



Group

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

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# **GENERAL PART LEGAL FRAMEWORK**

## **- SECTION ONE -**

### **1. ITALIAN LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001**

#### **1.1. ADMINISTRATIVE RESPONSIBILITY OF LEGAL ENTITIES**

Italian Legislative Decree No. 231 of 8 June 2001 – which “governs the administrative liability of legal persons, companies, and associations, including those without legal status” (hereinafter “Legs. D. 231/2001” or the “Decree”) – came into force on 4 July 2001 in implementation of Article 11 of Delegated Law No. 300 of 29 September 2000. In accordance with EU provisions, the Decree introduced into Italy’s legal system the administrative liability of entities, whereby “entities” is taken to mean commercial, capital or personal companies, and associations, including those without legal status.

Although it is defined as “administrative” by the legislator, this new form of liability is characterised as criminal in nature. It is left to the competent criminal judge to establish the crimes deriving from said liability and the same guarantees provided to individuals under investigation or accused in criminal proceedings are extended to entities.

A company’s administrative liability derives from committing the crimes expressly indicated in Legislative Decree 231/2001 in the interest or to the advantage of the entity itself by natural persons who represent, administer, or manage said entity or one of its departments with financial and organisational autonomy. The Decree also covers individuals who exercise de facto management and control (“senior managers”), or who are subject to the management or supervision of one of these subjects (“staff working under the instruction of superiors”).

By express legislative provision (Article 5, Paragraph 2 of the Decree), entities are not liable if the above persons have acted in their own exclusive interest or on the behalf of third parties.

In this regard, it should be noted that, according to the (now consolidated) instructive guidance on the matter, it is not necessary for subjects under the instruction of superiors to have a subordinate employment relationship with the entity. The Decree also applies to professionals who are not company “employees” but who have a relationship with the entity such as to suggest that there is a supervisory obligation on the part of the entity’s senior management team. Examples of such include agents, business partners in joint ventures, and individuals providing consultancy services in general, i.e., suppliers, consultants, and collaborators.

In addition to the existence of the aforementioned requirements, Legislative Decree 231/2001 also requires verification of an entity’s culpability so that its liability can be declared. This requirement is attributable to “organisational liability”, which is to be understood as an entity’s failure to adopt adequate preventive measures to prevent the commission of the crimes listed in the following paragraph by the subjects identified in the Decree.

Where an entity can demonstrate that it has adopted and effectively implemented an adequate organisational structure to prevent the commission of such crimes, such as through the adoption of the organisation, management and control model provided for by Legislative Decree 231/2001, the latter will not be liable as an entity.

## 1.2. CRIMINAL OFFENCES COVERED BY THE DECREE

The criminal offences for which entities are liable are those expressly and comprehensively referred to in Legislative Decree 231/2001, as amended.

The crimes currently covered by Legislative Decree 231/2001's scope of application are listed below and may be updated in the years to come:

### 1. Offences against the Public Sector (articles 24 and 25).

- Misuse of public subsidies against the State, another public body, or the European Union (Art. 316-bis of the Italian Criminal Code);
- Misappropriation of funds against the State, another public body, or the European Union (Article 316-ter of the Italian Criminal Code);
- Fraud against the State, another public body, or the European Union (Article 640, Paragraph 2, No. 1, of the Italian Criminal Code);
- Aggravated fraud to obtain public funds (Article 640-bis of the Italian Criminal Code);
- Computer fraud against the State or another public body (Article 640-ter of the Italian Criminal Code);
- Bribery (Article 317 of the Italian Criminal Code);
- Corruption (Articles 318, 319, 320, 321, and 322-bis of the Italian Criminal Code);
- Undue incitement to give or promise benefits (Articles 319-quater and 322-bis of the Italian Criminal Code);
- Incitement to corruption (Article 322 and 322-bis of the Italian Criminal Code);
- Corruption in legal proceedings (Article 319-ter of the Italian Criminal Code)
- Embezzlement (Article 314 of the Italian Criminal Code);
- Abuse of office (Article 323 of the Italian Criminal Code)

### 2. Computer crimes and unlawful data processing introduced into the Decree by Law 48/2008 (Article 24-bis), as amended by Legislative Decree No. 7 and 8/2016, and by Legislative Decree No. 05/2019:

- Unauthorised access into a computer system (Article 615-ter of the Italian Criminal Code);
- Illegal possession and circulation of access codes to computer systems (Article 615-quater of the Italian Criminal Code);
- Circulation of equipment, devices or computer programmes aimed at damaging or interrupting computer systems (Article 615-quinquies of the Italian Criminal Code);
- Illegal interception, impediment, or interruption of computer communications (Article 617-quater of the Italian Criminal Code);
- Installation of equipment designed to intercept, impede, or interrupt computer communications (Article 617-quinquies of the Italian Criminal Code);
- Damaging computer systems (Article 635-bis of the Italian Criminal Code);
- Damaging computer information, data or programmes used by the State or by another public body or in any case useful to the public (Article 635-ter of the Italian Criminal Code)
- Damaging computer systems (Article 635-quater of the Italian Criminal Code)
- Damaging computer systems of public interest (Article 635-quinquies of the Italian Criminal Code);
- Computer fraud by individuals providing electronic signature certification services (Article 640-quinquies of the Italian Criminal Code).

**3. Organised crime offences** introduced into the Decree by Law 94/2009 (Article 24-ter), as amended by Law 69/2015.

- Criminal organisation, also aimed at committing one of the offences referred to in Articles 600, 601 and 602, as well as in Article 12(3-bis) of the Consolidated Act on provisions concerning the governing of immigration and rules on the condition of foreigners, as referred to in Legislative Decree No. 286 of 25 July 1998 (Article 416 of the Italian Criminal Code);
- Mafia-type domestic and foreign organisations (Article 416-bis of the Italian Criminal Code);
- Swapping votes for favours with mafia-type organisations (Article 416-ter of the Criminal Code);
- Kidnapping for robbery or extortion (Article 630 of the Italian Criminal Code);
- Criminal organisation for the purpose of illegal trafficking of narcotic or psychotropic substances (Article 74, Presidential Decree No. 309 of 9 October 1990);
- Crimes of unlawful manufacture, entry into the State, sale, transfer, possession and carrying in a public place or place open to the public of war or warlike weapons or parts thereof, explosives, clandestine weapons, as well as more common firing weapons, excluding those provided for in Article 2(3) of Law No. 110 of 18 April 1975 (Article 407(2)(a)(5) Italian Code of Criminal Procedure).

**4. Crimes relating to counterfeiting money, public credit cards, revenue stamps and instruments or signs of recognition**, introduced into the Decree by Law 409/2001, as amended by Law 99/2009 (Article 25-bis):

- Counterfeiting currency, spending and introducing counterfeit currency into the Country, with accomplices (Article 453 of the Italian Criminal Code);
- Altering currencies (Article 454 of the Italian Criminal Code);
- Spending and introducing counterfeit currency in the Country, without accomplices (Article 455 of the Italian Criminal Code);
- Spending counterfeit money received in good faith (Article 457 of the Italian Criminal Code);
- Counterfeiting of duty stamps, introducing into the Country, purchasing, keeping or putting into circulation counterfeit duty stamps (Article 459 of the Italian Criminal Code);
- Counterfeiting watermarked paper used for manufacturing legal tender or duty stamps (Article 460 of the Italian Criminal Code);
- Fabrication or detention of watermarks or instruments intended for counterfeiting currencies, duty stamps or watermarked paper (Article 461 of the Italian Criminal Code);
- Use of counterfeit or altered duty stamps (Article 464 of the Italian Criminal Code);
- Counterfeiting, alteration, or use of trademarks or distinctive signs or patents, models and drawings (473 of the Italian Criminal Code);
- Introduction into the Country and commerce of products with false signs (474 of the Italian Criminal Code).

**5. Crimes against industry and commerce**, introduced into the Decree by Law 99/2009 (Article 25-bis 1):

- Disruption of the freedom of industry or commerce (Article 513 of the Italian Criminal Code);
- Illegal competition through threats or violence (Article 513-bis of the Italian Criminal Code);
- Fraud against national industries (Article 514 of the Italian Criminal Code);
- Fraudulent trade activities (Article 515 of the Italian Criminal Code);
- Selling non-genuine food items as genuine (Article 516 of the Italian Criminal Code);
- Sale of industrial products with false signs (Article 517 of the Italian Criminal Code);
- Manufacturing and commerce of goods produced by seizing industrial property rights (Article 517-ter of the Italian Criminal Code);
- Forging geographical indications or designations of origin of food products (Article 517-quater of the Italian Criminal Code).

**6. Corporate offences**, introduced into the Decree by Legislative Decree 61/2002, as amended by Law 262/2005 and Law 190/2012, L69/2015 and Legislative Decree No. 38/2017 (Article 25-ter):

- False statements in corporate records (Article 2621 of the Italian Civil Code);
- False statements in corporate records – to a moderate extent (Article 2621-bis of the Italian Civil Code);
- False statements in corporate records in prejudice to shareholders or creditors (Article 2622 of the Italian Civil Code);
- Fictitious formation of corporate capital (Article 2623(1) and (2) of the Italian Civil Code);
- False reports and communications by those responsible for the statutory audit (Article 2624(1) and (2) of the Italian Civil Code);
- Obstruction of supervisory activities (Article 2625(2) of the Italian Civil Code);
- Unlawful restitution of shareholders' contributions (Article 2626 of the Italian Civil Code);
- Illegal distribution of profits and reserves (Article 2627 of the Italian Civil Code);
- Illegal operations involving the shares or quotas of the company or its parent company (Article 2628 of the Italian Civil Code);
- Transactions to the detriment of creditors (Article 2629 of the Italian Civil Code);
- Failure to report a conflict of interest (Article 2629-bis of the Italian Civil Code);
- Fictitious formation of share capital (Article 2632 of the Italian Civil Code);
- Illegal allocation of company assets by liquidators (Article 2633 of the Italian Civil Code);
- Corruption in the private sector (Article 2635 of the Italian Civil Code);
- Unlawful influence on the shareholders' meeting (Article 2636 of the Italian Civil Code);
- Stock fraud (Article 2637 of the Italian Civil Code);
- Hindering the activities of public supervisory authorities (Article 2638(1) and (2) of the Italian Civil Code).

**7. Crimes in connection with terrorism or the overthrowing of democracy**, introduced into the Decree by Law 7/2003 (Article 25-quater).

- (Associations with terrorist purposes, also international, or designed to overthrow democracy (Article 270-bis of the Italian Criminal Code);
- Assisting members of organisations (Article 270-ter of the Italian Criminal Code);
- Recruitment for terrorist purposes, including international (Article 270-quater of the Italian Criminal Code);
- Organising transfers for terrorist purposes (Article 270-quater 1 of the Italian Criminal Code);
- Training in activities for terrorist purposes, including international (Article 270-quinques of the Italian Criminal Code);
- Conduct for terrorist purposes (Article 270-sexies of the Italian Criminal Code);
- Attack for terrorist or subversive purposes (Article 280 of the Italian Criminal Code);
- Terrorist action with lethal or explosive devices (Article 280-bis of the Italian Criminal Code);
- Kidnapping for terrorist or subversive purposes (Article 289-bis of the Italian Criminal Code);
- Urgent measures to protect democracy and public security (Article 1 of Decree-Law No. 625 of 15 December 1979, as amended with modifications into L. No. 15 of 6 February 1980);
- International Convention for the Suppression of the Financing of Terrorism, New York, 9 December 1999 (Art. 2).

**8. Female genital mutilation practices**, introduced into the Decree by Law 7/2006 (Article 25-quater, 1).

- Female genital mutilation practices (Article 583-bis of the Italian Criminal Code)

**9. Crimes against the individual**, introduced into the Decree by Law 228/2003, as amended by Law 199/2016 (Article 25-quinques):

- Reduction or maintenance of individuals in a state of slavery and servitude (Article 600 of the Italian Criminal Code);
- Prostitution of children (Article 600-bis(1) and (2) of the Italian Criminal Code);
- Child pornography (Article 600-ter of the Italian Criminal Code);
- Possession of pornographic material (Article 600-quater of the Italian Criminal Code);
- Virtual pornography (Article 600-quater(1) of the Italian Criminal Code);
- Tourist initiatives aimed at the exploitation of prostitution of children (Article 600-quinques of the Italian Criminal Code);
- Human trafficking (Article 601 of the Italian Criminal Code);
- Purchase and sale of slaves (Article 602 of the Italian Criminal Code).

**10. Insider trading**, introduced into the Decree by Law 62/2005, as amended by Law 262/2005 (Article 25-sexies):

- Abuse of privileged information (Article 184 of Legislative Decree No. 58/1998);
- Market manipulation (Article 185 of Legislative Decree No. 58/1998);
- Other cases of market abuse (Article 187-quinques of the Consolidated Act), article amended by Legislative Decree No. 107/2018

**11. Transnational offences**, introduced into the Decree by Law 146/2006:

- Criminal organisation (Article 416 of the Italian Criminal Code);
- Mafia-type domestic and foreign organisations (Article 416-bis of the Italian Criminal Code);
- Criminal organisation for the purpose of smuggling foreign manufactured tobacco (Presidential Decree 43/1973, Article 29-quater);
- Organisation aimed at the illegal trafficking of narcotic or psychotropic substances (Presidential Decree 309/1990, Article 74);
- Provisions against illegal immigration (Article 12 of Legislative Decree. 286/1998);
- Incitement to not testify or to bear false testimony before the judicial authority (Article 377-bis of the Italian Criminal Code);
- Aiding and abetting (Article 378 of the Italian Criminal Code).

**12. Criminal offences committed in breach of the regulations on accident prevention and on the protection of workplace health and hygiene**, introduced into the Decree by Law 123/2007, as amended by Legislative Decree No. 107/2018 (Article 25-septies):

- Manslaughter (Article 589 of the Italian Criminal Code);
- Culpable personal injury (Article 590 of the Italian Criminal Code).

**13. Offences relating to receiving stolen goods, money laundering, use of money, goods or benefits of unlawful origin, and self-laundering** introduced into the Decree by Legislative Decree No. 231/2007 and Law No. 186/2014 (Article 25-octies):

- Fencing (Article 648 of the Italian Criminal Code);
- Money laundering (Article 648-bis of the Italian Criminal Code);
- Use of funds, assets and services of illegal origin (Article 648-ter of the Italian Criminal Code);
- Self-laundering (Article 648-ter(1) of the Italian Criminal Code).

**14. Copyright infringement offences**, introduced into the Decree by Law 99/2009 (Article 25-novies):

- Uploading of a protected intellectual work or part of it onto computerised network systems available to the public, through connections of any kind (Article 171(1)(a-bis) of Law 633/1941);
- Offences referred to in the previous paragraph committed in relation to the work of others not intended for publication, or false attribution of authorship, or with distortion, mutilation or other changes to the same work, should the same offend the honour and reputation of the author (Article 171, Paragraph 3, Law 633/1941);
- Unauthorised duplication, to gain profit, of computer programmes; importing, distribution, sale, possession for commercial or business purposes or renting of programmes on media not marked by the Italian Company of Authors and Editors (SIAE - Società Italiana degli Autori e Editori); predisposition of means intended to allow or facilitate the arbitrary removal or the functional evasion of devices applied to protect a computer program (Article 171-bis, Paragraph 1, Law 633/1941);

- Reproduction on media not marked by the Italian Company of Authors and Editors (SIAE - Società Italiana degli Autori e Editori), transfer to other media, distribution, communication, presentation or public demonstration of the contents of a database in order to gain profit; extraction or reuse of the database in breach of the provisions on the rights of the maker and user of a database; distribution, sale or leasing of databases (Article 171-bis, Paragraph 2, Law 633/41);
- Unauthorised duplication, reproduction, transmission or dissemination in public by any means, in whole or in part, of intellectual work intended for television, cinema, sale or rental, disks, tapes or similar media, or any other media containing assimilated phonograms or videograms of musical, cinematographic or audiovisual works or sequences of moving images; unauthorised reproduction, transmission or dissemination in public, by any means, of literary, dramatic, scientific or educational, musical or dramatic-musical, multimedia works or parts of the same, including if included in collective or composite works or databases; introduction into the Italian State, possession for sale or distribution, distribution, placing on the market, sale, renting or in any event transfer for any reason, public screening, broadcasting by television in any manner, broadcasting by radio, unlawful duplication or reproduction referred to in letters a) and b) without abetting to duplication or reproduction; possession for sale or distribution, placing on the market, sale, renting or in any event transfer for any reason, public screening, broadcasting by radio or television in any manner, of video cassettes, music cassettes, any medium containing phonograms or videograms of musical, cinematographic or audiovisual works or sequences of moving images, or other media for which it is prescribed the affixing of the Italian Company of Authors and Editors' mark, absence of the same mark or bearing counterfeit or forged marks; retransmission or dissemination by any means, without the agreement of the legitimate distributor, of an encrypted service received by means of equipment or parts of equipment for decoding transmissions with conditional access; introduction into the Italian State, possession for sale or distribution, distribution, sale, renting, transfer of any kind, commercial promotion, installation of devices or special decoding parts enabling access to an encrypted service without payment of the required fee; manufacture, import, distribution, sale, rental, transfer of any kind, advertising for sale or rental, or possession for commercial purposes of devices, products or components, or the provision of services whose main purpose or commercial use is to circumvent the effective technological protection measures listed in Article 102-quater of Law 633/641, or are mainly designed, produced, adapted or implemented for the purpose of enabling or facilitating the circumvention of the measures referred to in Article 102-quinquies; unauthorised removal or alteration of the electronic information referred to in Article 102-quinquies, or distribution, importing for distribution, broadcasting by radio or television, communication or making available to the public of works or other protected materials from which electronic information itself has been removed or altered (Article 171-ter, Paragraph 1, Law 633/1941);
- Reproduction, duplication, transmission or unauthorised distribution, sale or placing on the market, transfer of any kind, or illegal importing of more than fifty copies of works protected by copyright and related rights; uploading for profit to a system of computerised networks through connections of any type, of intellectual work protected by copyright, or part of the same, infringing the exclusive right of the author of communication to the public; engaging in one of the examples of conduct referred to in the previous point, reproducing, distributing, selling or marketing, importing works protected by copyright and related rights as a business activity; promotion or organisation of the illegal activities referred to in Article 171-ter, paragraph 1 of Italian Law No. 633/1941

- Reproduction, duplication, transmission or unauthorised distribution, sale or placing on the market, transfer of any kind, or illegal importing of more than fifty copies of works protected by copyright and related rights; uploading for profit to a system of computerised networks through connections of any type, of intellectual work protected by copyright, or part of the same, infringing the exclusive right of the author of communication to the public; engaging in one of the examples of conduct referred to in the previous point, reproducing, distributing, selling or marketing, importing works protected by copyright and related rights as a business activity; promotion or organisation of the illegal activities referred to in Article 171-ter, paragraph 1 of Italian Law No. 633/1941
- Fraudulent production, sale, importing, promotion, installation, modification, use for public and private use of equipment or parts of equipment in order to decode conditional access audiovisual broadcasts via air, satellite, cable, in both analogue and digital forms (Article 171-octies, Law 633/1941).

**15. Offence of incitement not to make statements or to make false statements to the judicial authority**, introduced into the Decree by Law 116/2009 (Article 25-decies):

- Incitement to not testify or to bear false testimony before the judicial authority (Article 377-bis of the Italian Criminal Code);

**16. Environmental offences** introduced into the Decree by Legislative Decree 121/2011, as amended by Law 68/2015 and Legislative Decree No. 21/2018 (Article 25-undecies):

- Environmental pollution (Article 452-bis of the Italian Criminal Code);
- Environmental disaster (Article 452-quater of the Italian Criminal Code);
- Culpable environmental crimes (Article 452-quinquies of the Italian Criminal Code);
- Trafficking and abandonment of highly radioactive materials (Article 452-sexies of the Italian Criminal Code);
- Aggravating factors (Article 452-octies of the Italian Criminal Code);
- Killing, destroying, capturing, removal or detaining specimens of protected wild animal and vegetation species (Article 727-bis of the Italian Criminal Code);
- Destruction or deterioration of a protected habitat (Article 733-bis of the Italian Criminal Code);
- Discharges of industrial waste water containing dangerous substances, in the absence of an authorisation or after said authorisation has been suspended or revoked, and discharges into the sea, by ships or aircraft, of substances or materials for which there is a total ban on discharges (Article 137, paragraphs 2, 3, 5, 11 and 13, Legislative Decree 152/2006);
- Unauthorised waste management activities (Art. 256, paragraphs 1, 3, 5 and 6, second sentence, Legislative Decree 152/2006);

- Failure to clean up sites in accordance with the project approved by the competent authority (Article 257, Paragraphs 1 and 2, Legislative Decree 152/2006);;
- Infringement of the obligation to keep records and forms (Article 258, paragraph 4, second sentence, Legislative Decree 152/2006);
- Illegal waste trafficking (Article 259(1) of Legislative Decree 152/2006
- Organised illegal waste trafficking (Article 260(1) and (2), Legislative Decree 152/2006);
- False statements on waste analysis certificates, also used within the scope of the Waste Traceability Control System (SISTRI - Handling Area) and false statements on the Waste Traceability Control System (SISTRI - Handling Area) sheet (Article 260-bis of Legislative Decree 152/2006);
- Exceeding of emissions limits that lead to the exceeding of air quality limits (Article 279, paragraph 5 of Legislative Decree 152/2006);
- Import, export, and re-export of specimens belonging to the protected species categories referred to in Annexes A, B and C of EC Regulation No. 338/97 of the Council of 9 December 1996, as amended; failure to observe the instructions aimed to guarantee the safety of specimens belonging to protected species; use of the aforesaid specimens in a way that differs from the instructions contained in authorisation or certification measures; transport and transit of specimens in the absence of the prescribed certificate or permit; trade in artificially reproduced plants in contrast with the prescriptions of Article 7, paragraph 1, letter b) of Council Regulation (EC) No 338/97 of 9 December 1996, as amended; possession, use for profit, purchase, sale, display or possession for sale or commercial purposes, offer for sale or transfer of specimens without the prescribed documentation (Articles 1 and 2 of Law No. 150/1992);
- Falsification or alteration of certificates, licences, import notifications, declarations, or communications of information provided for in Article 16, Paragraph 1, letters a), c), d), e), and l) of CE Regulation No. 338/97 of the Council of 9 December 1996, as amended (Article 3-bis of Law No. 150/1992);
- Possession of live specimens of wild mammals and reptiles and live specimens of mammals and reptiles bred in captivity that constitute a danger to public health and safety (Article 6 of Law No. 150/1992);
- Cessation and reduction of the use of harmful substances (Article 3 of Law No. 549/1993);
- Intentional pollution of a ship flying any flag (Article 8 of Legislative Decree No. 202/2007);
- Unintentional pollution of a ship flying any flag (Article 9 of Legislative Decree No. 202/2007);
- Aggravated factors (Article 452-octies of the Italian Criminal Code, Article 25-undecies, paragraph 1, letter D of Legislative Decree 231/01)

**17. Employment of non-EU nationals with no right to remain**, introduced into the Decree by Legislative Decree No. 109/2012, as amended by Law No. 161 of 17 October 2017 (Article 25-duodecies)

- Fixed-term and permanent salaried employment (Article 22, paragraph 12-bis of Law No. 286/1998).

18. Racism and xenophobia (Article 25-terdecies, Legislative Decree 231/2001, added by Law No. 167 of 20 November 2017, as amended by Legislative Decree 21/2018);
19. Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices (Article 25-quaterdecies of Legislative Decree No. 231/2001, article amended by Law No. 39/2019);
20. Tax offences (Article 25-quinquiesdecies, Legislative Decree 231/2001);

Tax offences relevant to the liability of legal persons:

- a. Fraudulent declarations through the use of invoices or other documents for non-existent transactions (Article 2 of Legislative Decree 74/2000)
- b. Fraudulent declaration by means of other devices (Article 3)
- c. Issuance of invoices or other documents for non-existent transactions (Article 8)
- d. Concealment or destruction of accounting documents (Article 10)
- e. Fraudulent evasion of taxes (Article 11)

Relevant tax offences if committed as part of cross-border fraudulent schemes and for the purpose of evading VAT for a total amount exceeding 10,000,000 euros:

- a. False declarations (Article 4)
- b. Failure to make a declaration (Article 5)
- c. Undue remuneration (Article 10-quater).

The following should be the subject of particular scrutiny for CTA with regard to the list of offences:

- Purchases (compared to Article 2)
- Sales (compared to Article 8)
- Accounting and budgeting (Articles 3, 4 and 10)
- Administration and finance (Articles 5, 10 and 10-quater).

The following is recommended for these purposes:

1. Purchases: - supplier verification: existence, structure, equipment, employees, registered office, identification of authorised parties, contracts and orders, documentation, verification of payments; - verification of purchased goods, accompanying documents, placement in stock, and stock account management;
2. Sales: - customer verification (see above); - verification of goods sold (see above);
3. Accounting and budgeting: - verification of transactions affecting the profit and loss account and tax implications (contracting parties, documentation, payments); - verification of purchases and sales and accounting records; - verification of accounting records and mandatory documents
4. Administration and finance: - preparation of documents for tax declarations; - verification of bookkeeping entries and mandatory documents; - verification of tax debts and asset sale transactions.

Smuggling (Article 25-sexiesdecies of Legislative Decree No. 231 of 2001)

Smuggling offences under Presidential Decree No 43 of 1973 are relevant. It should be borne in mind that since 2016, offences punishable by a fine have been decriminalised.

As a result, almost all smuggling offences are now decriminalised.

Article 295(1) of Presidential Decree No. 43 is therefore relevant to our context, according to which (after the amendments introduced by Legislative Decree No. 75 of 2020): “For the same offences, a fine shall be added to a term of imprisonment of three to five years: ... d-bis) when the border duties owed exceed 100,000 euros”

Article 295(2) of the same decree states that: “for the same offences, imprisonment of up to three years shall be added to the fine if the border duties owed exceed 50,000 euros but do not exceed 100,000 euros.”

It follows that CTA’s focus shall be on smuggling if it results in the evasion of border duties in excess of 50,000 euros.

In reference to CTA’s Model, sensitive processes include the following (see par. 2.5.):

- G. management of commercial activities
- H. management of tax obligations.

To this end, it is suggested that the measures set out above be adopted for:

1. Purchases
2. Sales

21. Smuggling (Article 25-sexiesdecies of Legislative Decree 231/2001);

Smuggling offences under Presidential Decree No 43 of 1973 are relevant. It should be borne in mind that since 2016, offences punishable by a fine have been decriminalised.

As a result, almost all smuggling offences are now decriminalised.

Article 295(1) of Presidential Decree No. 43 is therefore relevant to the company context, according to which (following the amendments introduced by Legislative Decree No. 75 of 2020): “for the same offences, a fine shall be added to a term of imprisonment of three to five years: ... d-bis) when the border duties owed exceed 100,000 euros”

Article 295(2) of the same decree states that: “for the same offences, imprisonment of up to three years shall be added to the fine if the border duties owed exceed 50,000 euros but do not exceed 100,000 euros.”

It follows that CTA’s focus shall be on smuggling if it results in the evasion of border duties in excess of 50,000 euros.

In reference to CTA’s Model, sensitive processes include the following (see par. 2.5.):

- G. management of commercial activities

H. management of tax obligations.

To this end, it is suggested that the measures set out above be adopted for:

1. Purchases
2. Sales

22. Liability of entities for administrative offences dependent on a crime (Article 12 of Law No. 9/2013).

### **1.3. THE PENALTIES IMPOSED BY THE DECREE**

The sanctions system described in Legislative Decree No. 231/2001 against the commission of the aforementioned offences provides for the application of the following administrative sanctions, depending on the type of offence committed:

- financial penalties;
- disqualifying sanctions;
- confiscation;
- publication of the judgement.

Prohibitory sanctions, which can only be imposed as a precautionary measure and where expressly provided for, include:

- disqualification from performing business activities;
- suspension or revocation of authorisations, licences or concessions related to the commission of the offence;
- a ban on contracting with the Public Sector;
- exclusion from benefits, financing, contributions and subsidies, and/or revocation of those already granted;
- a ban on advertising goods or services.

Legislative Decree 231/2001 also provides that where the conditions exist for the application of a disqualification sanction requiring the interruption of a company's business activities, instead of applying said sanction, the judge may order the continuation of the business activities by a judicial commissioner (Article 15 of the Decree), who shall be appointed for the theoretical duration of the disqualification sanction when at least one of the following conditions applies:

- the company performs a public service or a service of public necessity, the interruption of which could cause serious harm to the community;
- the interruption of the business activity could have significant repercussions on employment, taking into account the company's size and the economic conditions of the region in which it is located.

### **1.4. EXEMPTION FROM ADMINISTRATIVE RESPONSIBILITY**

Article 6 of Legislative Decree No. 231/2001 states that entities shall not be held liable for administrative liability if they prove that:

- before the commission of the offence, the management body had adopted and effectively implemented an organisational, management and control model capable of preventing offences of the kind committed;

- the task of supervising the Model's operation and compliance, and ensuring that it remains up to date, has been entrusted to a corporate body with independent powers of initiative and control (a Supervisory Board);
- the persons have committed the offence by fraudulently circumventing the organisation, management and control model;
- there is no evidence of lacking or insufficient supervision by the Supervisory Board.

As such, adoption of an organisation, management and control model allows entities to avoid administrative liability. The mere adoption of such a document, by resolution of the Company's Board of Directors is not, however, sufficient in itself to exempt an entity from such liability, as the model must also be implemented effectively.

With reference to the effectiveness of the organisation, management and control model in preventing the commission of the offences provided for in Legislative Decree 231/2001, it is required that the entity:

- identifies the business activities within the scope of which offences may be committed;
- establishes specific procedures aimed at making and implementing the entity's decisions in relation to the offences to be prevented;
- identifies ways of managing financial resources to prevent the offences from being committed;
- provides for information obligations vis-à-vis the board in charge of supervising the functioning of and compliance with the models;
- introduces an appropriate sanctions system to discipline non-compliance with the measures contained in the organisation, management and control model.

With reference to the actual application of the organisation, management and control model, Legislative Decree 231/2001 requires:

- periodic checks, and if significant violations of the model's requirements are found, or changes have been made to legislation, the organisation, or its business activities, the organisation, management and control model must be updated;
- the imposition of sanctions in the event of a violation of the organisation, management and control model's requirements.

### **1.5. TRADE ASSOCIATION GUIDELINES**

Article 6 of Legislative Decree No. 231/2001 expressly provides that organisational, management and control models can be adopted on the basis of codes of conduct drawn up by associations representing entities. As such, when preparing its model, the Company has taken into account the guidelines drawn up by the relevant associations, and specifically by Confindustria, aware that mere compliance with them is not sufficient to consider the entity exempt from liability.

The 'Guidelines for the establishment of Organisation, Management and Control Models' drawn up by Confindustria were approved by the Ministry of Justice in a Ministerial Decree dated 4 December 2003. The subsequent update, published by Confindustria on 24 May 2004, was approved by the Ministry of Justice, which assessed these guidelines as suitable for achieving the purposes set out in the Decree. The guidelines were subsequently updated by Confindustria on 31 March 2008 and, most recently, in March 2014, and were approved by the Ministry of Justice on 21 July 2014.

In defining the organisation, management and control model, the Confindustria guidelines provide for the following planning stages:

- the identification of risks, i.e., analysis of the company context to highlight key areas of activity and to assess the ways in which the offences listed in Legislative Decree 231/2001 could occur;
- the preparation of a control system capable of preventing the at-risk offences identified in the previous phase by evaluating the entity's existing control system and its degree of adaptation to the requirements expressed by Legislative Decree 231/2001.

The control system components outlined in the Confindustria Guidelines that are most relevant to guaranteeing the organisation, management and control mode remains effective are as follows:

- the provision of ethical principles and rules of conduct in an Ethics Code;
- a sufficiently formalised and clear organisational system, in particular with regard to the allocation of responsibilities, reporting hierarchies, and job descriptions;
- manual and/or computerised procedures governing the performance of activities, including appropriate and adequate controls;
- authorisation and signatory powers consistent with the organisational and management responsibilities assigned by the entity, providing for expenditure limits where appropriate;
- management control systems capable of flagging potential critical issues at an early stage;
- Staff information and training

The Confindustria Guidelines also specify that the control system components described above must comply with a number of control principles, including:

- the verifiability, traceability, consistency and appropriateness of each operation, transaction, and action;
- The separation of departments and the segregation of duties (so that no one can manage one process independently);
- the establishment, execution and documentation of control activities concerning at-risk processes and activities.

# **SPECIAL PART THE ORGANISATION MODEL**

## **–SECTION TWO–**

### **2. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF CTA S.P.A.**

#### **2.1. PURPOSE OF THE MODEL**

CTA – Commerciale Tubi Acciaio S.p.A. (hereinafter, for brevity, “CTA” or the “Company”), was founded in 1958 as a sole corporation under the name “Tubi Acciaio di Pollastrini”, which later became “Commerciale Tubi Acciaio”. CTA’s headquarters are located at 40 Viale Lidice in Grugliasco (Turin), and it also has other offices and warehouses in north-eastern Italy.

As early as the 1980s, CTA consolidated its relationship with the largest pipe manufacturer in Europe, Dalmine, for whom it became the official distributor, and with whom it continued to do business, even after Dalmine joined the Tenaris Group, a world leader in the production of pipe products.

Today, the CTA Group is a leading international supplier and marketer of steel pipe products, primarily for industrial plants, with a focus on the gas processing, petrochemical, refining, power generation, and nuclear sectors.

The CTA Group sells seamless and welded pipes and carbon, alloy and stainless steel fittings. CTA does not manufacture or design branded products as the Group’s business involves purchasing the necessary materials from manufacturers, storing them in its warehouses, and shipping them out to customers. Products are purchased either on the basis of direct customer orders or from CTA’s stock.

CTA has been present on the international scene since November 2003 in Lyon, France, with CTA FRANCE (which later became a permanent establishment), since 2008 in Hong Kong with CTA Asia Pacific Ltd, and in Beijing with CTA China.

In 2009, CTA opened a warehouse in Tianjin, which has now been relocated to Hong Kong, to consolidate its presence in Asia and to expand support to local customers, ensuring faster deliveries. In 2010, CTA Iberia was established in Spain and CTA Caspian Sea was established in Kazakhstan.

In February 2012, CTA merged with the Polish wholesaler König Stahl and König CTA was born, increasing the Group’s presence in Poland with a warehouse in Warsaw. In 2018, CTA took over König Stahl’s share, creating a new legal entity called CTA Polska.

Aware of the importance of adopting and effectively implementing an organisational, management and control model in accordance with Legislative Decree 231/2001, and one that can prevent the commission of unlawful conduct in corporate contexts, CTA approved its own organisation, management and control model by means of a Board of Directors resolution on 16 December 2020 (hereinafter, the “Model”). The Model was approved on the assumption that it constitutes a valid way to promote awareness among Recipients (as defined in paragraph 2.2) of the importance of adopting appropriate and transparent behaviour, thus making it possible to prevent the criminal offences included in the list of crimes underlying the administrative liability of entities from occurring.

By adopting this Model, the Company intends to pursue the following aims:

- to prohibit conduct that may constitute one of the offences referred to in the Decree;
- to promote an awareness that violations of the Decree, the Model's provisions, and the Ethics Code's principles could result in the application of (monetary and prohibitory) sanctions, including against the Company;
- to inform all those who work with the Company that violation of the Model's provisions will result in the application of appropriate sanctions or termination of the contractual relationship;
- to confirm that the Company does not tolerate unlawful conduct of any kind and for any purpose whatsoever and that, in any case, such conduct is contrary to the principles inspiring the Company's business activities;
- to enable the Company to prevent and/or promptly counter the commission of offences under the Decree by means of a structured system of procedures and the constant monitoring of said system's implementation;
- to promote, including within the multinational group to which it belongs, the Company's awareness of and particular sensitivity to regulatory compliance issues, ensuring uniformity between corporate procedures.

## **2.2. RECIPIENTS**

The provisions of this Model are binding for the Chairperson of the Board of Directors, the Managing Director, all Directors and, more generally, the entire Board of Directors, Senior Executives, all those who represent, administer, direct, manage, or control CTA. They are also binding for all employees (including senior executives) and any business partners subject to the direction or supervision of senior staff members at the Company (hereinafter the "Recipients").

## **2.3. FUNDAMENTAL ELEMENTS OF THE MODEL**

The fundamental elements developed by the Company in defining the Model, discussed in detail below, can be summarised as follows:

- the mapping of at-risk activities ("sensitive" activities), with identification of the potential ways offences could be committed and the instrumental/functional processes within which, in principle, the conditions and/or means for committing offences could occur, as summarised in paragraph 2.5;
- a body of procedures governing all company activities, including those activities which, following the aforementioned mapping activity, were found to be at a greater risk of exposure to offences being committed;
- the establishment of a Supervisory Board, as set out in Section Three of this Model, which is assigned the specific task of monitoring the Model's effective implementation and application in accordance with the Decree;
- a sanctions system – as described in Section Four – aimed at ensuring the Model's effective implementation and containing the disciplinary actions and sanctions applicable to Recipients in the event of violation of the Model's provisions.

- the provision of information and training on the contents of this Model.

#### **2.4. ETHICS CODE AND MODEL**

Aware of the need to base the performance of its business activities on the principle of legality, CTA has adopted its own Ethics Code (hereinafter the “Code” or “Ethics Code”), with which it intends to communicate its guidelines on legal compliance and ethical conduct to the Group’s subsidiaries.

As such, the Ethics Code sets out a series of “corporate ethics” for the Company. CTA requires that its corporate boards, employees, and third parties who have a business relationship with CTA for whatever reason, follow these ethical guidelines.

The Model – whose provisions are consistent and comply with the Ethics Code’s principles – responds more specifically to the requirements expressed by the Decree and is thus aimed at preventing the offences included in Legislative Decree 231/2001’s scope of application from being committed.

CTA’s Ethics Code does however express principles for the proper conduct of business. These principles are also suitable for preventing the unlawful conduct referred to in Legislative Decree 231/2001, thus having preventive relevance for the Model’s purposes and constituting a complementary element to it.

#### **2.5. METHODOLOGY FOR DEFINING THE MODEL: MAPPING AT-RISK ACTIVITIES - INSTRUMENTAL PROCESSES AND PROCEDURES**

Article 6(2)(a) of Legislative Decree 231/2001 expressly requires that the Company’s Organisation, Management and Control Model identifies “at-risk” business activities within the scope of which the offences included in the Decree may potentially be committed.

Consequently, the Company has carried out an in-depth analysis of its business activities with the assistance of consultants with proven professionalism and experience.

As part of this activity, CTA first analysed its organisational structure, which is represented by its organigram.

CTA then analysed its business activities on the basis of the information gathered by company representatives (the Managing Director and Sector Managers) who, by virtue of their roles, have the broadest and most extensive knowledge of the company operations for which they are responsible.

The results of this activity were formalised in a series of questionnaires.

Below are details of the corporate areas (divided into sub-activities) that are at risk of the offences provided for in Legislative Decree. 231/2001 ( “sensitive activities”). In addition are details of the crimes associated with said activities, examples of potential reasons and methods, as well as processes that could, in principle, offer the means and/or conditions for committing a crime “instrumental and functional processes”).

The questionnaires are available for consultation by Directors, Auditors, Supervisory Board members, and anyone else with authorisation from the Company.

■ **“At-risk” business activity areas**

The offences listed in Legislative Decree 231/2001 could potentially be committed in the following business areas:

- A. Management of obligations, communications and requests, including during audits, inspections and checks by the competent public bodies;
- B. Management of workplace health and safety obligations;
- C. Management of obligations relating to recruitment, termination of employment, remuneration, and withholding tax and social security contributions concerning employees and business partners;
- D. Management of legal and non-legal disputes (e.g., of a civil, fiscal, labour, administrative, or criminal nature), at all levels of judgement, appointment of external professionals, and coordination of related activities;
- E. Management of the accounts and preparation of the draft statutory financial statements as well as any balance sheets, including when carrying out extraordinary operations to be submitted for the Board of Directors’ approval and/or the Shareholders’ Meeting;
- F. Management of corporate obligations;
- G. Management of commercial activities, purchase of goods and services, and financial flows in general;
- H. Management of fiscal obligations;
- I. Management of the corporate IT system;
- J. Management of the environmental aspects of the Company’s business activities.
- K. Management of tax obligations.

In view of the aforementioned areas of company activity, the following predicate offences could potentially be associated with them:

- **Article 24:** *Fraud against the State or another public body;*
- **Article 24-bis:** *Forgery of a public or private digital document having evidential value, Damage to computer information, data and programmes used by the State or another public body or in any case of public utility, Unauthorised access to a computer system, Illegal interception, obstruction or interruption of computer communications, Damage to computer information, data and programmes;*
- **Article 25:** *Extortion, undue inducement to give or promise an advantage, bribery;*
- **Article. 25 bis. 1:** *Crimes against industry and trade*
- **Art. 25 ter:** *False corporate communications (including to the detriment of shareholders or creditors); Obstruction of control; Unlawful restitution of contributions; Illegal distribution of profits and reserves;*

*Transactions to the detriment of creditors; Fictitious capital formation; Unlawful influence on the shareholders' meeting; Bribery among private individuals;*

- **Article 25 septies:** *Manslaughter, serious bodily harm;*
- **Article 25 octies:** *Handling stolen goods, laundering and use of money, assets or benefits whose origin is illegal, as well as self-laundering;*
- **Articles 25 decies:** *Inducements not to make statements or to make false statements to the courts;*
- **Article 25 undecies:** *Environmental crimes*
- **Article 25 duodecies:** *Employment of illegal workers*
- **Article 25 quinquiesdecies:** *Tax offences; the crime of fraudulent declaration through the use of invoices or other documents for non-existent transactions, the crime of fraudulent declaration through other devices, the crime of issuing invoices or other documents for non-existent transactions, the crime of concealing or destroying accounting documents, the crime of fraudulent tax evasion.*
- **Art. 25 sexdecies:** *Contraband*

Due to CTA's business activities, no significant risk profiles have been identified with respect to the commission of the offences referred to in Article 24-ter (organised crime), Article 25-bis (Counterfeiting money, public credit cards, revenue stamps and identification instruments or signs), Article 25-quater (Crimes for the purposes of terrorism or overthrowing democracy), Article 25-quater(1) (Practices of female genital mutilation), Article 25-quinquies (Crimes against the individual), Article 25-sexies (Market abuse), Article 25-novies (Crimes relating to violation of copyright), and Law 146/2006 (Transnational crimes), as well as other crimes not expressly mentioned above but included in Articles 24, 24-bis, 25, 25-ter, and 25-octies. The Ethics Code principles are also deemed to provide adequate protection against the risk of commission of these specific offences.

▪ ***Instrumental and/or functional” business processes***

Within the context of the activities summarised above, a series of “instrumental” processes have been identified, i.e., corporate processes that provide the potential conditions and/or means to commit the offences listed in the Decree, namely:

1. Management of public sector obligations and relations
2. Management of expense and entertainment expense reimbursements
3. Management of monetary and financial flows
4. Management of the purchase and sale of goods and services
5. Selection, recruitment and management of employees and business partners
6. Management of the company accounts and tax obligations
7. Preparation of financial statements and management of relations with auditors, shareholders, and auditing firms

1. Safety management pursuant to Legislative Decree 81/08
2. IT security management
3. Management of environmental issues related to the Company's business activities

■ **Procedures**

Following the identification of “at-risk” activities and the relevant instrumental processes, the Company – aware of the need to provide conditions of fairness and transparency in the conduct of its business activities to prevent the unlawful behaviour outlined in the Decree – proceeded to verify the adequacy of its existing procedures in order to monitor the identified at-risk areas.

The Company has a Quality, Environment, Health and Safety Management Handbook, which complies with the ISO 9001, ISO 14001 and OHSAS 45001 standards, as well as with technical industry standards and mandatory regulations. It also outlines the management systems for each of the Company's organisational processes.

In particular, the Quality, Environment, Health and Safety Management Handbook includes the following procedures:

- Job description: the purpose of this procedure is to describe the tasks assigned to individual departments on the organigram, to define their powers and responsibilities, and to define the applicability to each individual of Safety Officer responsibilities, as well as delegations and autonomy with regard to purchases and sales;
- Credit Management Authorisation: the purpose of this credit management procedure is to define the automatic and specific criteria for authorising order confirmations;
- Emergency preparedness and response: the purpose of this procedure is to:
  - define guidelines for drawing up and updating the rules of conduct to be followed in emergency situations;
  - ensure that potential emergencies are identified;
  - draw up, review and keep up to date emergency plans and rules of conduct on the basis of reactions in the event of an accident or drill;
  - define how to intervene in an accident;
  - prevent and limit the environmental impact that emergency situations might cause;
- Maintenance of computer systems: the purpose of this procedure is to define the responsibilities and procedures for the maintenance and modification of the Commerciale Tubi Acciaio S.p.A.'s management software;
- Selection and qualification of suppliers: the purpose of this procedure is to describe the criteria for supplier selection and qualification used by Commerciale Tubi Acciaio S.p.A.;
- Scheduling of sales orders: the purpose of this procedure is to describe the criteria and methods that should be applied in order to:
  - periodically review the “client order book”;
  - periodically review the “supplier order book”;

- define the programme for preparing sales orders;
- check that preparatory instructions are adequately followed;
- Supply control and management: the purpose of this procedure is to describe the criteria for optimising supply control and management in terms of logistics;
- Standards for the drafting and management of documents and records: the purpose of this procedure is to describe the standardisation criteria to be applied when drafting the CTA's Quality, Environment and Safety Management System documents;
- Sales negotiation registration and review: the purpose of this procedure is to describe the criteria and methods to be applied when reviewing sales agreements in order to achieve the following objectives:
  - Verify that the company is able to fully meet the contractual requirements;
  - Ensure that the contract's essential requirements are clearly defined and documented;
  - Detect and define, together with the customer, any discrepancies between job offers and job orders;
- Sales order management: the purpose of this procedure is to describe the criteria and methods needed to:
  - generate a printout of the internal job order;
  - Analyse sales orders
  - draft instructions, to be forwarded to "OPM", which is necessary for the preparation of materials;
  - manage sales orders after materials are prepared;
- Project management and control: the purpose of this procedure is to describe the criteria for optimising project management and control;
- Employee training and qualification: the purpose of this procedure is to describe the proper management of training and qualification requirements for staff members carrying out activities that have an impact on the Company's Quality, Environment and Safety Management System;

This Handbook, together with the attached documentation, is kept by the Company and forms an integral part of this Model.

In order to allow for checks to be carried out prior to corporate decision-making processes, and for their subsequent reconstruction and other relevant steps, the aforementioned procedures provide for specific and standardised principles that must be complied with when performing business activities, including:

- The principles of legality;
- The principles of objectivity, consistency and completeness;
- The principle of job segregation;
- The principles of traceability of business decisions and verifiability of transactions.

These procedures also explicitly refer to the more detailed operating procedures annexed to them.

When adopting its 231 Model, the Company decided to supplement its existing procedural apparatus with six additional procedures, which form an integral part of this Model.

These procedures concern the operational areas which, when mapped, were found to be most at risk of predicate offences. These new procedures aim to prevent such offences from being committed.

The Company has drawn up six additional procedures in which the roles and responsibilities of the various departments involved in company processes have been analysed and formalised, including on the basis of the powers and proxies conferred on them by senior management, and the principle of job segregation, traceability and the documentability of operational choices, as well as the adherence of corporate decisions to the principles of fairness and transparency when conducting business activities.

In particular, with the approval of this Model, the following additional procedures have been adopted:

- Procedure 1: strategic purchasing
- Procedure 2: non-strategic purchasing
- Procedure 3: prevention of tax and smuggling offences
- Procedure 4: payment arrangements
- Procedure 5: sales
- Procedure 6: information flows.

For the purposes of this Model, all departments must send to the Supervisory Board the information deemed necessary and/or useful for the performance of the its systematic and organised verification activities.

Each Procedure constitutes a corporate conduct regulation and forms an essential part of this Model.

## **2.6. INTERNAL CONTROL SYSTEM**

When preparing this Model, the Company took into account its pre-existing internal control system in order to verify whether it was able to prevent the specific offences listed in the Decree from occurring in at-risk areas.

The control system involves every Company activity and separates operational tasks from control tasks, thus reasonably reducing any potential conflict of interest.

In particular, CTA's internal control system is based on the rules of conduct laid down in this Model and on the following elements:

- the Ethics Code;
- the aforementioned procedures;
- the hierarchical-departmental structure (company organigram)
- the system of delegations and proxies;
- integrated IT systems configured to segregate departments and to protect the information they contain, with reference to management and accounting systems and to the systems used to support business-related operational activities.

CTA's current internal control system – which was implemented by the Company to manage and monitor primary risks and to allow proper management of the Company – achieves the following objectives:

- effectiveness and efficiency in deploying company resources, protecting against losses, and safeguarding company assets;
- compliance with applicable laws and regulations in all Company operations and actions;
- reliability of information, to be understood as timely and reliable communications that guarantee the correct performance of decision-making processes.

This internal control system is based on the following principles:

- every operation, transaction and action must be truthful, verifiable, consistent and documented;
- no one should be able to manage an entire process independently (segregation of duties);
- the internal control system must be able to document the implementation of controls, including supervisory controls.

Responsibility for the proper functioning of the internal control system rests with each department/business unit and the processes for which they are responsible.

## **2.7. GENERAL RULES OF CONDUCT**

Below are the general rules of conduct that must be observed to prevent the offences identified by the Decree from being committed. Violation of these rules will lead to the application of the sanctions provided for in Section Four.

### **▪ Conduct in relationships with the public sector**

The following general rules of conduct apply to the Recipients of this Model who, for any reason, and on behalf of or in the interest of CTA, have relationships with public officials, persons in charge of a public service or, more generally, with public sector representatives (hereinafter collectively referred to as "**public sector representatives**")

In general, Recipients are prohibited from influencing the decisions of public sector representatives in an improper and/or unlawful manner.

In particular, they are prohibited from:

- promising and/or offering and/or paying public sector representatives, directly or through third parties, sums of money or other benefits in exchange for favours, rewards or other advantages (e.g., favourable measures) for the Company and/or for themselves;
- offering and/or giving gifts or forms of hospitality which exceed normal commercial and/or courtesy practices and/or, in any case, such as to compromise the impartiality and independent judgement of the public sector representatives called upon to make decisions relevant to the Company, or who take part in such decisions;
- making payments or giving other benefits to business partners, suppliers, consultants or other third parties working on behalf of the Company, which are not adequately justified by the contractual relationship;

- behaving in a misleading manner that may encourage public sector representatives to make erroneous technical or economic assessments of documentation submitted by the Company;
- omitting required information or providing false or misleading data and documents to the public sector in order to steer its decisions in their favour;
- favouring, during recruitment and/or purchasing processes, employees, business partners, suppliers, consultants or other persons on the specific recommendation of public sector representatives in exchange for favours, rewards or other advantages for themselves and/or the Company;
- entrusting assignments or paying fees or remuneration to external consultants, circumventing the rules in place for making decisions and assessing adequacy. These processes must be inspired by the criteria of clarity, justification in relation to the assignment, and documentability. Company staff must avoid hiring individuals who are “close” to public sector workers in order to facilitate the establishment/development of relations with the Company.

At this stage, all persons intervening on behalf of the Company must be identified and specifically authorised.

Each relevant stage in the management of relationships with the Supervisory Authorities must be documented in writing.

Each company unit is responsible for archiving and storing documentation that is produced, including electronically, as part of the activities relating to this phase.

Employees involved in relationships with the P.S. and with the Supervisory Authorities shall be duly informed and made aware of the procedures adopted by the Company and shall immediately report to their manager and/or to the Supervisory Board any attempts at extortion or requests for undue advantages they may receive or become aware of.

All correspondence concerning findings or exceptions addressed to the Supervisory Authority is shared with the relevant company departments in advance and is subsequently checked by the relevant department for its completeness, correctness and accuracy.

The head of the department under inspection shall identify the staff members appointed to manage relations with public officials during their time at the Company, and a specific written notice signed by the person in charge shall be drawn up for each inspection and for any instructions, unless a special report is issued by public officials, which must be promptly forwarded to the head of the department concerned.

The Managing Director – and in cases relevant for 231 purposes, the Supervisory Board – must be promptly informed of any inspections in progress and any instructions or exceptions provided by the Authority.

The management of disputes and settlement agreements with the P.S. provides for the identification of responsibilities for guiding and managing individual process stages by the competent Company departments.

In any case, the power to agree to settlements, the powers of autonomy for managing litigations, and the conditions for appointing external lawyers must be authorised by the head of the relevant department and must be clearly identified.

Checks and the monitoring of pending proceedings and the accuracy of all related obligations must be carried out periodically.

Company staff are in any case prohibited from:

- behaving in a way that is contrary to the law and to the Company's Ethics Code during formal and informal meetings in order to persuade judges or similar persons to unduly favour the Company's interests;
- behaving in a way that is contrary to the law and to the Company's Ethics Code at all stages of proceedings in order to overcome constraints or critical issues for the purpose of protecting the Company's interests;
- unduly favouring the Company's interests by encouraging individuals not to make statements to the judicial authority through the use of violence or threats, or by offering or promising money or other benefits;
- behaving in a way that is contrary to the law and to the Ethics Code during inspections, controls, and audits by public bodies or bodies appointed by the judging authority in order to influence judgements/opinions in the Company's interests;
- promising, offering or paying sums of money, gifts or free services and granting advantages of any kind to public sector representatives for the purpose of promoting or favouring the Company's interests;
- entrusting assignments or paying fees or remuneration to external consultants, circumventing the rules in place for making decisions and assessing adequacy. These processes must be inspired by the criteria of clarity, justification in relation to the assignment, and documentability. Company staff must avoid hiring individuals who are "close" to public sector workers in order to facilitate the establishment/development of relations with the Company.

Recipients who have relationships with the judicial authority on behalf of CTA (in the context of proceedings of any nature) must comply with the rules of conduct described above, as they are also applicable to such relations.

▪ **Conduct in the context of "sensitive" activities with regard to corporate offences**

The following general principles of conduct shall apply to the Recipients of this Model who, for any reason, are involved in "sensitive" activities with regard to the corporate offences referred to in Article 25-ter of Legislative Decree scope of application from being committed.

In general, such persons are required to:

- behave in a proper, transparent and collaborative manner, in compliance with the law and internal company procedures, and in all activities aimed at drawing up financial statements and other company communications, in order to provide shareholders and the public with truthful and correct information on the Company's economic and financial situation;
- observe the rules laid down by law to protect the integrity and effectiveness of the share capital, so as not to prejudice the guarantees of creditors and third parties in general;
- ensure the proper functioning of the Company and its corporate bodies, guaranteeing and facilitating all forms of internal control over the management of the Company as required by law.

Recipients are expressly prohibited from:

- representing or sending reports or other corporate communications that are false, incomplete, or untruthful for preparation and representation in the financial statements. Recipients are also forbidden from preparing corporate communications that do not truthfully represent the Company's economic and financial situation;

- omitting data and information required by law on the Company's economic and financial situation;
- returning contributions or relieving entities from the obligation to make them, except if the share capital is being lawfully reduced;
- distributing profits or advances on profits that have not actually been earned or have been allocated by law to reserves;
- purchasing or subscribing to Company shares, thereby undermining the share capital's integrity;
- reducing the share capital or performing mergers or demergers in violation of the provisions of the law protecting creditors, causing them harm;
- carrying out false increases in the share capital by allocating shares at a value lower than their nominal value;
- behaving in such a way as to prevent – through the concealment of documents or the use of other fraudulent means – or to obstruct the performance of control and audit activities by the shareholders and the Board of Statutory Auditors;
- promising and/or offering and/or paying money or other benefits to directors, general managers, managers in charge of drafting corporate accounting documents, statutory auditors, or liquidators, or those who are subject to the management or supervision of one of the above, so that they perform or omit acts in violation of the obligations inherent to their duties or obligations of loyalty.

The conclusion of contracts and the issuing of purchase orders for entertainment expenses or goods intended to be given as gifts shall be carried out exclusively by persons expressly authorised to do so.

All disbursements of funds must be approved by identified persons with the necessary powers. As regards gifts and entertainment expenses intended, albeit not exclusively, for public sector representatives, company procedures must establish appropriate quantitative limits in relation to the value of such gifts/expenses.

In the case of sponsorship, it is necessary to verify the proper fulfilment of services in return by obtaining appropriate documentation.

A list must be drawn up of recipients and the amount of disbursements or gifts distributed, indicating the date and/or occasions of the disbursement. This obligation does not apply to gifts bearing the Company logo.

- ***Conduct in the context of “sensitive” activities with regard to the handling of stolen goods, laundering and use of money, assets or benefits whose origin is illegal, as well as self-laundering, as introduced by Legislative Decree 231/2007 and Law 186/2014***

The following general principles of conduct apply to Recipients of the Model who, for any reason, are involved in “sensitive” activities with regard to the handling of stolen goods, laundering and use of money, assets or benefits whose origin is illegal, as well as self-laundering:

- use in banking transactions;
- selection of suppliers according to predefined criteria of transparency, quality and cost-effectiveness;

- The ascertainment of the honourableness and reliability of (commercial and financial) suppliers and business partners through the acquisition of information on legal representatives, directors and shareholders, according to the type of company, as well as the acquisition of public data concerning previous judicial proceedings (e.g. collections, pending bankruptcy procedures);
- routine checks on the alignment of the conditions agreed with (commercial and financial) suppliers and business partners with market conditions;
- checks on the origin of money, goods or other utilities used in the Company's economic, financial and business activities;
- routine checks on the correct fulfilment of tax obligations, also by sending reports to the Supervisory Board by the Company's auditors.

The Company also expressly prohibits:

- the transfer for any reason – except through banks, electronic money institutions, or Poste Italiane S.p.A. – cash, bearer bank or postal passbooks, or bearer securities in euros or foreign currency when the value of the transaction, even if divided, is equal to or greater than that provided for by the regulations in force;
- the issue of bank or postal cheques for amounts equal to or greater than that provided for by current legislation that do not bear the name or company name of the beneficiary and the non-transferability clause;
- the endorsement for collection of bank and postal cheques made out in cash to parties other than banks or Poste Italiane S.p.A.;
- the making of payments and/or money transfers to encrypted or anonymous current accounts or accounts opened at credit institutions with no physical address;
- the sending of payments in cash or in kind, unless they are small;
- the use or transfer of money or goods whose origin has not been previously traced during the Company's economic or financial activities;
- the purchase of goods and/or services against payment of consideration that is abnormally lower than the market value of the goods or services.

With specific regard to the management of financial flows and transfers, the relevant company departments are required to act in accordance with the principles of transparency, correctness and traceability, in compliance with current tax, company, and social security regulations.

Large payments must involve at least two different company departments, as provided for in the procedures adopted by the Company.

The reimbursement of costs and/or expenses to employees for service reasons can only take place once documentation certifying the actual incurrence of the expense, the date, the supplier, and the reason for the expense has been submitted.

Cash transactions are to be performed exclusively by the administrative body or a person expressly and formally designated by it to do so.

In any case, withdrawals of cash from the Company's bank or post office current accounts must be limited, as the use of traceable payment means is preferred.

The services indicated on invoices received, orders sent, incoming and outgoing payments, and cash transfers must be carefully and constantly monitored by an administrative manager identified in advance.

Finally, the Company must use appropriate information channels to the Director and Supervisory Board in relation to all findings and observations made by the persons responsible for preparing and checking the Company's accounting records and tax obligations.

In this respect, accounting records, internal audit documentation and documentation supporting financial statements and tax compliance must be carefully archived.

▪ **Conduct in the context of “sensitive” activities with regard to the offences introduced by Law 123/2007**

CTA promotes a culture of safety and awareness regarding the at-risk activities carried out on its premises, demanding responsible behaviour and a respect for workplace safety procedures from individuals at all company levels.

In general, all Recipients involved in the management of company safety are obliged to carry out the procedures in place and the duties assigned to them within their area of competence. They must also comply with the prevention and protection measures put in place to protect against the safety risks identified in the Risk Assessment Document (hereinafter “RAD”) and in the above-mentioned Quality, Environment, Health and Safety Management Handbook.

In particular, to guarantee effective risk prevention and in compliance with the requirements of Legislative Decree 81/2008, as amended, as well as in line with the division of roles, tasks and responsibilities on safety, it is expressly requested that:

- the company staff (the employer, employer's safety delegate pursuant to Article 16 of Legislative Decree 81/2008, senior executives), departments, and business units involved in safety management carry out the tasks assigned to them by the Company in compliance with their roles and comply with any prevention measures and existing company procedures, making sure to inform and train employees who are exposed to safety-related risks when performing their work duties,
- the persons appointed by the Company or elected by staff pursuant to Legislative Decree 81/2008 (such as the Prevention and Protection Service Manager, the Prevention and Protection Service Officers, the persons in charge of fire prevention, fire fighting, and evacuation of workers in case of danger, first aid officers, the company doctor, and the workers' safety representative) carry out the safety duties specifically assigned to them by the laws in force and as per the Company's safety system;
- the persons in charge of supervising the correct observance by all employees of the Company's safety measures and procedures report any shortcomings or misalignments with regard to the safety system, as well as any conduct contrary to it;
- all employees look after their own health and safety and that of other people who have access to the Company's facilities, and that they observe the Company's measures, safety procedures and instructions.

Any behaviour that goes against the Company's workplace safety rules shall be sanctioned by means of a disciplinary procedure in accordance with legislative provisions on labour relations.

▪ **Conduct in the context of "sensitive" activities concerning cyber crimes introduced by Law 48/2008**

The following general rules of conduct shall apply to Recipients of this Model who, for any reason, are entrusted with the management and maintenance of servers, databases, applications, clients, as well as all those who have been assigned passwords and access keys to the Company's IT system:

- staff can only access the Company's IT system by means of the ID codes assigned to them, which should be changed periodically;
- staff should keep their ID codes secret and refrain from disclosing them to third parties;
- staff should refrain from conduct that might compromise the confidentiality and integrity of company and third-party information and data;
- staff should refrain from conduct aimed at overcoming or circumventing the protections on company or third-party computer systems;
- staff should not use connections other than those provided by the Company in the performance of their work duties.

The Company has also adopted the following measures to mitigate the risk of the offences provided for in Article 24-bis of Legislative Decree 231/2001.

- access to information residing on servers and corporate databases, including clients, is restricted by authentication tools;
- the system administrator has authentication credentials;
- employees are provided with unique authentication credentials for access to clients;
- access to applications by IT staff is guaranteed through authorisation tools;
- the Company's servers and laptops are periodically updated according to specific needs and protected against the risk of intrusion by antivirus software that is automatically updated;
- The Company's data transmission network is protected by appropriate access restriction tools (firewalls and proxies).

▪ **Conduct in the context of "sensitive" activities concerning inducements not to make statements or to make false statements to the courts, as introduced by Law 116/2009**

The following general principles of conduct shall apply to Recipients of this Model who, for any reason, are involved in "sensitive" activities with regard to inducements not to make statements or to make false statements to the courts, as referred to in Article 25-decies of Legislative Decree scope of application from being committed.

In general, such persons are required to:

- deal promptly, fairly and in good faith with all requests from criminal investigations departments and the investigating and prosecuting judicial authorities, providing all information, data and updates that may be useful;
- behave in a helpful and cooperative manner in all situations towards law enforcement agencies and legal authorities.

It is expressly forbidden for Recipients to resort to threats or to promise, offer, or grant undue benefits in order to encourage those who have the right to remain silent in criminal proceedings not to make statements or to make false statements to the judicial authority with the intention of obtaining a favourable ruling for the Company or to determine the attainment of another kind of advantage.

▪ **Conduct in the context of “sensitive” activities with regard to the environmental offences introduced by Legislative Decree 121/2011**

The following general principles of conduct apply to the Recipients of this Model who, for any reason, are involved in “sensitive” activities with regard to the environmental offences referred to in Article 25-undecies of Legislative Decree scope of application from being committed.

With regard to this area of risk, reference is made to the principles contained in the Company's Environmental Management System Handbook, which forms an integral part of this Model. As a general rule, all in-house and third-party employees working at or on behalf of the Company are prohibited from:

- engaging in conduct aimed at breaking the provisions on waste management, emissions sources, discharge of industrial waste water containing hazardous substances, and soil and subsoil pollution;
- ➔ falsifying or altering environmental communications to the Public Sector, including data and information relating to atmospheric emissions to be sent to the control authorities (e.g., ARPA, the Provincial Administration);
- ➔ abandoning or depositing waste in an uncontrolled manner and releasing it, in a solid or liquid state, into surface and groundwater;
- ➔ conducting waste management activities in the absence of an appropriate authorisation for waste disposal and recovery, or in the case of a revoked or suspended authorisation;
- ➔ mixing different categories of hazardous waste (or hazardous waste with non-hazardous waste);
- ➔ violating the obligations to make available and keep compulsory waste management registers and forms;
- ➔ falsifying/altering, and/or compiling waste analysis certificates with incorrect and/or false information on the nature, composition and chemical/physical characteristics of the waste itself, also with reference to the Waste Traceability Control System (SISTRI - Handling Area);
- ➔ carrying out or participating in organised activities aimed at illegal waste trafficking;
- ➔ preventing access to settlements by control officers;

- discharging industrial waste water containing hazardous substances without a permit or after a permit has been suspended or revoked;
- violating the obligation to provide (upon a potential event capable of contaminating the site) for the implementation of the necessary prevention and cleansing measures, providing timely notice to the competent authorities.

The individuals tasked with controlling and supervising compliance with regard to the performance of the above-mentioned activities must pay particular attention to compliance with regulations and must immediately report any suspected non-compliances to the Supervisory Board.

▪ **Conduct in the context of “sensitive” activities with regard to the offence introduced by Legislative Decree 109/2012**

The following general principles of conduct apply to the Recipients of this Model who, for any reason, are involved in “sensitive” activities with regard to the offence referred to in Article 25-duodecies of Legislative Decree 231/2001 on the employment of non-EU nationals with no right to remain.

With regard to this at-risk area, reference is made to the principles set out in the Company’s Quality Handbook, which forms an integral part of this Model.

In-house and third-party staff members who work for or on behalf of the Company must have the legal right to remain in the country.

In general, all Recipients involved in HR management are forbidden from:

- hiring employees or temporary workers on a fixed or permanent contract through temporary agencies who do not have a residence permit;
- Entering into contracts with third-party service providers whose staff do not have the legal right to remain in Italy;

CTA adopts the following procedure regarding employment management:

- It prohibits the employment of non-EU nationals who do not have a valid residence permit for Italy, in any form whatsoever;
- **Conduct in the context of “sensitive” activities with regard to the tax offence introduced by Law No. 157/2019**

The following general principles of conduct shall apply to Recipients of this Model who, for any reason, are involved in activities that are “sensitive” with regards to the offences provided for by Law No. 157/2019 concerning taxes.

Tax offences relevant to the liability of legal persons:

- a. Fraudulent declarations through the use of invoices or other documents for non-existent transactions (Article 2 of Legislative Decree 74/2000)
- b. Fraudulent declaration by means of other devices (Article 3)
- c. Issuance of invoices or other documents for non-existent transactions (Article 8)
- d. Concealment or destruction of accounting documents (Article 10)
- e. Fraudulent evasion of taxes (Article 11)

Relevant tax offences if committed as part of cross-border fraudulent schemes and for the purpose of evading VAT for a total amount exceeding 10,000,000 euros:

- a. False declarations (Article 4)
- b. Failure to make a declaration (Article 5)
- c. Undue remuneration (Article 10-quater).

The following should be the subject of particular scrutiny for CTA with regard to the list of offences:

- Purchases (compared to Article 2)
- Sales (compared to Article 8)
- Accounting and budgeting (Articles 3, 4 and 10)
- Administration and finance (Articles 5, 10 and 10-quater).

Upon the conclusion and signing of contracts, suppliers must issue the following documents on an annual basis, or whenever a contract is renewed:

- an up-to-date certificate of incorporation
- the last two financial statements filed
- a self-certification with which the director certifies: the absence of bankruptcy procedures, conflicts of interest, criminal proceedings to which he or she is subject or has been convicted, the absence of measures targeting assets applied by virtue of anti-mafia laws, as well as the absence of direct or indirect links to members of mafia organisations; the fulfilment of declaration obligations and the payment of taxes

On a half-yearly basis, the management and control office performs accounting checks on the highest value orders in order to align inventory valuations with its sales process. These checks are followed by the issue of tax documents, which are recorded in the company books, and collection of the requested sum.

On a half-yearly basis, the management and control office performs accounting checks on the highest value orders to reconcile inventory valuations with the purchase process. These checks are followed by the receipt of tax documents, their registration, and payment of the requested sum.

On a quarterly basis, the auditing and control company checks the accounting records to ensure that operating events have been correctly recorded.

On at least a quarterly basis, the accounting department verifies any tax arrears and routinely deals with them. Payment is delegated to the treasury office.

Smuggling (Article 25-sexiesdecies of Legislative Decree No. 231 of 2001)

Smuggling offences under Presidential Decree No 43 of 1973 are relevant. It should be borne in mind that since 2016, offences punishable by a fine have been decriminalised.

As a result, almost all smuggling offences are now decriminalised.

Article 295(1) of Presidential Decree No. 43 is therefore relevant to the company context, according to which (following the amendments introduced by Legislative Decree No. 75 of 2020): “for the same offences, a fine shall be added to a term of imprisonment of three to five years: ... d-bis) when the border duties owed exceed 100,000 euros”

Article 295(2) of the same decree states that: “for the same offences, imprisonment of up to three years shall be added to the fine if the border duties owed exceed 50,000 euros but do not exceed 100,000 euros.”

It follows that CTA’s focus shall be on smuggling if it results in the evasion of border duties in excess of 50,000 euros.

In reference to CTA’s Model, sensitive processes include the following (see par. 2.5.):

G. management of commercial activities

H. management of tax obligations.

To this end, it is suggested that the measures set out above be adopted for:

1. Purchases
2. Sales

## **–SECTION THREE–**

### **3. SUPERVISORY BOARD**

As a condition for benefiting from the exemption from administrative liability, Article 6, Paragraph 1 of Legislative Decree 231/2001 requires that the task of ensuring the Model functions, is observed, and is updated be entrusted to a Supervisory Board which is endowed with independent powers of initiative and control and carries out the tasks delegated to it on a continual basis.

The Decree requires the Supervisory Board to perform its duties outside the Company’s operational processes, reporting periodically to the Board of Directors. The Supervisory Board is free from any hierarchical relationship with the Board of Directors and with the individual heads of department.

In accordance with the requirements of Legislative Decree 231/2001, the Confindustria Guidelines, and the law on the matter, CTA established a Supervisory Board reporting directly to the Board of Directors with a resolution on 16 December 2020, on the occasion of the Model’s initial approval.

The composition of the Supervisory Board shall meet the following requirements:

- Autonomy and independence: this requirement is ensured by the lack of hierarchical relationship between the Supervisory Board and the Board of Directors, to which it nevertheless reports.
- Professionalism: this requirement is guaranteed by the professional, technical and practical expertise of the Supervisory Board members (in particular, knowledge of the law and of control and monitoring principles and techniques);
- Continuity of action: with reference to this requirement, the Supervisory Board is required to constantly monitor, through its powers of investigation, the compliance of Recipients with the Model to ensure that it is implemented and updated, thus representing a constant point of reference for all CTA personnel.

### **3.1. TERM OF OFFICE, WITHDRAWAL, AND REMOVAL FROM OFFICE**

The Supervisory Board remains in office for one year, with the possibility of renewal. The Supervisory Board shall be comprised of people possessing an ethical and professional profile of unquestionable value. These people must not be married or related (up to the fourth degree) to Directors. The composition of the Supervisory Board may be changed by resolution of the Board of Directors.

Company employees and external professionals may be appointed as members of the Supervisory Board. The latter must not have any relationship with the Company that could constitute a conflict of interest or could jeopardise their independence.

Remuneration of Supervisory Board members – be them internal or external to the Company – does not constitute a conflict of interest.

The following individuals cannot be appointed as Supervisory Board members and, if appointed, shall be removed from office: disqualified, legally incapacitated or bankrupt individuals or people who have been sentenced, including non-definitively, to a punishment that requires their disqualification, including temporary, from holding public office or their inability to exercise executive office; people who have been sentenced, including non-definitively or with a plea bargain, for committing one of the offences provided for in Legislative Decree scope of application from being committed.

Members who have an employment relationship with the Company shall automatically cease to hold office in the event of the termination of said relationship, regardless of the cause of its termination.

The following shall constitute just cause for the removal of members:

- failure to inform the Board of Directors of a conflict of interest preventing the member from continuing to sit on the Supervisory Board;
- a breach of confidentiality obligations with regard to news and information acquired due to being a member of the Supervisory Board;
- the initiation of disciplinary proceedings for crimes which could lead to their dismissal (if also a Company employee).

If a member is removed without just cause, they may apply for their immediate reinstatement.

On the other hand, the following constitutes grounds for disqualification of the entire Supervisory Board:

- the establishment of a serious breach by the Supervisory Board in the performance of its duties;

- the Company's conviction, even if non-definitive or with a plea bargain, where the sentence shows that the Supervisory Board has failed to or has insufficiently carried out its supervisory duties.

Each member may withdraw from office at any time with at least 30 days' written notice, to be sent to the Chairman of the Board of Directors by registered mail with return receipt, who shall inform the Board of Directors of the withdrawal.

The Supervisory Board shall independently establish the rules for its own operation with a special regulation by defining the operating methods for carrying out the duties assigned to it. These rules are then submitted to the Board of Directors for approval.

### **3.2. POWERS AND DUTIES OF THE SUPERVISORY BOARD**

The Supervisory Board is entrusted with the following tasks:

- ensuring that knowledge, understanding and observance of the Model is promoted within the Company;
- supervising compliance with the Model by Recipients;
- monitoring the Model's validity and adequacy, with particular reference to conduct observed within the Company;
- verifying the Model's actual capacity to prevent the commission of the offences provided for in the Decree;
- supervising the Model's implementation and observance in at-risk areas;
- informing the Company of the need to update the Model, where there is a need to update it due to changed company conditions and/or legislation.

In carrying out these duties, the Supervisory Board shall:

- coordinate and cooperate with company departments (including by means of dedicated meetings) in order to better monitor the business activities identified in the Model as being at risk of offence;
- verify the establishment and functioning of specific "dedicated" information channels (e.g., email address, fax number), aimed at facilitating the flow of reports and information to the Supervisory Board;
- carry out targeted checks on certain transactions or specific activities within the business areas identified as potentially at risk of offence;
- verify the effective implementation of information and training initiatives on the Model undertaken by the Company;
- immediately report any justified violations of the Model by the Company's Directors or its senior management team to the Board of Directors;
- immediately report any justified violations of the Model by the entire Board of Directors to the Board of Statutory Auditors;

For the purposes of carrying out the above duties, the Supervisory Board is endowed with the following powers:

- the power to issue instructions and service orders to govern its own activities and to prepare and update the list of information required from Company departments;
- access, without prior authorisation, to any company document relevant to the performance of the duties assigned to it by Legislative Decree 231/2001;
- the power to ensure that the heads of department and all Recipients promptly supply the information, data and/or news requested from them in order to identify aspects related to the company activities relevant to the Model, and to verify its effective implementation;
- the use of external consultants of proven professionalism in cases where it is required to perform checks or to update the Model.

In order to better carry out its duties, the Supervisory Board may delegate one or more specific tasks to individual members, who shall carry them out in the name and on behalf of the Board itself. The responsibility resulting from them delegated duties lies with the Board as a whole.

The Company's Board of Directors assigns the Supervisory Board an annual expenditure budget in the amount suggested by the Board itself, which should be adequate in relation to the duties entrusted to it. The Supervisory Board independently decides on the expenses to be incurred in compliance with the Company's signatory powers. Any expenses exceeding the budget must be authorised directly by the Board of Directors.

### **3.3. SUPERVISORY BOARD REPORTS**

As previously mentioned above, in order to ensure full autonomy and independence in the performance of its duties, the Supervisory Board reports directly to the Company's Board of Directors.

In particular, the Supervisory Board reports to the Board of Directors on the state of affairs concerning the Model's implementation and the results of the supervisory activities carried out in the following ways:

- periodic reports addressed to the Chairman of the Board of Directors in order to supply senior management with constant updates on the activities carried out;
- an annual written report addressed to the Board of Directors and the Board of Statutory Auditors illustrating the Supervisory Board's monitoring activities, any critical issues which have emerged, and any corrective or improvement measures deemed appropriate for the Model's implementation;
- occasional reports addressed to the Board of Statutory Auditors, if deemed necessary, in relation to alleged violations committed by senior management or members of the Board of Directors. It may also receive requests for information or clarifications concerning such alleged violations from the Board of Statutory Auditors.

The Supervisory Board may be convened at any time by either the Board of Directors or the Board of Statutory Auditors and, in turn, may ask to be heard if it deems it appropriate to report on issues relating to the Model's functioning and effective implementation or in relation to specific situations.

In order to ensure the accurate and effective flow of information, as well as for the purpose of comprehensively and correctly carrying out its duties, the Board is also entitled to request clarifications or information directly from the people with primary operational responsibilities.

### 3.4. INFORMATION FLOWS TO THE SUPERVISORY BOARD

Article 6(2)(a) of Legislative Decree 231/2001 sets out, among the requirements to be met by the Model, the establishment of specific information obligations vis-à-vis the Supervisory Board and the Company departments, aimed at enabling the Board to perform its supervisory and verification activities.

In this regard, the following information must be sent to the Supervisory Board:

- on a periodic basis: information, data, news or documents constituting exceptions to corporate procedures, previously identified by the Supervisory Board and formally requested by it from individual departments (“information flows”), in accordance with the procedures and time frames defined by the Supervisory Board;
- within the scope of the Supervisory Board’s verification activities: information, data, news or documents deemed useful and/or necessary for carrying out such verifications, previously identified by the Board and formally requested from individual departments. In particular, the Board of Auditors sends a quarterly verification report to the Supervisory Board;
- on an occasional basis: any other information concerning the Model’s implementation in at-risk areas, as well as compliance with the Decree’s provisions, which may be useful for the purpose of carrying out the Board’s duties (“whistleblowing”). In this respect, Recipients must report any information relating to conduct that may constitute a violation of the Decree and/or the Model’s provisions to the Supervisory Board, as well as specific offences.

To this end, the Company has set up dedicated communication channels for communicating with the Supervisory Board, consisting of an e-mail address and a fax number made known to company staff, to which any reports may be sent, and access to which is reserved solely to Board members. These reporting procedures are designed to ensure the utmost confidentiality of whistleblowers and to prevent retaliation or any other form of discrimination or penalisation against them.

The Supervisory Board shall assess the reports it receives (including anonymously) and may summon, if it deems it appropriate, both the reporting party in order to obtain further information and the alleged perpetrator of the breach. It shall also carry out all the checks and investigations required to ascertain whether the report is well-founded.

Having established that the report is well-founded, the Board:

- immediately notifies the competent department in writing in order to initiate the consequent disciplinary actions for violations committed by employees;
- immediately informs the Board of Directors about Model violations by senior management and/or senior employees that are deemed to be well-founded;
- immediately informs the Board of Directors and the Board of Auditors about Model violations by Company directors that are deemed to be well-founded.

In addition to the above-mentioned information, it is mandatory to provide the Supervisory Board with information concerning:

- reports, issued by the competent department, on all control and/or supervision activities on the Company by Public Sector bodies;
- measures and/or information from the judicial police, or from any other authority, including administrative authorities, involving the Company or senior management, which indicate that investigations are under way, including against unknown persons, for the offences referred to in Legislative Decree 231/2001, without prejudice to the legal obligations of confidentiality and secrecy;
- requests for legal assistance submitted by managers and/or employees in the event of legal proceedings under way for offences covered by Legislative Decree 231/2001 and allegedly committed in the performance of their work duties;
- changes to the delegation and proxy powers system, changes to the articles of association or to the Company's organisational chart and the safety at work chart;
- the results of any actions taken following a written report drawn up the Supervisory Board concerning a Model violation, the imposition of disciplinary sanctions following a Model violation, or any measures in place for dismissal, with the relevant reasons;
- reports of serious injuries (manslaughter or serious or very serious injuries, or any injury with a recovery time of more than 40 days) affecting CTA employees, business partners, or more generally, all those who have access to the Company premises.

With the Company's support, the Supervisory Board defines the methods for sending said information, notifying any departments that are required to send information. Failure to send information to the Supervisory Board constitutes a violation of this Model.

All the information and documents, including reports provided for by this Model, and reports collected and received by the Supervisory Board in the performance of its duties must be kept by the Board in a special record at the Company's headquarters for ten years.

## - SECTION FOUR -

### 4. SANCTIONS SYSTEM

The definition of a sanctions system, to be applied in the event of a Model violation, is required to ensure the Model is effectively implemented and to allow the Company to benefit from the exemption from administrative liability.

The application of disciplinary sanctions is separate to the initiation and outcome of any criminal proceedings in situations where the breach constitutes a criminal offence within the meaning of Legislative Decree scope of application from being committed. Sanctions vary depending on the nature of the relationship between the person responsible for the violation and the Company, as well as the importance and severity of the violation and the role and responsibility of the person who has committed the offence.

In general, violations can be linked to the following behaviours, and classified as follows:

- a) conduct constituting an unintentional failure to implement the Model's provisions, including company directives, procedures, or instructions;
- b) conduct constituting a wilful failure to implement the Model's provisions, such as to compromise the relationship of trust between the perpetrator and the Company in that it is unequivocally intended to commit an offence.

The sanction procedures are the responsibility of the competent company department and/or bodies.

#### ▪ **Sanctions against employees**

With regard to its employees, the Company shall comply with the limits set out in Article 7 of Law 300/1970 (Workers' Statute) and the provisions of the specifically applicable National Collective Labour Agreement, with regard to both the sanctions that may be imposed and the procedures for exercising disciplinary powers.

Failure to comply with the Model's provisions by employees, in addition to all documentation that forms part of it, constitutes a breach of the obligations arising from the employment relationship pursuant to Article 2104 of the Italian Civil Code, and a disciplinary offence.

More specifically, employee conduct that constitutes a disciplinary offence on the basis of the preceding paragraph also constitutes a violation of the employee's obligation to perform his or her work duties with the utmost diligence and to comply with the Company directives, as provided for by the applicable National Collective Labour Agreement in force.

The following sanctions may be imposed on employees:

- i) a verbal warning;
- ii) a written warning;
- iii) a fine not exceeding three hours' normal remuneration;
- iv) suspension from work and pay for a maximum of three days;
- v) termination of employment.

In order to highlight the criteria for correlating violations with disciplinary measures, it should be noted that:

- i) a verbal warning is given to employees who:

- violate company procedures or the Ethics Code provisions through mere negligence, or who behave in a way that does not comply with the Model's provisions when carrying out tasks in at-risk areas, as long as the violation has no external relevance;
- ii) a written warning is given to employees who:
- have committed violations repeatedly during the previous two years, for which a verbal warning is applicable;
  - violate company procedures or the Ethics Code provisions through mere negligence, or who behave in a way that does not comply with the Model's provisions when carrying out tasks in at-risk areas, as long as the violation has external relevance;
- iii) a fine not exceeding three hours' normal remuneration shall be imposed on any person who:
- has committed violations for which a written warning is applicable during the previous two years;
  - depending on his or her level of seniority or technical responsibility, damages the Model's effectiveness via conduct such as:
    - a failure to comply with the obligation to inform the Supervisory Board;
    - a repeated failure to comply with the Model's requirements, in the event that they relate to a procedure or relationship that involves the public sector;
- iv) the suspension of pay and from service for a maximum of three days shall apply to any employee who:
- has committed repeated violations in the previous two years for which a fine equivalent to up to three hours' normal remuneration is applicable;
  - Violates provisions concerning signatory powers and the delegation and proxy powers system with regard to acts and documents involving the public sector;
  - makes false or unsubstantiated reports concerning violations of the Model and Ethics Code.
- v) Employment contracts shall be terminated for employees who:
- fraudulently elude the Model's provisions by means of conduct that is inarguably aimed at committing one of the offences included in Legislative Decree. 231/2001;
  - violates the internal control system by removing, destroying or altering documentation or by preventing the verification of or access to information and documentation by persons in charge, including the Supervisory Board, in such a way as to prevent the transparency and verifiability thereof.

The Company cannot take any disciplinary action against employees without complying with the procedures laid down in the applicable National Collective Bargaining Agreement for individual cases.

The principles of correlation and proportionality between the violation committed and the sanction imposed are guaranteed by compliance with the following criteria:

- severity of the violation;
- duties, role, responsibility and autonomy of the employee;
- predictability of the event;

- intentionality of the conduct or degree of negligence, carelessness, or inexperience;
- the employee's overall conduct with regard to the existence or otherwise of disciplinary precedents under the terms of the applicable National Collective Bargaining Agreement;
- other specific circumstances characterising the violation.

The existence of a sanctions system connected with a failure to comply with the provisions of this Model and the documentation which forms part of it, must be brought to the attention of employees by the means deemed most appropriate by the Company.

▪ **Sanctions against managers**

Failure to comply with the provisions of the Model, and with all the documentation which forms part of it by managers, including violation of the obligation to provide information to the Supervisory Board and to monitor the conduct of employees, shall result in the application of the sanctions contained in collective bargaining agreements for other categories of employees, in accordance with Articles 2106, 2118 and 2119 of the Italian Civil Code, and with Article 7 of Law 300/1970.

In general, the following sanctions may be imposed on managers:

- i) suspension from work;
- ii) early termination of employment.

Violations, as well as inadequate supervision and a failure to promptly inform the Supervisory Board, may result in the precautionary suspension from work of senior executives, without prejudice to their right to remuneration, as well as (on a provisional and precautionary basis for a period not exceeding three months) their assignment to a different role in accordance with Article 2103 of the Italian Civil Code.

In the event of serious violations, the Company may proceed with early termination of the employment contract without notice pursuant to Article 2119 of the Italian Civil Code.

▪ **Sanctions for employees subject to management or supervision**

Failure to comply with the Model's provisions by employees subject to the direction or supervision of senior executives, including violation of the obligation to inform the Supervisory Board, will result in the termination of their employment contract in accordance with the provisions of their specific contractual relationship, without prejudice to the Company's right to claim compensation for damages suffered as a result of such conduct, including damages caused by the application of the sanctions provided for by Legislative Decree scope of application from being committed.

▪ **Measures against Directors**

In the event of an ascertained violation of the Model's provisions, or the documentation which forms part of it, by one or more directors, the Supervisory Board shall promptly inform the entire Board of Directors and the Board of Statutory Auditors so that it may take or suggest the most appropriate form of action in relation to the severity of the violation and in accordance with the powers provided for by current legislation and the Articles of Association.

In particular, in the event of a violation of the Model's provisions, or the documentation which forms part of it, by one or more Directors, the Board of Directors may proceed directly to issue a formal written warning or to revoke, including partially, the granted delegated powers and powers of attorney, depending on the extent and severity of the violation committed.

If the provisions of the Model or any of its integral documentation are violated by one or more directors in order to inarguably facilitate, instigate or commit one of the offences contained in Legislative Decree 231/2001, sanctions (such as temporary suspension from office and, in more serious cases, the revocation of office) shall be adopted by the Shareholders' Meeting, on the proposal of the Board of Directors or the Board of Statutory Auditors.

In the event of an ascertained violation of the Model's provisions by the entire Board of Directors, including any integral documentation, the Supervisory Board shall immediately inform the Board of Statutory Auditors, so that it may propose the consequent initiatives.

▪ **Measures against senior staff**

In any event, senior management's failure to fulfil its specific obligation to supervise employees shall result in the Company's adoption of the sanctions deemed most appropriate in relation to the nature and severity of the breach and to the status of the senior executive committing the breach.

## **5. RAISING AWARENESS OF THE MODEL**

Aware of the importance that training and information has from a prevention perspective, CTA has created a communication and training programme to promote awareness among Recipients of the main contents of the Decree and the obligations deriving from it, as well as the Model's prescriptions.

Staff information and training activities shall be organised with varying levels of detail depending on the staff members' degree of involvement in at-risk activities. In any case, training activities aimed at promoting knowledge of Legislative Decree 231/2001 and the Model's provisions are structured in terms of content and awareness-raising methods depending on the Recipients' job level, the risk level of the department in which they operate, and whether or not they hold representative or management positions in the Company.

Training activities shall involve all existing staff, as well as all individuals due to be included in the company organisation in the future. In this regard, the relevant training activities must be planned and carried out both at the time of recruitment and when there are any changes to duties, as well as following updates and/or amendments to the Model.

With regard to the Model's distribution, CTA shall:

- send a notice to all personnel concerning the adoption of this Model;
- publish the Model on the Company Intranet and/or any other communication tool deemed appropriate;
- organise training activities aimed at raising awareness of Legislative Decree 231/2001 and the Model's provisions, and will also arrange training sessions for staff members when the Model is updated and/or amended, in the manner deemed most appropriate.

Documentation relating to information and training activities shall be kept by the Company's Managing Director and will be available for consultation by the Supervisory Board or any person entitled to examine it. The MD shall ask an employee to oversee this task.

## **6. ADOPTING AND UPDATING THE MODEL**

The adoption of this Model is the responsibility of the Board of Directors.

Subsequent substantial amendments and/or additions to this Model are the responsibility of the Company's Board of Directors. These changes include those resulting from:

- Serious violations of the Model's provisions;
- identification of new at-risk areas related to the Company's commencement of new business activities, or changes to those previously identified;
- changes to the organisational set-up;
- identification of potential areas for improvement of the Model identified by the Supervisory Board following its routine verification activities;

In any case, substantial amendments are those that affect the Supervisory Board's composition, term of office and operation, as well as the rules governing the sanctions system.

Formal amendments and/or additions concerning, by way of example, the list of offences referred to in paragraph 1.2, as well as additions to the list of corporate procedures relevant to 231 or the amendment of the relevant nomenclature, shall be referred to the Company's Managing Director, who shall identify an employee to be entrusted with this task.