whenever the unlawful conduct is carried out with the exclusive intent to cause a benefit to the company.

Likewise, the "*administrative liability"* is borne by the latter every time the offender, despite not having acted in order to benefit the Entity, has in any case caused an indirect advantage to the legal entity, either economic or not.

On the contrary, the exclusive "*advantage*" for the person carrying out the offence rules out the Entity's liability.

However, with regards to the requirement of territoriality, the criminal conduct is relevant regardless of whether it is carried out in the Italian territory or abroad.

The administrative liability of Entities does not exclude that of the natural person who has carried out the offence, on the contrary it compounds it.

The administrative sanctions that may be applied to Entities in case their liability is ascertained are:

a) Fine

It is applicable for any administrative offence and may vary from a minimum of € 25,822.84 to a maximum of € 1,549,370.70. In the event that the Entity is responsible for a number of offences committed by a single act or omission or otherwise committed in the performance of the same activity and before a ruling, even non final, has been given for one of them, the most severe sanction is applied, increased up to three times;

b) Disqualifying Sanctions

These are applied for certain types of offences set out in the Decree and in the event of the greatest severity. They may even be imposed for precautionary reasons and translate into:

- disqualification from conducting business;

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- suspension or revocation of the permits, licenses or concessions functional to committing the offence;
- ban on contracting with the Public Administration, except for obtaining the services of a public service;
- exclusion from benefits, loans, grants or subsidies and revocation of any granted ones;
- ban on advertising goods or services.

c) Confiscation of the price or profit of the offence
It is always ordered with the ruling of conviction, except for that part of the price or profit of the offence that may be returned to the injured party;

d) Publishing of the ruling
It may be ordered when a disqualifying sanction is applied to the Entity.

3. ADMINISTRATIVE OFFENCES

The crimes that are currently significant under the Decree and which the Company intends to prevent committing with the aid of this Compliance Programme are:

- Offences committed in Relations with the Public Administration and against its assets (articles 24 and 25);
- Computer Crimes (art. 24-bis);
- Organised Crime (art. 24-ter);
- Offences involving Counterfeiting money, legal tender, revenue stamps and identification instruments or signs (art. 25-bis);
- Offences against Industry and Commerce (art. 25-bis 1);
- Corporate offences (art. 25-ter);
- Offences with aims of terrorism or subversion of democratic order (art. 25-quater);
- Crimes of mutilation of female genital organs (art. 25-quater.1);
- Offences against the person (art. 25-quinquies);
- Crimes of market abuse (art. 25-sexies);
- Crimes of manslaughter and grievous bodily harm committed in breach of the regulations on protection of health and safety at work (art. 25-septies);
- Crimes of receiving, laundering and using money, goods or benefits of illicit origin, as well as self-laundering (art. 25-octies);
- Offences related to Copyright breach (art. 25-novies);
- Incitement not to make statements or to make false statements to the Judicial Authority (art. 25-decies);

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- Environmental crimes (art. 25-undecies)
- Offences of employment of third-country nationals without valid residence permit (art. 25-duodecies)
- Offences of so-called Transnational Organised Crime (art. 10 L. 146/2006);
- Offence of failure to comply with the disqualifying sanctions (art. 23 Legislative Decree 231/2001).

4. RECIPIENTS OF THE MODEL

The Compliance Programme is intended for all the personnel of FORGE FEDRIGA S.r.l. and, specifically, to persons performing activities identified as “at risk”.
The requirements of this Compliance Programme must therefore be complied with both by the Directors and any other persons in senior positions, and by all employees (managerial, clerical, production workers, etc.) that operate in the name and on behalf of the company, who are made aware of the provisions contained in the Compliance Programme and Code of Ethics, which is considered an integral part of the same model, through specific training and information activities.
The employees of all levels of external companies who work at FORGE FEDRIGA S.r.l., the suppliers, the external associates referred to either as natural persons or firms and entities, consultants and trade partners are also obliged to fulfil the requirements of the Compliance Programme.

5. STRUCTURE OF THE COMPLIANCE PROGRAMME

This Compliance Programme consists of a *General Part* and a *Special Part* drawn up with regards to the types of offences that may be committed within the company in an abstractly conceivable manner, according to the activities performed. As pointed out in item 4. above, the Model shall also include the Code of Ethics, approved by the Board.
It is foreseeable that other types of offence may be added to those currently covered by Legislative Decree 231/2001 as amended. That is why the Board of Directors of FORGE FEDRIGA S.r.l. has the power to implement appropriate decisions to integrate the Model by adding further procedures within the *Special Part* concerning the types of offences that should be inserted or connected within the scope of application of Legislative Decree 231/2001 by effect of various regulatory implementations.

5.1 General part

According to art. 6, third paragraph, paragraph 2, lett. (a) of Legislative Decree 231/2001 and according to the Guidelines set out by Confindustria, the *General Part* of the Model must have three essential aims:

I) Identification and mapping of the risks
Art. 6, paragraph 2, lett. (a) of Legislative Decree 231/2001 requires the Model to contain first of all the so-called ***mapping of risks***. In other words, an analysis is required of the Company’s overall activity and identifying therein the operative or decisional stages that involve likelihood of committing unlawful acts

included in the scope of application of Legislative Decree 231/2001. The risk map should never be considered as final and unchangeable, on the contrary, it is to be deemed as dynamic and subject to review according to the company's structural or operational changes.

II) Articulation of a control system

Pursuant to art. 6, paragraph 2 lett. (b) of Legislative Decree 231/2001, after completing the analysis as above and after selecting the risk areas within the company's overall activity, ***specific protocols*** (procedures) must be set forth, aimed at planning training and implementation of the entity's decisions in areas of activity at risk.

As is the case with risk mapping, the implemented procedures and remedies must never be deemed as final but may be subject to continuous review of their effectiveness, and immediately improved as required should any deficiencies or needs for amendments be found.

III) Designation of the Supervisory Board

The third aim of the general part is ***identification of the SB*** to assure:

- constant monitoring of compliance with the Model's requirements, as well as with the specific provisions of the measures and procedures arranged in implementation of the same, by the company's managers and employees;
- constant and continuing assessment of the adequacy of the risk mapping and procedures described under points I) and II);
- putting forth to the Board of Directors all the required amendments to assure the model's effectiveness.

The body in question is collegiate, autonomous and independent of corporate leadership.

5.2 Code of Ethics and Special Parts

The *Code of Ethics* contains the rules of an ethical nature to be complied with by all recipients specified therein while performing corporate activities.

The *Special Part* collects all the procedures able to prevent or however strongly reduce the risk of committing offences: no measures are set forth to counter risks for those types of offences that, based on the activities of FORGE FEDRIGA S.r.l., cannot be committed even abstractly. The procedures and measures implemented by the Company with regards to individual types of offence are set out in the detailed document of the Special Part.

The *Code of Ethics* and all protocols (procedures) making up the *Special Part* and set out in the relevant document are an integral part of the Compliance Programme.

6. PRINCIPLES OF IMPLEMENTATION

FORGE FEDRIGA S.r.l., also in order to reiterate the correctness and transparency conditions in conducting business and corporate activities, has implemented this Compliance Programme with the clear objective of:

- adapt to the regulations on the administrative liability of Entities, although the Decree has not made it compulsory;
- assess and enhance measures already in place, suitable to averting significant unlawful conduct pursuant to the Decree;
- inform all personnel of the scope of the regulations and of the severe sanctions that may be incurred by the same in the event of committing the Offences;
- inform all personnel of the need for thorough compliance with the provisions contained in the Compliance Programme, the infringement of which is punished with severe disciplinary sanctions;
- inform external associates, consultants and partners of the scope of the regulations as well as the ethical principles and rules of conduct implemented by the Company, and enforce their compliance with the ethical values inspiring the Company;
- inform external associates, consultants and partners of the burdensome administrative sanctions applicable to companies in the event of committing the offences specified in the Decree;
- make any possible effort to prevent unlawful conduct in performing corporate activities, by continuously monitoring areas at risk, through systematic personnel training activities on the correct methods for performing one's tasks, and by acting promptly to prevent and counter perpetrating the offences.

6.1 Implementation of the Compliance Programme

The Compliance Programme has been prepared, as noted above, by taking into account the requirements of Legislative Decree 231/01, as well as the Guidelines drawn up by Confindustria on the subject, and any other provision applicable to the Company.
Below is a brief description of the stages involved in the activity for drawing up this Compliance Programme.

The first stage concerned examining the company's documentation available at the Departments respectively competent (procedures and internal rules of conduct, organigrams, elements concerning disciplinary sanctions set forth by applicable national labour contracts, etc.) in order to understand the internal and external operative framework of FORGE FEDRIGA S.r.l..

The main activities performed have been identified on the basis of the analysis of the collected documentation and through interviews to the Directors and Department Managers.
After that, the areas considered to be at risk of perpetrating Offences and their instrumental processes have been identified: these phrases refer respectively to the activities the performance of which may directly lead to committing one of the types of Crime (areas at risk) and the processes during the execution of which, in principle, the conditions, opportunities or means might occur for perpetrating said unlawful acts (instrumental processes).

Based on the mapping effected and control mechanisms in place, an analysis was carried out with the aim of assessing the existing control system, i.e. the approach towards preventing or identifying unlawful conduct such as those punished under Legislative Decree 231/2001. Therefore, the needs for aligning the existing control mechanisms were defined, with regards to each of the identified areas at risk of offence and/or instrumental.

The outcomes of said activities were formalised in the preliminary document called "**Risk/Offence Analysis Document 231**" (hereinafter also referred to as RAD 231), attached to this Compliance Programme, shared and approved by the Company's Top Management which has formed the assumptions for mapping the organisational system, contained in the document setting out the Special Part.

Drawing up the Compliance Programme, in addition to preparing this document and the *Code of Ethics*, has entailed a review of the power system, ensuring it complies with the fundamental requirements for formalisation and clarity, communication and separation of roles, assignment of responsibilities, representation, definition of hierarchic lines and operative activities.

At the end of the activities, the *procedures* were identified, with regards to the areas identified as at risk of Offence. Said *procedures* contain the regulations deemed as most appropriate to govern the identified risk profile: therefore, forming a set of rules of conduct, as well as operative methods the various company departments need to adapt to, when performing the activities at risk.
Specifically, the *procedures* identify:

1. functional segregation of operative and controlling activities;
2. traceability of operations at risk and checks implemented to prevent the perpetration of Crimes;
3. the distribution and allocation of authorisation and decision-making powers, responsibilities of each structure based on principles of transparency, clarity and verifiability of operations.

6.2 Risk Profiles

This **Compliance Programme** has been built upon a thorough analysis of the activities performed by FORGE FEDRIGA S.r.l. and ensuing identification of the company processes liable to be involved in perpetration of the Crimes.
In view of the Company's specific operations, the following risks of perpetrating Offences have therefore been considered significant or potential:

1. *Art. 24 Misappropriation of disbursement, fraud against the state or a public body or to obtain public funds, computer fraud against the State or a public body.*
   With reference to offences against the Public Administration and its assets, it has been deemed that most of the cases may be considered abstractly configurable. There are no commercial dealings with the Public Administration but the Company, however, may receive disbursements for the performance of certain activities and maintain relations of any kind with public Entities, such as requests for administrative authorisations and/or licences and/or undergo checks and inspections by

the Health Service, Environmental Agency, etc. Therefore suitable procedures for preventing these offences have been arranged in the specific *Special Part* of the Compliance Programme.

2. *Art. 24-bis Computer crimes and illegal handling of data*

   The Company accesses public utility systems in a limited manner (e.g. Revenue Agency) and the interest or advantage by the Entity in perpetrating the crime in question is also perceived as limited. Furthermore, the company's computer systems fall within normal use of operative management. However, in view of the growing pervasiveness and vulnerability of IT systems and progressive computerisation of PA, the Company deems said type of offence to be partially applicable as a precautionary measure. Nevertheless, no special procedures for the prevention of said crimes have been included in the *Special Part* of the Compliance Programme, since access to IT systems is already regulated by personal passwords, authentication of the authorised user and the data protection Regulation (pursuant to Legislative Decree 196/2003).

3. *Art. 24-ter Organised crime Offences*

   The Company has found a purely hypothetical and abstract risk of perpetrating said crimes, however limited to dealings with any partners or performance of activities that do not fall within the core corporate purpose.

   With reference to Mafia-type organisations ("the organisation is a Mafia-type association when its members make use of the associative bond intimidating force and the ensuing condition of subjection and conspiracy of silence to commit crimes, to acquire either directly or indirectly the management or control of economic activities, concessions, authorisations, etc.." art. 416-bis of the Italian Penal Code), it is deemed the Company does not stand to obtain any realistic interest or advantage in perpetrating the type of crime in question. On the other hand, dealings are likely with suppliers who, due to the historical presence of organised crime in their area of operations, might have illegal relations with mafia-type organisations: by way of prevention, integrity checks are required for occasional suppliers (e.g. request of the Chamber of Commerce Antimafia Certificate).

   With regards to the criminal association ("when three or more persons associate in order to perpetrate several crimes" art. 416 of the Italian Penal Code), the Company might obtain an interest or advantage from association of several internal persons/external associates within the following:

   - illegal management of waste: for the relevant procedures, reference is made to the management system ISO 14001: 2004
   - falsification of laboratory analyses, regarding environmental aspects: all laboratories are subjected to assessment within the integrated management system
   - false accounting, tax fraud and, more generally, corporate crimes: these aspects are already monitored as part of the control activities set forth by the regulations in force (e.g. checks by the Board of Auditors, auditing firms).

4. *Art. 25 Bribery, illegal incitement to give or promise benefits and corruption*

The company might perpetrate the infringements to the penal code under art.25 of Legislative Decree 231/2001: in fact, it may be subjected to inspections and checks by a public Entity (public official, civil servant) such as Health Service, Labour inspectorate, Environmental Agency, etc. or tax inspection bodies, such as the Revenue Agency, Finance Police, etc. Furthermore, the Company may request from the P.A. concessions, licences and authorisations. Therefore, appropriate procedures have been arranged for preventing these crimes in the specific *Special Part* of the Compliance Programme.

5. *Art. 25-bis Counterfeiting money, legal tender, revenue stamps and identification instruments or signs*

   The Company does not use or manage cash flows above the limits of the law, nor does it issue or is able to alter legal tender. Use of revenue stamps is limited. Furthermore, there appears to be no tangible interest in counterfeiting identification instruments or signs, in view of the nature of the company's activity. The Company therefore deems the risk of exposure to these crimes to be low.

6. *Art. 25-bis-1 Offences against Industry and Commerce*

   With regards to the breaches set out by this articles, those under articles 514 and 515 of the Italian Penal Code are deemed applicable since false declarations might be made concerning the actual alloy data on the certificate issued with the goods. Appropriate procedures for the prevention of said crimes are set out in the *Special Part* of the Compliance Programme, reflecting those implemented by the Company within its integrated management system.

   On a residual basis, the risks connected to perpetration of the crimes under articles 513 and 513-bis have also been assessed and set out.

7. *Art. 25-ter Corporate offences*

   Within the context of infringement of the articles of the Italian Civil Code relating to companies, there appears the likelihood of perpetrating all the offences set out therein, except those expressly set out for listed companies, which the Company is not part of, therefore it is subject to the risk of perpetrating said types of crime: the sensitive processes in this regard are already monitored as part of the control activities set forth by regulations in force (e.g. checks by the Board of Auditors, auditing firms).

8. *Art. 25-quater Offences with aims of terrorism or subversion of democratic order*

   The Company does not have in practice either the resources or the opportunities to perpetrate the crimes in question. Therefore the risk of perpetrating the crimes in question is deemed as purely hypothetical.

9. *Art. 25-quater1 Practices of mutilation of female genital organs*

   The Company does not have intrinsically either the resources or the opportunities to perpetrate the crimes in question. Therefore the type of crime in question is deemed not pertaining to its context, and it is not included in the explanatory document of the Special Part of this Model.

10. *Art. 25-quinquies Offences against the person*

The Company has no facilities abroad, therefore it does not employ manpower outside national laws; it applies and guarantees the principles dictated by the applicable national collective labour contracts; it does not operate in sectors where sexual offences might be expected.

In any case, the *Code of Ethics* includes a specific commitment to enforce compliance by suppliers with the labour regulations in force, which translates in requesting and ensuring our trade partners comply with the obligations of the law on a) protection of child and women labour; b) health and safety conditions; c) trade and association rights.

Furthermore, use of the company's net to browse illegal websites is not deemed to be a hypothetical crime implemented in the interest or to the advantage of the company, as it solely represents disreputable behaviour by a single individual. That is why its applicability under Legislative Decree 231/2001 is excluded, although the company forbids said conduct within the *Code of Ethics* and applies a protection filter on Internet browsing (Data Protection Regulation pursuant to Legislative Decree 196/2003).

Therefore the types of crimes in question are deemed not pertaining to its context, and they are not included in the explanatory document of the Special Part of this Model.

11. *Art. 25-sexies Corporate offences (crimes added by L.62/2005)*

    The crimes under articles 184 and 185 of the Consolidated Law on Finance have a low likelihood of perpetration and have been assessed as such in the explanatory document of the Special Part.

12. *Art. 25-septies Crimes of manslaughter and grievous bodily harm*

    With regards to said crimes, the processes concerning implementation and effective enforcement of all fulfilments on workplace safety have been deemed "sensitive processes", made even stricter following coming into force of Legislative Decree 81/2008 and specifically: approval of the Workplace Health and Safety Management System, covering the entire company safety system also containing the Risk Assessment Document; performing personnel training and information activities; appointing mandatory officers (Company Physician, Prevention and Protection Manager, Workplace Supervisors, Workers' Safety Representative, First Aid Officers, Fire Squad, etc.). Therefore, procedures have been arranged for preventing these crimes in the specific *Special Part* of the Compliance Programme, within the integrated management system (OHSAS 18001).

13. *Art. 25-octies Receiving, laundering and using money, goods or benefits of illicit origin, as well as self-laundering*

    The crimes set out by this article are deemed pertinent as there may be cases where material is purchased originally from theft or money of illegal provenance received in payment is circulated. Although applicability is not excluded, said crime is deemed marginal: therefore, stipulated contracts contain contractual clauses for compliance with the ethical principles and obligation to accept the Code of Ethics and Model 231 of FORGE FEDRIGA S.r.l.

14. *Art. 25-novies Offences related to Copyright breach*

The *Code of Ethics* includes a commitment not to purchase and/or install unauthorised application software or without licence. Furthermore, an individual has no administrative rights to be authorised to download/install programs: said activity may exclusively be performed by the company's IT Manager.

15. *Art. 25-decies Crimes against the administration of justice*

    In relations with the Judicial Authority,members of the company organisations undertake to assure active cooperation and to make true, transparent statements and exhaustively representative of the facts. However, the *Code of Ethics* includes a specific commitment to enforce compliance with said principle by employees, managers and senior managers.

16. *Art. 25-undecies Environmental crimes*

    In this case these crimes have a real likelihood of being perpetrated, even in a negligent manner, independent of the will of the individual member of the company's organisation. The *Special Part* includes procedures of the certified environmental management system according to standard UNI EN ISO 14001: 2004 which are effective for perpetrating environmental crimes falling within the scope of application of Legislative Decree 231/01, as detailed in the document explaining the Special Part.

    The cases under L. 150/1992 and Legislative Decree 202/2007 have not been considered as not pertaining to our scope of activities.

17. *Art. 25-duodecies Employment of third-country nationals without valid residence permit.*

    In view of the company's policy, also stated in the *Code of Ethics*, and the systems of control over hiring by the relevant bodies, defined by appropriate procedure within the *Special Part* of the Compliance Programme, the likelihood of this type of crime being committed is not considered. Said crime might however be committed by external companies operating within the company. To this end a suitable procedure has been prepared in the *Special Part* of the Compliance Programme, within the integrated management system.

18. Art. 23 Legislative Decree 231/2001 Infringement of disqualifying sanctions.

    The case of crime against the effectiveness of judicial measures pursuant to Legislative Decree 231/2001 completes the risk analysis on crimes against the administration of justice. The principles set out in the Code of Ethics apply also in connection with this case.

19. *art.10 L.146/2006* Offences of transnational organised crime

    No risks of perpetrating these crimes are identified, in particular in aiding and abetting illegal immigration. Therefore the type of crime in question is deemed not pertaining to its context, and it is not included in the explanatory document of the Special Part of this Model.

On the basis of the above analysis, the Company has therefore striven to strengthen the internal control system with specific reference to said Crimes, by establishing where absent protocols/procedures for eliminating or reducing the likelihood of incurring breaches of the law.

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6.3 Composition of the Compliance Programme

On the basis of the risk analyses in the previous point, this Compliance Programme is made up as follows:

- Code of Ethics
- Document Analysing the risks for the crimes set out by Legislative Decree 231/2001
- Regulation of the Supervisory Board
- Disciplinary Regulation
- *General Part*, illustrative of the regulatory framework, objectives, structural lines and methods of implementation of the same;
- *Special Part,* consisting of all procedures and instructions implemented within the integrated Quality – Environment - Health&Safety system and set out in the relevant explanatory document.

Annexes

- Annex 1: Company Organigram
- Annex 2: Company Policy

7. SUPERVISORY BOARD

The SB shall take office from the moment all members have accepted the appointment by the Board of Directors, through express written statement

The requirements, tasks, powers and rules of the company's SB are detailed in the **SB Regulations**.

The institutional functions of the SB pursuant to art. 6, 1st paragraph, letter b), of Legislative Decree 231/01 are as follows:

- monitor operation and compliance with the Compliance Programme;
- report needs for updating.

The Board is part of the Board of Directors as Staff. The existence and permanence of the requirements for each member of the SB are ascertained by the Board of Directors upon appointment and shall be periodically assessed by the body, for the entire term of office of the SB member.

The SB reports directly to the Board of Directors of the Company on Compliance Programme implementation and any highlighted critical issues. Reporting shall be on a continuing and periodic basis, at least yearly.

Specifically, the *periodic report* shall indicate the activity performed in the period, in terms of checks made and outcomes as well as any needs for updating the Compliance Programme.

All employees, managers and all persons cooperating in pursuing corporate objectives undertake to promptly inform the SB on any derogation, breach or alleged infringement they should become aware of with regards to:

- rules of conduct set forth by the *Code of Ethics* and *Compliance Programme;*
- principles of conduct and execution methods governed by the *company protocols and procedures* of relevance under Legislative Decree 231/2001.

In addition to the above, the Top Managers/Department Managers, within the scope of activities under their responsibility, undertake to promptly provide the SB with the information required by the relevant protocols/procedures for the aims of the Compliance Programme any time an event occurs.

Furthermore, at least on a half-yearly basis and in addition to the above flow of information, in the event no situations arise requiring prompt SB involvement, with the intended information flows, the Top Managers/Department Managers shall however provide suitable reports also containing assurance on the completeness of the information supplied.

7.1 PLAN OF FLOWS TO THE SB ACCORDING TO THE MODEL

The recipient of the information and reports in the table is always the SB of FORGE FEDRIGA S.r.l.				
Frequency	Within	Responsibility	Scope	Contents
PROMPTLY	3 work days	Person in charge of the appointment	Consultancy and professional services	Notify of any critical issues found in managing the relationship with the consultant/ professional
		Competent department managers	Relations with the P.A.	In the event of inspections from the P.A.: sending a copy of the access report issued; sending subsequent reports/notices
				report on the requests for information by the vigilance authorities
		Finance Manager	Personnel	report on hired personnel who have previous experience in P.A. or have kinship or affinity relations with employees/associates or persons holding positions within the P.A.
				In the event of inspections: sending the copy of the access report
		IT Systems Manager	Use of company intranet/internet	report on any severe abnormalities in IT Systems management
		Employer	Health and Safety	Notifies any accidents occurred in the company and relevant inspection reports issued by responsible bodies
HALF-YEARLY	30 June, 31 December	Finance Manager	Assets and equity transactions	report on non standard financial flows and extraordinary capital transactions
			Changes in financial flows	notice on any dealings with foreign banks / cash flows
			Relations with the P.A.	report on participation in projects funded with public funds
				periodic report on tax fulfilments
			Consultancies and professional assignments	periodic report on external consultancies
			Gifts and entertainment expenses	periodic report on entertainment expenses, gifts and sponsorships
			Arbitration and judiciary proceedings	report on disputes and/or transactions in progress

The recipient of the information and reports in the table is always the SB of FORGE FEDRIGA S.r.l.				
Frequency	Within	Responsibility	Scope	Contents
		Finance Manager	Personnel	report on expense reimbursements to top managers
				report on training on topics of interest (workplace safety, legislative decree 231, environment, etc.)
				report on situations of Temporary Layoff, Mobility, Solidarity Contracts, etc.
				report on implemented disciplinary measures (both verbal and written)
		Competent Department Manager	Relations with the P.A.	periodic summary of meetings with P.A. representatives by the various department managers (e.g. Environmental Agency, Health Service on H&S)
		Employer	WORKPLACE SAFETY MANAGEMENT SYSTEM	Introduction of new PPE following risk assessment review
				Introduction of new chemicals
				List of contracts for which the Single Interference Risk Assessment Document or Safety Operative Plan has been drawn up
				Report on accident trends and any reports on supervisors and relevant disciplinary sanctions applied
				Deadlines of law fulfilments
			ENVIRONMENTAL MANAGEMENT SYSTEM	Outcome of environmental laboratory analyses (emissions, discharges etc.)
				Deadlines of law fulfilments
				Waste disposal report
		General Management Employer Finance Manager	Technological development	Purchase of new equipment / amendments to existing equipment
			Infrastructure	Significant operations on buildings
			Human resources	Progress of the existing training programme
YEARLY	31 December	Finance Manager	Meetings and reports with third parties	exchange of information and periodic meetings between SB, Board of Auditors and bodies in charge of preparing the financial statements
		Employer	WORKPLACE SAFETY MANAGEMENT SYSTEM	statistic reports on accidents / injuries
				Minutes of the periodic meeting pursuant to art. 18 Legislative Decree 81/2008
				Yearly health report by the Company Physician
			INTEGRATED MANAGEMENT SYSTEM	Management Review of the Quality-Environment-Health&Safety management system

All the information, general and specific, must be supplied in writing and addressed to the Chairman of the SB

Any information and report set out by the Compliance Programme is stored by the SB in an appropriate computerised and/or paper archive in compliance with the provisions contained in Legislative Decree No. 196/2003.

The members of the SB are under the strictest and imperative obligation to maintain secrecy on their activities and on the corporate information which they become aware of in the exercise of their mandate.

In order to assure full independence of the SB in performing its functions, without any limitations that might arise from insufficient financial resources,said body is assigned an annual budget of **€ 10,000** established by the Board of Directors, without prejudice to the option of requesting additional funds if required.

8. SYSTEM OF SANCTIONS

Conducts in breach of the Compliance Programme, including all its annexes, which are an integral part thereof, as well as all protocols/procedures aimed at governing in more detail operations within areas at risk of offence and instrumental processes, by the personnel of FORGE FEDRIGA S.r.l., are sanctioned pursuant to art. 6, 2nd paragraph, letter e), and art. 7, 4th paragraph, lett. b) of Legislative Decree 231/01.

The Company shall react promptly to infringements of the rules of conduct even if the conduct does not establish the elements of the Crime, or does not establish a direct responsibility.

The sanctions imposed are those set forth by art. 7 of L. 20.05.1970, No. 300 (Workers' Statute) and by the National Collective Contracts applied at the company.

Failure to comply with the obligations and regulations contained in this Compliance Programme, its annexes and procedures pertaining to the fulfilments set out by Legislative Decree No. 231/2001, Legislative Decree No. 196/2003 and Legislative Decree No. 81/08 as amended and added entails the following provisions, that will be taken by the Company with regards to the extent of the breaches and relevant circumstances:

1. verbal reprimand;
2. written warning;
3. fine not exceeding three hours of hourly pay calculated on the minimum wages;
4. suspension from work without pay for up to a maximum of three days;
5. dismissal for misconduct with notice and without notice.

The infringement by the employee of the obligations set out in the codes, models, annexes mentioned herein and/or subsequently issued by the Company/employer represent a conduct with relevance from the disciplinary point of view and may entail application of disciplinary measures in relation to the seriousness of the conduct and/or any relapse as well as the degree of guilt, also in relation to the nature of the responsibilities entrusted to the same employee.

Ascertaining the above mentioned infringements, possibly on a report by the Supervisory Board, management of the disciplinary measures and application of said sanctions are the responsibility of the appropriate and delegated company Officers.

In the event of infringement of the Compliance Programme by one or more members of the Board of Directors, the Supervisory Board informs the Board of Auditors and the entire Board of Directors, who shall take the appropriate measures. In the event of infringement of the Compliance Programme by one or more Auditors, the Supervisory Board informs the Board of Directors and the entire Board of Auditors, who shall take the appropriate measures.

Any breach by employees of external firms, consultants or suppliers of the rules contained in the Code of Ethics and in the Compliance Programme applicable to the same or committing offences while performing their activities may lead to terminating the contract. To this end a specific contractual clause is inserted within any tender contract/purchase order to be signed by the contractor upon accepting the job/supply.

Should the breach also involve and undermine the image of FORGE FEDRIGA S.r.l. with the wide public and the clientèle, the company reserves the right to recourse for reputational damage.

9. DISSEMINATION OF THE COMPLIANCE PROGRAMME

For the aims of effective implementation of the Compliance Programme, it is the Company's main objective to ensure all recipients of the Compliance Programme are correctly aware of the rules of conduct contained therein.

All the personnel, as well as top managers, consultants, partners and external associates are required to have full knowledge of both the fairness and transparency objectives to be pursued with the Compliance Programme and the means by which the Company intends to pursue them.

A specific objective is represented by the need to assure actual knowledge of the requirements of the Compliance Programme and the reasons underlying effective implementation with regards resources the activities of whom have been found to be at risk.

These decisions involve current resources of the company as well as those still to be hired.

The appropriateness for this purpose of the courses under paragraph 10.2 below shall be assessed by the Body.

9.1. Initial communication

All the personnel employed are duly notified upon implementation of this Compliance Programme. Specifically, the communication is arranged via:

- Dissemination of the Compliance Programme on the IT network by adding a suitable link on the corporate website;

- For personnel newly hired after first dissemination of the Programme, this shall be delivered during the initial training programme that ensures the same are provided with knowledge considered as having primary significance.

Organisation, Management and Control Model Legislative Decree 231/01

9.2. Training

For FORGE FEDRIGA S.r.l. the activity for personnel training has a major role among corporate activities. Therefore the company shall carry out an intensive activity to foster dissemination of its corporate culture with the personnel, with a special focus on the need to apply the ethical principles implemented and the internal rules, drawn up in full compliance with transparent and fair company management.

Specifically, the Company arranges for courses intended for department Managers, to illustrate the regulatory framework, Compliance Programme implemented, the role of the SB and the methods for managing the Programme.

With specific reference to the fulfilments in matters of health and safety in the workplace, the officers in charge deal with arranging the required training and refresher courses set forth by the law, as well as training courses for specific roles in matters of safety, promptly notifying the Supervisory Board.

Attendance of the training processes described above is compulsory and shall be documented by requesting the attendance signature.

10. UPDATING THE COMPLIANCE PROGRAMME

Legislative Decree 231/01 expressly sets forth the need to update the Compliance Programme, in order for it to be constantly tailored to the specific needs of the Entity and its concrete operations.

Measures to adapt and/or update the Compliance Programme shall be implemented essentially upon:

- Regulatory innovations;
- Negative outcomes of inspections/audits on the effectiveness of the same;
- Breaches of the Compliance Programme
- Changes to the company's organisational structure.

Responsibility for updating the Compliance Programme, hence its amendments and/or addition, lies with the Board of Directors.

The evolution of the procedures and operative instructions implemented (integration, deletion and implementation of new procedures) are notified to the SB for it to update the documents that complement the Compliance Programme, then notified to the Board of Directors, except in the event of urgency, within routine periodic notifications.