

GENERAL SECTION

Organization and Management Model, rev.3/2020.

Approved and adapted by the Board of Directors with the deliberation of 09/12/2020.

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The documents, supported by all data that is useful for highlighting the activities carried out by the company, the risky situations derived from them and the measures adopted, represents the Organization, Management and Control model approved and adopted by the Board of Directors of Friulsider with the deliberation of

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1 Introduction

The Legislative Decree No. 231 of 8 June 2001, entered into force on July 4, 2001. The decree laid down provisions concerning the " Discipline of the administrative liability of legal persons, of companies and of associations even without a legal status".

This Legislative Decree brought the Italian legal framework governing corporate liability into compliance with a number of international conventions to which Italy has long adhered to, such as the Brussels Convention dated 26 July 1995 on the protection of the European Community's financial interests, the Convention dated 26 May 1995 1997, also signed in Brussels, on the fight against corruption involving public officials of the European Community or officials of Member States as well as the OECD Convention dated 17 December 1997 on Combatting Bribery of Foreign Public Officials in International Business Transactions.

On the basis of that laid down by the Decree, a legal entity may be deemed criminally responsible for the offences listed in the Decree itself, if committed or attempted in the interest or for the benefit of the corporation itself by one or more of the following subjects:

- Natural persons who fulfil functions of representation, administration or management of the said entity or in one of its organizational units that has financial and functional autonomy, as well as by natural persons who exercise management and control, even only *de facto*, of the entity itself;
- Natural persons managed or supervised by one of the aforementioned persons specified under the preceding point.

In practice, a crime that has been committed or attempted by one of the aforementioned subjects, in the interest or for the benefit of the company, gives rise to, in addition to the penal responsibility of the natural person, who has materially committed the offence, the "administrative" liability of the corporation itself. In such a case, the corporation shall be subject to a financial penalty, accompanied by the confiscation of the proceeds or profits of the offence, and in cases foreseen by interdictory sanctions, in addition to the publication of the conviction sentence.

The Decree provides that an entity may avoid liability where it can prove that it adopted and effectively implemented an appropriate "Organization, Management and Control Model" which is suitable for preventing the commission of criminal offences being considered, before the offence was committed.

In light of the briefly outlined above, FRIULSIDER, for the purpose of ensuring conditions of lawfulness, transparency and fairness in the conduct of its activities, and in the desire to prevent the commission of those predicate offences, as set forth in the Decree, to which its organization appears to be the most exposed, it has deemed necessary and in accordance with its own policy to adopt an Organization, Management and Control Model (hereinafter the "Model") in compliance with the requirements laid down by Legislative Decree 231/2001.

This Model consists of a comprehensive framework of principles, rules, procedures, organizational schemes, powers, duties and responsibilities, that are appropriate for the creation and diligent

management of a control and monitoring system aimed at preventing the commission of, even if only attempted, the offences in consideration.

This document describes this Model. This document was drawn up in such a way as to meet two main requirements:

- describe the Model adopted so that it is easy to use by the recipients who shall be obliged to apply its rules,
- be usable for the purposes of the necessary information, training and communication activities.

FRIULSIDER indeed believes that effective understanding and implementation of the Model makes it possible to improve its own governance by limiting the risk of offences being committed.

Consequently, the document, that is accessible without any restriction to all stakeholders (workers, employees, suppliers, customers, etc.), illustrates the overall structure of the Model; it consists of a first section called "*General Section*", a second section "*Special Section*" and "*Annexes*" that form an integral part of the Model.

More specifically, the "*Special Section*", illustrates, for each example of a crime relevant to FRIULSIDER, the protocols of conduct that have been adopted for preventing its commission, as well as the internal and external intended recipients of the individual procedures.

The document has consequently been structured so as to ensure more effective and streamlined updating activities of the same and their possible implementation.

More specifically, in this "*General Section*":

- Chapter 2 provides a brief description of FRIULSIDER's activities;
- Chapter 3 contains the main requirements of Legislative Decree 231/2001, amended with the interpretations and guidelines provided by the case law, for the application of the model;
- Chapter 4 describes the description of the Model adopted and the narration of the process implemented for its definition and directions to ensure its suitability, adequacy and effectiveness in implementation; this section also details the approval of the Model and the instructions for its updating;
- Chapter 5 lists all Annexes that form an integral part of the Organization, Management and Control Model.

2 Presentation of the Entity

FRIULSIDER SPA is a joint-stock company governed by the Italian law, incorporated in Italy, with its registered headquarters in Villanova del Judrio, on Via Trieste, 1, in the municipality of San Giovanni al Natisone (UD).

FRIULSIDER's history is an integral part of Friuli-Venezia-Giulia's industrial history of. The company was founded in 1966 as FRIULSIDER Meccanica S.a.s., on the initiative of a group of entrepreneurs who

were able to seize the opportunity then offered by the exponential growth of woodworking activities and set up their own business enterprise in 1967.

In 1989 merger by incorporation with Friulzinco S.r.l. was effectuated, and the company that was born of this merger gave life to FRIULSIDER S.r.l.. On 11 April, 1989, the Court of Udine approved its transformation from S.r.l. (limited liability company) to S.p.A. (joint stock company), and therefore from that date the definitive name of the company became: FRIULSIDER S.p.A.

Initially FRIULSIDER's output was dedicated to those craft workshops in the area, which were soon transformed into the industrial furniture manufacturers that formed the core of the Furniture and Chair Making District.

The company therefore specialized in manufacturing screws for the production of wooden furniture, an element that still today strongly characterizes and distinguishes FRIULSIDER but experience in the production of screws was not the only trait written into the company's DNA. FRIULSIDER especially emerged primarily as a manufacturer, proud of its expertise and know-how capable of sharing its goals and methodologies with its customers, who were themselves manufacturers.

The Company continued its growth in 1988 with the creation of the first automated assembly plant and two years later with the introduction of the plastic production department.

In 1994, a series of negative factors arose; the share capital was drastically reduced and immediately restored through the entry of three French companies into the shareholding structure, as well as through the regional financial public participation of Friulia S.p.A.

In 2008, the Morigi family, one of the original shareholders holding 50% of the shares, decided to surrender control to the Etanco International Group, which therefore became the 100% owner of FRIULSIDER, which wholly maintains its financial and management autonomy enjoying the benefits of being firmly associated with one of its largest customers.

The entry into the Etanco International Group, one of Europe's leading manufacturers of fixings and building materials, helped contribute to the company's strong expansion, not only in Italy, but beyond its borders to become a European-level flagship in the field of roofing fixings and of fastening hardware in general, with product distribution at an international level.

The desire to offer products with the highest quality values led the construction in 2001 of the its in-house Test Laboratory, which is one of the largest and most complete in Europe, where all of its latest products are tested: already in that year FRIULSIDER obtained its first ETA certification, and today it can boast European certifications for 48 product lines, covering more than 1500 fixings, working with leading European institutes (DibT, CSTB, ZAG, ZUS, ITB, SZU, Politecnico di Milano).

Some examples: the European Technical Approval (CE marking) was obtained on some heavy metallic fixings, (ATS, FM753, FM753-CRACK), medium-heavy fixings (FM 744, FM MP3) and light nylon fixings (FM X5, TBB, TSS, TPP).

In 2009, a new manufacturing process for the production of Bi-Metal screws was activated, and since 2010 most of the wood screws have obtained the CE marking in accordance with the EN 14592 standard. In 2014, the leading company in Europe, FRIULSIDER obtained the C2 Seismic Certification for some of its most important mechanical anchors for structural applications in medium-to-high seismic risk areas.

At the same time, the company continued its quest for excellence in manufacturing processes: FRIULSIDER was one of the first companies in the sector to be awarded the Uni En Iso 9001 Quality Management System Certification by the ICIM Certification Body with Certificate No. 1085, in November 02, 1998.

On March 4, 2002, the company achieve the challenging goal of environmental system certification in accordance with the Uni En Iso 14001 standard, integrating it with the existing quality assurance system and defining in advance the guidelines for systematically improving the environmental impact of its manufacturing activities.

FRIULSIDER has become and continues to remain synonymous with efficiency, technology and quality in the framework of the production and sale of fastening systems both in the domestic and foreign markets: the company is nowadays stably distributed in over 30 European countries and overall it has a world-wide coverage of over 70 countries, especially in Russia and in Asia, but also in Africa, Australia, South America, Japan and the Middle East.

Its manufacturing facilities today occupy an overall area of 61,000 square metres (of which 23,000 are covered), inside which the offices and recently expanded production lines are housed.

The values FRIULSIDER that promotes are in keeping with its mission: manufacturing growth should coincide with the growth of social well-being, which is also achieved through individual self-realization and respect for the environment. The company must therefore not only be a source of profitability, but also a place for the development for the people and the territory, as well as a point of reference for a business model based on eco-sustainability, which is to be achieved through technological innovation.

2.1 Aims and Operating Processes

During its more than 50 years of activity, FRIULSIDER has rapidly expanded to a total area of 61,000 square meters (of which 23,000 are covered), within which its offices and facilities are housed.

This is indubitably due to the company's capacity to make all of its components in-house, so as to ensure a 'Made in Italy' product that can rapidly meet all the market requirements, from the building sector to the engineering sector, from the mechanical industry to carpentry.

Thanks to its constant research into technologically innovative solutions, FRIULSIDER has been constantly enlarging its product range, which today encompasses a total of 10,000 items, including anchors, fixings for roofing and walls, screws and fixings for wood, and screws, nuts and bolts for metal,

with the objective of meeting all the market's requirements, from the building sector to plant systems, from the mechanical industry to carpentry.

The 120 machinery systems guarantee the complete capacity of production lines, each one of which produces the full breadth of the product range:

- Metal and plastic anchors
- Fixings for roofs and facades / bi-metal screws
- Screws and fixings for wood
- Standard nuts, bolts, screws and fixings for metal and wood

FRIULSIDER is currently distributed on a stable basis in more than 30 European countries, and globally has a worldwide coverage of more than 70 countries. Not surprisingly, more than 40% of its turnover is drawn from abroad, bearing witness to an expansion that has been growing exponentially. This is indubitably due to the company's capacity to rapidly meet all the market requirements thanks to a product and marketing management that is strongly focussed on flexibility, capable of studying development strategies that are customized meets the various countries' needs.

Always laser focussed on technological innovation FRIULSIDER, has a state-of-the-art design structure, equipped with the most modern digital 3D CAD tools. This has made it possible to constantly develop projects for newer and more advanced products as well as the process technologies needed for their industrialization. The products are tested in a cutting edge "Test Laboratory", where the validity verification of the identified theoretical models is carried out and the technical and functional specifications are certified.

The laboratory is equipped for the full scale ETA testing procedure on any type of support, including cracked concrete, and tests on pull-out values up to 500kn are carried out.

FRIULSIDER has aligned itself with the European Construction Products Regulation CPR 305/2011/ EU and has European certifications for a total of over 1.500 fixings. Thanks to its propensity for applied research, FRIULSIDER was moreover one of the first companies in Europe that could boast of a range of mechanical C1 and C2 certified anchors for structural use in zones subject to high seismic risks.

The typology and breadth of range of FRIULSIDER offering, on the one hand, and the Company's desire to provide optimum assistance, on the other, demand a very significant logistics organisation. A sophisticated IT system ensures the rapid processing of orders and the precise management of warehouse stocks, where 16,000 places/pallets are available. FRIULSIDER's Material Requirements Planning steers the production planning, ensuring that: 95% of items are available immediately and that 92% of the orders are sent the day after receipt of the request.

FRIULSIDER guarantees a high standard of pre- and post-sales service: the company's technicians are prepared to offer on-worksites consultancy in order to resolve any technical or installation issues. Furthermore, personalised training courses can be provided upon request, including at the client's own premises.

Customer satisfaction, product quality and service offered, environmental protection and safety of workers have always been the primary goals for FRIULSIDER. To achieve these results, the Company adopted an Integrated Management System based on international voluntary standards: in 1998 it achieved the Quality Management System ISO 9001 certification and in 2002 it obtained the Environmental Management System UNI EN ISO 14001 certification. Over the years FRIULSIDER has successfully managed the adaptation to the revision of the standards starting with the Vision 2000 (ISO 9001: 2000), which introduced the process approach and focussed on fundamental concepts such as being customer-focussed and continuous improvement. Today FRIULSIDER has obtained the ISO 9001:2015 and ISO 14001:2015 certifications and adopted the requirement of Risk Based Thinking.

2.2 Governance Model

FRIULSIDER, according to its corporate by-laws, can be administered by a Board of Directors, made up a minimum of three and up to a maximum of 7 members with joint powers.

The present administrative organ of FRIULSIDER is represented by a board of directors (hereinafter referred to as the "BOD" or Board of Directors) consisting of a number of 3 Directors and endowed with ample powers for the ordinary and extraordinary management of the company without any limitation, with the power to perform, within the limits of the law, all acts deemed appropriate for the implementation and pursuit of the corporate objective.

The Board of Directors may delegate its own attributions to one or more directors at the same time determining their duties, powers and attributions. The Board of Directors may also appoint executive managers, Directors-General, as well as agents or proxies for the performance of certain acts or categories of acts, determining their duties, powers and attributions.

In the Governance Model adopted by the company, the power of representation is vested with the Chairman of the Board of Directors and if appointed, the Executive Directors.

Those persons who are without delegated powers or powers of attorney are expressly prohibited from making decisions and/or concluding transactions of the exclusive competence of the administrative body. Every recipient of the Model will therefore have to report promptly to the Board of Directors or to the General Manager and to the Supervisory Board; possible conducts created by persons without the specific power.

2.3 The Board of Auditors

FRIULSIDER, in accordance with its corporate by-law, has appointed a Board of Statutory Auditors, consisting of three Standing Statutory Auditors and two Alternative Auditors.

The control of accounting is instead entrusted to an Audit Firm.

2.4 Organisational Chart and Adaption of the Model

The Company reserves the right to modify and integrate the company's organizational chart and the distribution of competencies and functions according to its organizational and managerial needs; any modifications to the corporate organizational charts referred to in this Model, to deliberate on a date following its adoption, shall be transposed in the relevant charts that, attached to this Model, shall form an integral part of it and will be deemed to be prevalent in relation to the organizational chart of a previous date.

In the event of organizational changes that are relevant for the purposes of this Model, the Company shall, in the light of possible indications of the Supervisory Board, adjust the Model in order to preserve the its functional coherence as well as its suitability and effectiveness.

3 Legislative References

The main normative reference of this Model is Legislative Decree 231/01, which sets forth the provisions governing "Administrative liability of legal entities, companies and associations including those without legal personality, pursuant to Article 11 of the Law No. 300 dated September 29 2000".

3.1 The intended recipients of the decree

The number of intended recipients of the decree is very wide, as it includes entities provided with legal personality, corporations provided with legal personality, and societies and associations without legal personality, while explicitly excluding only the State, Territorial Public Entities, other non-economic public entities, as well as Entities that perform functions of constitutional importance.

3.2 The Preconditions for the Application of the Decree

The entity's administrative liability of arises in the following essential specific conditions:

- the commission of an offence or the attempt to commit it, of the kinds envisaged by the Decree ("predicate offences"), by a natural person linked to the entity by a functional relationship, which may be either that of representation or subordination;
- the second precondition is given by the commitment of the offence in the interest of, or to the advantage of the entity

3.2.1 The Persons at “Risk of Committing a Crime”

The Legislative Decree 231/01 identifies two categories of natural persons who, in committing or attempting to commit an predicate offence in the interest of or to the benefit of the entity, give rise to the administrative liability of the entity for the offence committed or attempted:

- Senior managers, that is to say who have representation, management or administrative functions of the entity or of one of its organizational unit that has financial and functional independence, or by individuals who are responsible for managing or controlling the company, under this category fall directors, legal representatives, directors-general, as well as by natural persons who manage and control, even only *de facto*, the entity itself;
- Individuals who are managed or supervised by a senior manager; all of the workers of the entity belong to this category as well as all of those who act in the name of, on behalf of, or in the interest of the entity, those collaborators, suppliers, or every other individual having contractual relations with the same.

The objective indictment criteria are differently differentiated according to whether the offence was committed by a senior manager or by an individual subjected to the senior manager’s supervision:

- If the offence is committed by a senior manager, it is assumed that the offence is attributable to an institution policy or, at least, to an organizational deficit, which is why the entity will be held liable if it does not demonstrate that it is extraneous to the unlawful deed;
- If an individual subjected to the supervision and control of the management commits the offence, the liability of the entity shall be attributed to the violations (wilfully or negligently) of the obligations of supervision by senior managers.

Pursuant to Article 4 of the Decree, the corporation having its head office in the territory of the State is also responsible when the offence was committed abroad, in the cases and under the conditions laid down in Articles 7, 8, 9, 10 of the Criminal Code, provided that the State does not proceed against the corporation, in the State in whose territory the offence was committed.

3.2.2 The Entity’s Interest or Benefit

In order for the entity to be deemed liable pursuant to Legislative Decree 231/01, the offence must be committed in its interest or to its benefit: in other words, the perpetrator acts with the intention of favouring the entity and the latter, thanks to the unlawful act, obtains a benefit that is to say, a favourable outcome.

Conversely, the entity shall not be deemed liable if the authors of the crime have committed it in their own interest or to the benefit of third parties.

In order for the entity to be deemed liable, the offence must be able to be attributed to it, that is to say, that the offence is an expression of corporate policy or, at least, owing to shortcoming in its organization

or supervision; the entity's liability therefore is deemed to exist, if adequate management standards and controls have not been implemented or these have not been effectively implemented.

On the contrary, the Decree excludes the liability of the corporation when, prior to the commission of the offence, the entity itself has adopted and effectively implemented a "Model of Organization, Management and Control", that is suitable for preventing offences of the kind committed, if not by fraudulently evading the safeguards in place.

3.3 Predicate Offences

The list of crimes, upon which the liability of the entity is predicated, has lengthened over the years up to including the following macro categories:

- Offences against the public administration (Articles 24 and 25 of the Decree)
- Computer crimes and unlawful data processing (Article 24- bis, Legislative)
- Crimes by criminal organizations (Article 24-ter)
- Extortion in office, illegal inducement to give or promise benefit, and corruption (Article 25)
- Crimes involving the counterfeiting of currency, government debt instruments, revenue stamps and identification tools or marks (Article 25-bis)
- Crimes against industry and commerce (Article 25-bis, Section 1)
- Corporate Crimes (Article 25-ter)
- Crimes involving terrorism or the subversion of democratic order subject of the Criminal Code and special laws (Article 25-quater)
- Mutilation of female genitals (Article 25-quarter, Section 1)
- Crimes against individuals (Article 25-quinquies)
- Market abuse crimes (Article 25-sexies)
- Crimes of involuntary manslaughter and serious and extremely serious negligent injuries resulting from violations of occupational health and safety laws (Article 25-septies)
- Receiving stolen property, money laundering and use of money, assets and benefits of unlawful origin (Article 25-octies)
- Crimes involving copyright violations (Article 25-novies,
- Inducement to withhold testimony or to provide false testimony to the judicial authorities (Article 25- novies)
- Environmental crimes (Article 25-undecies)
- Employment of illegally staying third-country nationals (Article 25-duodecies)
- Racism and xenophobia (art. 25-terdecies)
- Fraud in sports competitions, unlawful gaming gambling or gambling and betting carried out using prohibited devices (art. 25-quaterdecies)
- Tax offenses (art. 25-quinquedecies)
- Smuggling (art. 25- sexiesdecies)
- Transnational crimes (Law No. 146 of March 16, 2006)

The continuous regulatory evolution makes it necessary to implement corporate organization measures (regulatory vigilance) that are able to maintain the constant conformity of the Model.

3.4 Adoption of the Organization and Management Model for the purposes of exemption from administrative liability

As stated previously, the Decree provides that an Entity shall not be deemed liable whenever it is able to prove:

- that it has adopted and effectively implemented, prior to the offence being perpetrated, “an appropriate organisation and management model (hereinafter the Model) that is suitable for preventing the kind of offences that has occurred;
- that it has entrusted the task of monitoring the functioning and compliance of the Model and their update to a corporate monitoring body (Supervisory Board) with independent powers of initiative and control;
- that the perpetrators committed the offence by fraudulently circumventing the Organization and Management Model;
- that there was no omission or insufficient control by the control body

All four of these circumstances are required.

The Legislative Decree 231/01 specifies that the “Organization, Management and Control Model” must:

- Identify those activities in whose context of which crimes may be committed (the so called “Mapping of Sensitive Activities);
- envisage *ad hoc* protocols for the planning and implementation of the entity’s decisions regarding the prevention of offences;
- identify a control body responsible for overseeing the operation, observance and updating of the Model (Supervisory Board), also defining the budget placed at its disposal, that is suitable for ensuring its ability to operate and independence;
- provide for information obligations vis-à-vis the Supervisory Board;
- introduce a suitable Disciplinary System envisaging penalties for lack of compliance with the rules indicated in the Model;
- provide for information obligations vis-à-vis personnel and other stakeholders.

3.4.1 Suitability and adequacy of the Organization, Management and Control Model

The Decree (Article 6, paragraph 3) provides that the Model may be adopted on the basis of the Code of Conduct, also drawn up by associations of the representative categories of the entities and communicated to the Ministry of Justice; In this sense, this document is inspired by Confindustria’s “Guidelines for the Preparation of the Organization, Management and Control Models pursuant to Legislative Decree 231/01”.

The Confindustria guidelines define "**protocols**" as the set of "**principles**" and "**procedures**" that have been formalized and aimed at:

- conferring transparency and recognition to decision-making and implementation processes,
- provide for, organization, management and control mechanisms such as to make the making of inappropriate or arbitrary decisions less probable with binding effect,
- facilitate the oversight task of the internal Organization that in addition to the other internal and external control organs.

Confindustria's guidelines therefore define "control principles" as the set of rules of a general character from which all the recipients of the Model must draw their inspiration from in carrying out their activities.

The essential principals laid down by Confindustria are stated below:

- The "**principle of traceability**": "every operation, transaction, action must be verifiable, documented, consistent and congruent". For every operation in which there is a "risk of an offence being committed", there must be adequate documentation support to facilitate controls and provide adequate evidence of how it has been implemented;
- "**principle of segregation of activities**": "No one may autonomously manage an entire process." Therefore, the system of delegation of powers, and consequently the procedures, must be structured in such a way as to ensure, as far as possible, the separation between the phases of authorization, execution, accounting and control of operations that are "at risk of a crime being committed";
- The "**principle of control**", according to which the controls must be documented and the assertions must be based on objective elements. It is also appropriate that checks should be carried out both in a planned manner and in a random manner. This principle mainly concerns the activities of the Supervisory Board.

Confindustria's guidelines also call "procedures" those technical and implementing documents defining the responsibilities and the ways of implementing business processes in accordance with the indicated principles; among the procedures that are suitable for preventing the commission of offenses include both training for workers as well as those necessary for the management of financial resources.

By means of the aforementioned monitoring organs, the regulation is concretely integrated into the life of the corporation, welcoming the indications issued by category associations and jurisprudence.

Once the oversight organs, principles and procedures have been established have been set up, a suitable system for sanctioning violations of the Model shall be defined and formalized; the aforesaid violations damage the relationship of trust established with the corporation and these consequently entail disciplinary measures, without prejudice to of the possible initiation of judicial proceedings.

The appropriate Disciplinary System that explicitly identifies:

- the sanctionable violations,
- the sanctionable individuals,
- the sanctions that are foreseen,
- the cross-examination management modalities,
- the sanction application procedures.

The Disciplinary System is:

- documented,
- adequately communicated to all the employees involved,
- harmonized with the legislative and contractual regulations governing the relationship between the entity and each of the recipients.

Finally, overseeing the implementation and adequacy of the Model, the Supervisory Board is set up and proper bidirectional information flows are ensured with the same.

3.4.2 The Effectiveness

The requirement of effectiveness concerns the effective implementation of the Model, that is to say its ability to attain the pre-determined results of crime prevention.

The efficiency has the Model's suitability as prerequisite: which requires periodic verifications and adjustments to the same whenever there are significant deviations from the Model or substantial changes in the organization or in the corporation's activity.

3.5 The legislative requirements regarding health and safety in the workplace

Pursuant to Legislative Decree No. 81 of 9 April 2008, an Organization, Management and Control Model that is suitable and which can effectively exempt a company from administrative liability, must be adopted and effectively implemented, in order to ensure a company system that it has fulfilled all its legal obligations relating to:

- compliance with the technical and structural standards of the law relating to equipment, structures, workplaces, chemical, physical and biological agents;
- the activities of risk assessment and preparation of measures of prevention and protection;
- organizational activities, such as emergencies, first aid, management of contracts, periodic safety meetings, consultations with workers' representatives for safety;
- the activities of health surveillance;
- the activities of information and training of workers;

- surveillance activities with regards to compliance with procedures and work safety instructions by workers;
- acquisition of documentation and certifications required by law;
- periodical control of the application and effectiveness of the procedures adopted.

The Model foresees:

- suitable registration systems for carrying out such activities;
- As far as required by the nature and size of the organization and the type of activity carried out, an attribution of functions (Safety Organizational Chart) that ensures the technical expertise and powers required for the verification, assessment, management and control of the risk as well as a Disciplinary System that is suitable for sanctioning non-compliance with the measures indicated in the Model;
- an appropriate system of controls on the implementation of the same Model and its maintenance over time of the suitability of the measures taken. The review and possible modification of the Organization, Management and Control Model shall be adopted for the emergence of significant violations of the regulations governing accident prevention and hygiene in the workplace, or on the occasion of changes in the organization and in the activity in relation to scientific and technological progress.

3.6 The Sanctions Foreseen by Legislative Decree 231/01

The Decree provides for the following to be applied in the event that administrative liability for the offense has been determined:

- pecuniary sanctions
- interdictory sanctions;
- confiscation;
- publication of the sentence.

3.6.1 The Pecuniary Sanctions

The pecuniary sanction follows the condemnation of the corporation for an administrative offence arising from a crime. The amount of the pecuniary sanction is determined by the court taking into account the gravity of the offence, in the observance of the criteria set out in the Decree: the pecuniary sanctions are applied on a quota basis which cannot be lower than one hundred or higher than one thousand. Each quota may vary between a minimum value of Euro 258.22 and a maximum value of Euro 1,549.37.

In establishing the number of quotas comprising the pecuniary sanction, and hence the definitive amount, the judge evaluates:

- the seriousness of the action constituting an offence,

- the degree of responsibility of the corporation,
- any action taken by the same to eliminate or mitigate the consequences of the offence and to prevent recurrence of other unlawful actions,

The quota amount is set based on the entity's economic and financial conditions, in order to ensure that the sanction is effective.

The amount of the individual quota is instead determined by the Judge using the same criteria used in assessing the gravity of the offense committed by the natural person.

Although the possibility of reduced payment is excluded, the Decree in certain cases, allows a reduction of the pecuniary sanction:

- by one half if the financial damage suffered is particularly slight or the perpetrator of the offense has committed the matter prevalently in his own interest or for that third parties and the institution has not derived any advantage or has obtained a minimal benefit;
- by one third to one half if prior to the opening of the hearing of first instance the entity has made provisions for the complete compensation for any damages or dangers resulting from the offence (or, has in any event, taken effective steps in this directions), or has adopted an Organization, Management and Control Model that is suited to prevent the occurrence of additional offences of the type committed;
- by one half to two thirds, if both of the previous conditions, apply.

The pecuniary sanction foreseen for the most serious offense shall be increased threefold if the corporation is liable with regard to several offenses committed with one single act or omission or committed in carrying out the same activity and before a sentence has been issued for one of these, even if not definitive.

3.6.2 Interdictory Sanctions

The temporary or definitive interdictory sanctions, provided for by the Decree are as follows:

- the prohibition of the corporation's operations;
- the suspension or revocation of consents, licenses or concessions involved in commitment of the offence;
- a prohibition on entering into contractual relationships with the Public Administration except for that for obtaining the performance of a public service;
- a prohibition on assistance, financing, grants or subsidies and the revocation of any such assistance, financing, grants or subsidies already granted;
- a temporary or definitive prohibition on the advertising of goods or services.

Interdictory sanctions that are supplementary to the pecuniary sanctions may be applied, to the extent that at least one of the following conditions is met:

- they are in relation to the crimes for which they are expressly specified;
- the entity has derived a considerable profit from the crime and the crime has been committed by persons holding a senior management position or by persons under the management of others when, in this latter case, only when the perpetration of the crime has been made possible or facilitated by serious organisational shortcomings
- in the event of the reiteration of the offences.

The Decree establishes that the interdictory sanction foreseen for the most serious offense shall be applied if the entity is liable with regard to several offenses committed with one single act or omission or committed in carrying out the same activity and before a sentence has been issued for one of these, even if not definitive.

The interdictory sanctions shall not be applied if the entity, prior to the opening of the hearing of first instance:

- has made provisions for the complete compensation for any damages or dangerous consequences resulting from the offence (or, has in any event, has effectively taken steps in this directions),
- has made the proceeds or profits of the offence available for the judicial authorities for their confiscation,
- eliminated the organizational shortcomings that have given rise to the offence, by adopting and implementing a suitable Model prevents the commission of criminal offences of the kind that has occurred.
- The interdictory sanctions shall not be applied, moreover in the hypothesis that the financial damage suffered is particularly slight or the perpetrator of the offense has committed the matter prevalently in his own interest or for that of third parties and the institution has not derived any advantage or has obtained a minimal benefit;

The temporary interdictory sanction having a duration of no less than three months and no greater than two years, may moreover be applied as a precautionary measure, i.e. prior to a conviction, if serious evidence exists of the entity's responsibility and there is a well-founded danger of reiteration.

3.6.3 Confiscation and Publication of the Sentence

With the sentence of condemnation, the Judge may always avail himself of the confiscation of the price or profit of the offence, that is to say, sums of money, assets, or other utilities of an equivalent value to the price or profit ensuing from the offence, except the part that may be returned to the damaged party.

3.6.4 Consequences of non-compliance with interdictory sanctions

Anyone who, in conducting the activities of the entity to which sanctions or a precautionary interdictory measure has been applied, violates the obligations or prohibitions inherent to such sanctions or measures, and shall be sanctioned with from six months to three years imprisonment.

3.6.5 Attempted Offences

The Decree provides for and regulates cases in which crime is committed only in the forms of attempt. Article 26 of the Decree states that "*pecuniary sanctions and interdictions are reduced by one third to half in relation to the commission, in the forms of attempt, of the crimes referred to in this chapter of Decree 231/2001. The entity does not respond to the attempted crimes when it voluntarily prevents the action or the event being carried out.*"

3.6.6 Liability and Modifying Events of the Corporate Entity

Any transformation of the entity (mergers, demergers, divestitures of a corporate branch), following the commission of the crime, leaves the liability unaltered.

The Decree regulates the liability regime whenever the entity changes its structure following the commission of a crime:

- in the event of transformation or merger, the entity that emerges from the modification remains liable for those crimes committed by the original entity, with the subsequent application of the sanctions imposed;
- In the event of a partial demerger, the liability for the demerged entity for the crimes committed before the demerger remains unaffected. Nonetheless, the entities that are the beneficiary of the demergers are jointly liable, limited to the value to the assets transferred, to the payment of the pecuniary sanctions that were due to be paid the demerged entity for the crimes preceding the demerger. The interdictory sanctions possibly imposed shall be applied to the entities which have remained or to which the branch of activity has been transferred, even partially, in the context of which the crime was committed.
- In the event of the sale or transfer of the company in which the crime was committed, the seller is jointly and severally liable with the buyer for the payment of the pecuniary sanction, except for the benefit of the preventive exclusion of the selling entity and in any case within the limits the value of the company being sold and the pecuniary sanctions resulting from the obligatory accounting books, or of which the transferee was in any case aware.

3.7 The Supervisory Board

Pursuant to Article 6, Paragraph 1, Letter b, Legislative Decree no. 231/2001, the task of overseeing the operation, observance and updating of the Organization, Management and Control Model, so that it performs its function of exempting the entity's liability, is entrusted to an organization endowed with autonomous powers of initiative and control.

In view of the specificity of the tasks that this organization is entrusted with, called the "Supervisory Board" (SB), the relevant task is entrusted to the Board of Directors.

In order to ensure continuity of action, the duration, composition, operation and modalities of performance of the task entrusted by the Board of Directors governed by the company's By-Laws approved by the resolution of the Board of Directors.

The Supervisory Board in the performance of its own duties constantly communicates with the Board of Directors or with one of its members. For the performance of its own functions, the Supervisory Board has full autonomy. The management, utilization and destination of the resources granted are then decided by the Supervisory Board in a totally autonomous and independent manner.

In the performance of the supervisory and control tasks, the Supervisory Board may avail itself of other internal and external functions, which, from time to time, might become necessary for this purpose.

3.7.1 Requirements of the Supervisory Board

As regards the requirements, the Supervisory Board is endowed with:

- **Autonomy and independence:** the Supervisory Board's oversight activities is free from any form of interference and/or conditioning; the autonomous powers of initiative and control should be understood as freedom of action and self determination; the requirement of independence should be understood as a necessary condition of absence of conflict of interest or interest, even potential, as regards the entity;
- **Professionalism:** the Supervisory Board guarantees an adequate professionalism, understood as the set of knowledge, tools and techniques necessary for the performance of the foreseen activities, both of an inspective as well as consulting character; the knowledge of the sector's legislation and applicable crimes, the adequate expertise in matters of auditing and corporate controls;
- **Honourability:** even if there is no explicit regulatory indication regarding the requirement of the honourability of the Supervisory Board component, the opportuness of the same many deduced from the logic of the Decree itself, also for reasons of the system's coherence, and to respond to the complaints that could be raised in the courtroom, that the Model provides for specific causes of ineligibility as a member of the Supervisory Board and incompatibility of his/her staying in office (e.g. a conviction, even if not definitive, for one of the offenses set out in the Decree itself, the existence of relationships of kinship, marriage or affinity within the fourth degree with the members of the Board of Directors or the Board of Statutory Auditors of the Company, etc.);
- **Continuity of action:** In order to ensure the effective and constant control of the implementation of the Model in compliance with the requirements of Legislative Decree 231/01, the Supervisory Board, appointed for 3 years, should be in a position to conduct a continuous monitoring activity

on Model; by continuity of action what is meant is that supervision of the Model carried out continuously, albeit periodically and without interruption, regardless of the variation of the composition of the Board for the purpose of ensuring the effectiveness of the Model, the Supervisory Board must constantly monitor the coherence between the types of coherence envisaged in it and the activities actually carried out by the recipients, carrying out their own tasks systematically (scheduling of activities, writing reports, information flows, audits of the Model, etc.). The Supervisory Board's monitoring and monitoring activities shall be conducted in a continuous dialogue and interaction with the Board of Directors.

3.7.2 The Functions and Powers of the Supervisory Board

The Supervisory Board is entrusted with the duties of:

- supervising the function and it the effective compliance with the Organization, Management and Control Model by those who hold functions of representation, administration and management of the entity and by part of those who are subject the management or oversight of the first;
- assessing the effectiveness and adequacy of the Organization, Management and Control Model in relation to the corporate structure and of capability to prevent Crimes;
- proposing possible updates of the Organization, Management and Control Model, where it encounters needs to adjust the same in relation to the changed corporate and/or legislative condition or it deems appropriate to an improvement of the Organization, Management and Control Model itself.

To this end, the Supervisory Board:

- periodically carries out, within the scope of the areas at risk for the commission of crimes, monitor the individual operations or act, availing itself of the aid of the managers of the corporate functions who are from time to time involved;
- carries out random checks at any moment whatsoever, in the area at risk for the commission of crimes, on the effective observance of the internal operating procedures as well as other existing controls;
- conducts “surprise” inspections in the areas at risk for the commission of crimes verifying the effective compliance with the Organization, Management and Control Model, of the procedures adopted by the entity and of the other existing control systems;
- collects, processes and stores the information acquired regarding the oversight activities, among which the possible non-conformities encountered, maintaining confidentiality and protection of professional secrecy regarding the news received;
- maintains the relations and ensures the information flows from and towards the Board of Directors;
- monitors the evolution of the corporate organization for the purpose of updating the list of corporate areas at risk for the commission of crimes, availing itself of the collaboration of managers of the company's business functions that are involved from time to time;

- controls the effective presence, the regular maintenance and efficacy of the required documentation in compliance with the Special Parts of the Model for the various types of crime;
- requests the managers of each area at risk for the commission of crimes, to provide the information deemed important for the purposes of verifying the effectiveness and adequacy of the Organization, Management and Control Model;
- oversees, together with the other corporate functions involved, the necessary updating of the Organization, Management and Control Model, presenting proposals for adapting the Model and verifying the implementation (follow-up) as well as the effective functionality of the solutions proposed;
- requests the adoption of disciplinary measures in the event of violations of the Organization, Management and Control Model;
- monitors initiatives aimed at disseminating awareness about the Organization, Management and Control Model and relevant legislation and verifies the adequacy of the Organization, Management and Control Model as regards such regulatory requirements.

In the performance of its oversight and control duties, the Supervisory Board avails itself of the support of all of the corporate functions and has free access to all of the corporate documentation that it deems relevant, guaranteeing discretion and confidentiality.

3.7.3 Informative Flows of the Supervisory Board Towards the company's Senior Management

The Supervisory Board periodically informs the Board of Directors concerning the verification planned for the financial year. Reports the outcome of the oversight activities carried out to the Board of Directors as well as the internal control organs (Board of Statutory Auditors, Risk and Control Committee, etc.) and the Report that is periodically prepared.

In particular, the Supervisory Board shall periodically submit:

- the written summary report on the activity carried out, with the description of the verifications and the specific checks carried out, with the indication of the findings of the same and the possible update of the mapping of the areas and of the Sensitive Processes and any critical issues emerged as well as with information on the dissemination, to the application of the Model and compliance with the Code of Ethics and information on the training activity on the Model and Code of Ethics, the plan of activities for the following year on an annual basis.

The Supervisory Board punctually and timely reports about the implementation of the Organization, Management and Control Model and the emergence of possible crucial issues.

In addition to the ordinary and periodic information flows foreseen towards corporate bodies, the Supervisory Board is required to immediately inform the management and control and management bodies of the occurrences or events of significant gravity encountered during the activity and related to types of conduct that are not in conformity with the company's procedures or the arising of extraordinary situations that are related to the reporting of violations of the principles contained in the Model that has come to the attention of the same or of which it has come to know.

The Board of Directors has the faculty of convening the Supervisory Board at any moment it deems fit, which in turn, has the faculty of convening the corporate bodies.

With regard to the critical issues that have emerged, the Supervisory Board proposes corrective actions to the Board of Directors that it deems would make the Model more effective. The minutes of the meetings kept and copies of the minutes are kept by the Supervisory Board as well as by the corporate bodies involved.

3.7.4 Flows Towards the Supervisory Board

Information flows to the Supervisory Board come from the structure or social bodies. The Supervisory Board should be notified of any events that might expose the company to the risk of committing one of the alleged offenses envisaged in the Decree or that may entail the entity's liability as regards the offenses provided for in the aforementioned Decree.

Information flows might also come from a single worker (whistle-blower), who, during his or her work in the company, detects a danger or a risk that may damage the company, including as regards its reputation.

In particular, facts or news of events that should be reported to the Supervisory Board that may, even potentially only, give rise to the liability of the entity, the initiation of legal proceedings against executives/employees, in the case of the offenses provided for in Legislative Decree 231/01, conducted in a manner that is not in compliance with the principles of conduct provided for by the Model, violations of the Model or the Code of Ethics, decisions that entail changes in the corporate structure.

The Supervisory Board also receives periodic information flows from the functions that operate in corporate areas at risk for the commission of crimes, or by the corporate audit bodies and by the corporate bodies, with the aim of attesting to the level of implementation of the Model, reporting changes in processes and in procedures, highlighting any critical issues in managed processes, providing information regarding the management of the company within the framework of the specific function, including through periodic meetings.

The process to be followed for reports is defined below;

- For the purpose of facilitating the flow of reports and information toward the Supervisory Board, a “dedicated information channel” has been set up, that is to say a special electronic mail box, published on the company notice board as well as on the FRIULSIDER web site.
- The member of the board, employee, collaborator or contractual partner who intends to report a violation (or alleged violation) of the Organization, Management and Control Model adopted by

FRIULSIDER or denounce a circumstance or conduct that could be preceded by commission of a crime should promptly act, by contacting the Supervisory Board by e-mail.

- The worker may potentially, at his/her own discretion, submit the complaint or report, for his/her knowledge, to his immediate superior.
- Consultants, associates and business partners, as regards their field of activity, will report directly to the Supervisory Board by e-mail.
- The Supervisory Board shall evaluate the reports received, possibly discussing the matter with the authority of the report as well as/or the individual responsible for the presumed offence, or motivating in writing its the possible refusal to proceed to an investigation
- Any possible measures that follow shall be applied in accordance with that foreseen by the Disciplinary System.
- The Supervisory Board works in order to guarantee that those who make good faith reports shall not suffer any form of retaliation, discrimination or punishment and in any case ensure the confidentiality of the identity of the reporting person, without prejudice to legal obligations and the protection of the rights of the entity or persons who have been mistakenly accused and/or accused in bad faith.

3.7.5 Regulations of the Supervisory Board and annual Supervision Plan

The Supervisory Board shall adopt its own regulations and annual Supervision Plan, prepared in conformity with the duties laid down by law and/or entrusted to it by the Organization, Management and Control Model.

The Supervision Plan annually identifies among others:

- a programme related to the supervision and verification interventions over the course of the reference year;
- a programme of meetings with the Board of Directors related to the implementation of the Organization, Management and Control Model;
- the updating activities of the Organization, Management and Control Model;
- the training activities as regards Decree 231/01 and the Organization, Management and Control Model;
- The verification of the state of progress of the reduction of the gaps.

4 The Organization, Management and Control Model

The present chapter has the aim of providing an exhaustive description of the Organization, Management and Control Model adopted by FRIULSIDER.

For the purpose of making the work carried out for achieving the provisions of the Organization, Management and Control Model, prepares a brief description of all of the phases into which it has been

divided and the related outputs, referring back to the “annexes” section for the consulting of the “Risk Assessment” report produced in the course of such an activity.

4.1 Methodology and Criteria of Model Planning

In the preparation of the Organization, Management and Control Model Model, FRIULSIDER has chiefly drawn its inspiration from the following sources.

- Legislative Decree 231/01;
- Legislative Decree 81/2008 as amended;
- the Guide Lines issued by Confindustria,
- the Guide Lines drawn up by the CINI (National Interuniversity Consortium for Informatics) (*2016 Italian Cybersecurity Report – Essential Cybersecurity Controls*)
- the Quality Management System in accordance with the ISO 9001:2015 standard,
- the Environment Management System in accordance with ISO 14001:2015 standard,
- the Management of Occupational Health and Safety according to the BS OHSAS 18001:2007 standard.

In accordance with that foreseen by these legislative sources, the following activities have been carried out:

- identification of the sensitive activities;
- analysis and assessment of the risk profile;
- identification of the requirements and preparation of the prevention protocols;
- preparation of the Model of Organization, Management and Control
- approval of the model by the administrative body.

4.1.1 Identification of sensitive activities

Based on that which emerged from the analysis of the entity’s corporate, the following emerge from the sensitive activities in the current state:

- personnel management
- management of financial flows
- management accounting documents and preparing financial statements
- management of production activities
- management of consultancy relations
- management of purchases and procurement
- management the warehouse and stock
- management of workplace health and safety
- management of the environment

- management of commercial and promotional activities
- quality assurance
- marketing
- management of trademarks, patents and protection of intellectual property
- management of the product's conformity and markings
- relations with the public administration
- use of the corporate information network, the e-mail service (including certified email) and access to the internet
- use of logos and distinctive marks
- management of maintenance activities
- management of logistics
- management of design activities
- management of the R&D laboratory

The analysis was carried out by taking the company's documentation into examination (by-laws, organizational chart, activities carried out and major processes) and through interviews with managers and various internal function managers.

4.1.2 Analysis and Assessment of the Risk Profile

At this stage, the mapping of risks was performed on the basis of that which emerged in the preceding analysis in relation to the types of crime foreseen by Legislative Decree 231/01.

The document of the analysis of risks constitutes an integral part of the Model, of which it represents one of the essential elements, to be constantly monitored and updated.

The degree of risk calculated by it is derived from the product of two factors: the "severity" (essentially given to the sanction that the institution would incur for a sentence under Legislative Decree 231/2001) and the "likelihood" (determined by the possibility the offense being committed).

The offences, i.e. those for which that analysis carried out has highlighted a potential risk of commission are the following:

A. Crimes committed against the Public Administration. Crimes committed in the relationships with the Public Administration.

- *Misappropriation causing prejudice to the State or European Union (Article 316-bis, of the Criminal Code);*
- *Fraudulent appropriation of funds causing prejudice to the State or European Union (Article 316-ter, of the Criminal Code);*
- *Fraud committed against the State, other public bodies or the European Union (Article 640, Paragraph 2 n° 1, of the Criminal Code);*

- Aggravated fraud to obtain public funds (Article 640- bis, *of the Criminal Code*);
- Computer fraud causing prejudice to the State or other public bodies (Article 640-ter, *of the Criminal Code*).
- *Extortion (Article 317 of the Criminal Code)*
- *Corruption on the grounds of performance of working activity or counter to official duties (Article 318-319, of the Criminal Code)*
- *Corruption in legal proceedings (Article 319-ter, of the Criminal Code);*
- *Improper induction to give or promise utility (Article 319 -quarter of the Criminal Code);*
- *Punishments for the briber (Article 321, of the Criminal Code);*
- *Inducement to commit acts of corruption (Article 322, of the Criminal Code);*
- *Misappropriation of Public Funds, Improper induction to give or promise utility, Corruption and Instigation to Corrupt Members of the Bodies of the European Community and Officers of the European Community and Foreign States (Section 322- bis, of the Criminal Code);*

B. Offences regarding “Computer Crime and unlawful processing of data” (Article 24-bis of the Decree):

- *False Information in a Computer Document of a Public Nature or Probative Effect (Article 491-bis, of the Criminal Code);*
- *Unauthorised Access to an Information or Computer System (Article 615-ter, of the Criminal Code)*
- *Retention and Unauthorised Disclosure of Access Codes to Information or Computer Systems (Article 615-quater, of the Criminal Code);*
- *Dissemination of Equipment, Devices or Computer Programs Intended to Damage or Interrupt an Information or Computer System (Article 615-quinquies, of the Criminal Code);*
- *Interception, Obstruction or Illegal Interruption of Information or Computer Systems Communications (Article 617-quater, of the Criminal Code);*
- *Interception, Obstruction or Illegal Interruption of Information or Computer Systems Communications (Article 617-quater, of the Criminal Code);*
- *Installation of Devices for the Interception, Obstruction or Interruption of Information or Computer or Telematic Systems Communications (Article 617-quinquies, of the Criminal Code);*
- *Damaging of Information, Data and Information Systems Programs (Article 635-bis, of the Criminal Code);*
- *Damaging of Information, Data and Information Systems Programs Utilised by the by the Italian State Authorities or by other Public Service Entity or Nevertheless Relating to a Public Utility (Article 635-ter, of the Criminal Code);*
- *Damaging of Computer or Telematic Systems (Article 635-quater, of the Criminal Code);*
- *Damaging of Public Utility Information or Computer Systems (Article 635- quinquies, of the Criminal Code);*
- *Computer Fraud by the Person Certifying the Digital Signatures (Article 640-quinquies, of the Criminal Code).*

C. Crimes committed by criminal organisations

- *Association to commit crimes (Article 416, of the Criminal Code)*
- *Mafia-like associations, both Italian and foreign (Article 416-bis, of the Criminal Code);*

- *Political-mafia electoral exchange (Article 416-ter, of the Criminal Code);*
- *Criminal Association for the Purpose of Illegal Trafficking in Narcotics or Psychotropic Substances (Article 74, Presidential Decree 309/1990).*

D. Offences Regarding “Forgery of money, money values having legal tender or revenue or revenue stamps and instruments or identification signs, the

- *Spending and introduction into Italy, without intermediaries, of counterfeited money (Article 455, of the Criminal Code);*
- *Spending of counterfeited money received in good faith (Article 457, of the Criminal Code);*
- *Counterfeiting of revenue stamps, introduction into Italy, purchase, retention or putting into circulation of counterfeited revenue stamps (Article 459, of the Criminal Code);*
- *Utilisation of counterfeited or altered revenue stamps, including those received in good faith (Article 64, of the Criminal Code);*
- *Counterfeiting, alteration or use of marks or distinctive signs or of patents, model and designs (Article 473, Criminal Code)*
- *Introduction in the state and the market of products with false signs (Article 474, of the Criminal Code).*

E. Crimes against industry and commerce

- *Undermining freedom of trade and commerce (Article 513, of the Criminal Code);*
- *Unfair competition with threats or violence (Article 513-bis, of the Criminal Code);*
- *Fraud against national industries (Article 514, of the Criminal Code)*
- *Fraud in commercial business activities (Article 515 of the Criminal Code)*
- *Sale of non-genuine food as genuine (Article 516, of the Criminal Code);*
- *Manufacture and sale of goods made by misappropriation of industrial property rights (Article 517-ter, of the Criminal Code);*

F. Corporate offences

- *False corporate communications (Article 2621 Civil Code) and minor infractions (Article 2621-bis of the Civil Code)*
- *Hindering auditing activities (Article 2625, of the Civil Code)*
- *Fraudulent return of contributions (Article 2626, of the Civil Code);*
- *Illegal distribution of profits or reserves (Article 2627, of the Civil Code);*
- *Unlawful operations in shares or investment quotas or the parent company (Article 2628, of the Civil Code);*
- *Transactions to the Detriment of the Creditors (Article 2629, of the Civil Code);*
- *Transactions to the Detriment of the Creditors (Article 2629, of the Civil Code);*
- *Fictitious formation of capital (Article 2632, of the Civil Code);*

- *Corruption among private parties (Article 2635, Paragraph 3, of the Civil Code).*
- *Instigation of bribery among private parties (Article 2635 bis of the Civil Code)*
- *Unlawful influence over the shareholders' meeting (Article 2636, of the Civil Code);*
- *Market manipulation (Article 2637 of the Civil Code)*
- *Placing obstacles in the way of Public Regulatory Authorities performing their functions (Article 2638, of the Civil Code);*

G. Crimes of Terrorism

- *Associations for acts of terrorism and subversion of democratic order (Article 270-bis, of the Criminal Code);*
- *Associations with the purposes of terrorism including international ones and subversion of democratic order (Article 270-bis, of the Criminal Code);*
- *Crime involved in assisting the associates (Article 270 ter of the Criminal Code)*
- *Recruitment with the aim of terrorism, also of an international nature (Article 270-quater of the Italian Criminal Code.*
- *Organization of transfers with the aim of terrorism (Article 270-quater 1 of the Italian Criminal Code)*
- *Training and activity aimed at terrorism, also of an international nature (Article 270-quinquies of the Italian Criminal Code.)*
- *Financing of conduct with terrorist purposes (Article 270-sexies of the Italian Criminal Code.)*
- *Removal of goods or money subject to seizure (270 quinquies 2 of the Italian Criminal Code)*
- *Conduct with terrorist purposes (Article 270-sexies of the Italian Criminal Code.)*
- *Act of terrorism or subversion (Article 280 of the Italian Criminal Code)*
- *Terrorist act with lethal or explosive devices (Article 280-bis of the Italian Criminal Code)*
- *Act of nuclear terrorism (Article 280 ter of the Italian Criminal Code)*
- *Unlawful kidnapping for terrorist or subversive purposes (Article 289-bis of the Italian Criminal Code)*
- *Incitement to commit any of the crimes identified in the first and second sections (Article 302 of the Italian Criminal Code)*
- *Political conspiracy through an agreement (Article 304 of the Italian Criminal Code.)*
- *Political conspiracy through an association (Article 305 of the Italian Criminal Code.)*
- *Armed gangs: establishment and participation (Article 306 of the Italian Criminal Code)*
- *Assistance to the participants in conspiracy or an armed gang: (Article 307 of the Italian Criminal Code)*
- *International Convention for the Suppression of the Financing of Terrorism (Art. 2 New York Conventions)*

H. CRIMES AGAINST THE INDIVIDUAL

- *Enslaving or holding in slavery or servitude (Article 600 of the Italian Criminal Code)*
- *Prostitution of Minor Children (Article 600 of the Italian Criminal Code.)*

- *Child Pornography* (Article 600 ter of the Italian Criminal Code)
- *Possession of pornographic materials* (Article 600 quarter of the Italian Criminal Code)
- *Virtual Pornography* (Article quarter 1 of the Italian Criminal Code)
- Tourist initiatives aimed at the exploitation of child prostitution (Article 600 quinquies of the Italian Criminal Code)
- Unlawful intermediation and exploitation of labour (Article 603 bis of the Italian Criminal Code)
- Grooming of minors (Article 609 undecies of the Italian Criminal Code)

I. Crimes committed in violation of the regulations governing workplace health and safety

- *Negligent homicide caused by violation of the laws governing the prevention of workplace accidents* (Article 589 of the Italian Criminal Code, paragraph 3), in those cases foreseen by Article 55 paragraph 2 of the Legislative Decree 81/08;
- *Negligent homicide caused by violation of the laws governing the prevention of workplace accidents* (Article 589 of the Italian Criminal Code, paragraph 3),
- *Serious and very serious negligent personal injury caused by violation of the laws governing the prevention of workplace accidents* (Article 590 of the Italian Criminal Code, paragraph 3),

L. Crimes Regarding Receiving, Laundering And Using Money, Goods or Assets of Unlawful Origin, As Well As Self-Laundering

- *Receiving money, goods or assets of unlawful origin* (Article 648 of the Criminal Code)
- *Money laundering* (Article 648-bis of the Criminal Code)
- *Use of money, goods or benefits of unlawful origin* (Article 648-ter of the Criminal Code)
- *Self-laundering* (Article 648-ter.1) of the Criminal Code

M. Copyright Infringement and Related Crimes

- *Dissemination to the general public of protected intellectual works through a system of telematic networks* (Article 171, paragraph 1, lett. a–bis and Paragraph 3, Law 633/1941)
- *Protection of copyrights on software and databanks* (Article 171-bis, Law 633/1941)
- *Crimes related to copyright infringement of works intended for radio and television, as well a film circuits, or literary, scientific and educational circuits* (Article 171-ter, Law 633/1941)
- *Infringements against the Italian Society of Authors and Publishers (SIAE)* (Article 171-septies, Law 633/1941)
- *Tampering of equipment for the coding audio-visual signals of conditional access* (Article 171-octies, Law 633/1941)

N. Incitement to refrain from making statements or to bear false testimony before the Judicial

Authorities

- Incitement to refrain from making statements or to bear false testimony before the Judicial Authorities (*Article 377 bis of the Criminal Code*)

O. Environmental Crimes

- *Environmental pollution Article (452 of the Criminal Code)*
- *Environmental disaster (Article 452-quater of the Criminal Code)*
- *Intentional crimes against the environment (Article 452-quinquies of the Criminal Code)*
- *Trafficking and abandonment of high-level radioactive material (Article 452-sexies of the Criminal Code)*
- *Crimes of Association. Aggravating circumstances (Article 452-octies of the Criminal Code.)*
- *Discharges of industrial wastewater containing hazardous substances (Article 137, Paragraph 2, Legislative Decree, April 3 2006 no.152)*
- *Discharges of unauthorized hazardous waste (Article 256, Paragraph 3 second period, Legislative Decree. April 3 2006 no.152)*
- *Mitigating circumstances (Article 256, Paragraph 4, Legislative Decree, April 3, 2006 no.152)*
- *Activities not permitted connected with mixing of waste, (Article 256, paragraph 5, Legislative Decree, April 3, 2006 no. 152);*
- *Temporary storage of hazardous medical waste (Article 256, paragraph 6, first period, Legislative Decree, April 3, 2006 no. 152).*
- *Failure to decontaminate previously contaminated sites (Article 257, paragraph 1 Legislative Decree, April 3, 2006 no. 152);*
- *Failure to decontaminate sites polluted with hazardous substances (Article 257, paragraph 2 Legislative Decree, April 3, 2006 no. 152);*
- *Breach of the disclosure obligations and requirements to maintain mandatory registers and forms (Article 258, paragraph 4, second period, Legislative Decree 152/2006)*
- *Falsification in the Computer system for controlling waste traceability (Article 260-bis Legislative Decree 152/2006)*
- *Falsification or alteration of certificates and permits, import notifications, declarations, and communications of information for the purposes of acquiring a permit or certificate, other documents as well as in any case of use of false or altered certificates and permits (Article 3 bis, paragraph 1, Law 7 February 1992, no. 150, reference to the Criminal Code, Book II, Title VII, Chapter III)*
- *Falsification or alteration of certificates and permits, import notifications, declarations, and communications of information for the purposes of acquiring a permit or certificate, other documents as well as in any case of use of false or altered certificates and permits (Article 3 bis, paragraph 1, Law 7 February 1992, no. 150, reference to the Criminal Code, Book II, Title VII, Chapter III)*

P. Employment Of Illegally Staying Third-Country Nationals

- *Employment of foreign workers without a residence permit or with an expired permit (Legislative Decree 25th July 1998, n. 286 art. 22 co. 12 and 12 bis)*

Q. Tax offences

- *Fraudulent declaration through the use of invoices or other documents for non-existent operations (art. 2 Legislative Decree no. 74/2000)*
- *Fraudulent declaration through other devices (art. 3 of Legislative Decree no. 74/2000)*
- *Issuing of invoices or other documents for non-existent transactions (art. 8 Legislative Decree no. 74/2000)*
- *Concealment or destruction of documents used in accounting (art. 10 Legislative Decree no. 74/2000)*
- *Fraudulent removal from the payment of taxes (art. 11 Legislative Decree no. 74/2000)*

R. Transnational Crimes

- *Criminal association (Article 416 of the Criminal Code)*
- *Mafia-type association (Article 416-bis of the Criminal Code)*
- *Incitement to refrain from making statements or to bear false testimony before the Judicial Authorities (Article 377 bis of the Criminal Code)*
- *Personal aiding and abetting (Article 378 of the Criminal Code)*
- *Criminal association dedicated to smuggling tobacco products processed abroad (Article 291-quater of Presidential Decree (D.P.R.) No. 43/1973)*
- *Political Mafia electoral exchange (Article 416-ter of the Criminal Code)*
- *Organisation dedicated to committing criminal acts for the purpose of trafficking narcotic drugs or psychotropic substances (Article 74 of the Consolidated Act on drugs -Presidential Decree (DPR) No. 309, dated October 9, 1990)*
- *Provisions governing clandestine immigration (Article 12 paragraph 3, 3-bis, 3-ter and 5 of Legislative Decree No. 286/98).*

The same form the subject of the special part of this model, where they are amply and punctually illustrated.

In view of the activity actually carried out, sizes and characteristics of FRIULSIDER, it is deemed that the commission some of the offenses provided by the Criminal Code or by special laws and referred to by Legislative Decree 231/01 is deemed unlikely.

The entity deems that the whole set of principles of conduct set forth in the Code of Ethics may constitute an effective prevention system for the aforementioned types of offenses. The Supervisory Body and corporate bodies are however required to monitor social activity and to oversee the adequacy of the Model, also identifying possible new prevention needs that require updating of the Model.

4.1.3 Identifying the needs and preparation of prevention protocols

On the basis of the specific requirements of FRIULSIDER, the drafting of the protocols was carried out, aimed at preventing the commission of the crime.

The conduct protocols, to which the recipients of the Model must comply, were drawn up bearing the follow principles in mind:

- **Traceability:** the process of how act are drawn up must be reconstructed and the information / documentation sources used in support of the activity must be available to guarantee the transparency of the choices made; each operation must be able to be documented at all stages, so that verification and control is always possible. Verification and control activities must in turn be documented, possibly through the preparation of reports.
- **Separation of Tasks and Functions:** The person who authorizes the operation, who performs it and who controls must be different. In the case of FRIULSIDER, being a medium-sized entity, the person who authorizes the operation may coincide with the person charged with controls downstream.
- **Signature powers and authorization powers:** signature powers and internal authorizing powers must be assigned on the basis of formalized rules;
- **Archiving/Conservation of Documents:** The documents relating to the activity must be archived and stored by the Manager of the function concerned, in such a manner as to not allow access to third parties that are not expressly authorized. Documents officially approved by the corporate bodies and individuals authorized to represent the entity to third parties may not be modified unless otherwise indicated by the procedures, and in any case that results in the traceability of the modifications having taken place.

FRIULSIDER's prevention protocols form an integral part of the model, and must be constantly monitored and updated based on the "sensitive" activities the company exercises.

4.1.4 Preparation of the Organization, Management and Control Model

At the conclusion of the aforementioned phases, mapping of risks and requirements, this Organization, Management and Control Model was prepared for approval to the Board of Directors.

4.1.5 Approval of the Organization, Management and Control Model by the administrative body

The FRIULSIDER's Organization, Management and Control Model was adopted by the Board of Directors as emerges from the present attached deliberation.

For the purpose of ensuring the constant adequacy of the Model, the same will be re-examined by the Board of Directors in conjunction with the evolution of the reference legislation or any other change in the internal and external context that involves a variation in the risk analysis, rules and the conduct principles

contained in the Model, in the powers and duties of the Supervisory Body as well as the sanctioning system.

As the Model is an "act of emanation of the Administrative Body", in accordance with the provision of Article 6, paragraph 1, letter a) of Legislative Decree 231/01, the approval of every subsequent amendment or integration is remitted to the Board of Directors of the company in its faculty as a depositary body of the original power to dispose of it in relation to the Model.

4.2 Description of the Model

The Model prepared following the activity described in the aforesaid Section 4.1 is comprised of the following tools, described in detail in the following chapters:

- The Code of Ethics, which encompasses the ethical principles from which FRIULSIDER and the same Model draws its inspiration,
- an ideal organizational structures,
- the procedures necessary for ensuring a correct management and execution of the activities especially in the areas at risk for the commission of crimes,
- an adequate system of training and information of the personnel concerned,
- the Disciplinary Code with the related system of sanctions,
- an adequate control system, entrusted to the Supervisory Board that assumes the role of guarantor of compliance with the adopted organizational system,
- an adequate system of information towards the Supervisory Board.

These instruments are essentially aimed at:

- preventing and reasonably limiting the possible risks associated with the corporate activities with particular regard to the elimination or significant reduction of possible illegal conduct,
- determining, in all those who work in the name of and on behalf of FRIULSIDER, and in particular for those working in areas at risk of the commission of crimes, the awareness of being able incur, in the event of a breach of the provisions of the Model, a crime for which might arise in sanctions not only against them, but also against the entity,
- reiterating that FRIULSIDER does not tolerate unlawful conduct of any kind, irrespective of any purpose, in as much as the same, in addition to transgressing existing laws, are against the ethical-social principles to which FRIULSIDER adheres.

4.2.1 Code of Ethics

The Code of Ethics is the official document containing the corporation's ethical and ethical principles relevant for the prevention of crimes under Legislative Decree 231/2001 and is an essential element of

the preventive control system. The Code of Ethics aims to recommend, promote and/or prohibit certain types of conduct in order to comply with these principles by integrating the types of conduct that the recipients of the same are required to observe in virtue of current laws as well as possible obligations foreseen by applicable collective bargaining and individual work agreements; it also tends to make known those principles to all stakeholders.

FRIULSIDER's Code of Ethics promotes in addition to the ethical values of the entity, the general obligations of honesty, transparency, diligence and correctness, which must distinguish conduct in the working environment.

FRIULSIDER intends to observe ethical standards and maintain a conduct of correctness in its relations with public and private stakeholders in order to optimize the corporate quality. The Code of Ethics does supplement the laws or contractual regulations, but it helps to improving the entity's internal and external relations and the formation of a unified and transparent external image.

4.2.2 The Organizational Structure

FRIULSIDER's organizational structure is described in the organizational chart attached to this document.

The organizational structure has been delineated to the degree that this was possible in accordance with the general principles of a:

- clear definition of tasks and responsibilities
- knowability, transparency and publicity of the powers attributed (within the entity and with respect to the third parties concerned);
- "segregation of the activities" within the sensitive areas;
- "security" for the purposes of effective crime prevention (read, traceability of sensitive operations), to consequently make the effective management of the organization's activity possible.

4.2.3 The Protocols for Governing Conduct

The procedures that have been prepared to ensure the achievement of the objectives and the prevention of the commission of offenses are indicated at the end of each macro-category of crimes that are the subject of the "*special part*", where the individuals to whom the protocols are addressed, as well as the risks that are sought to combat with each of them by means of its application.

The protocols have been prepared keeping in mind the achievement of the following objectives:

- To create whenever possible, within each process, a separation between the person making the decision, the person who carries out this decision and the person to whom the control process is entrusted;
- ensure the traceability of each important passage of the process;
- ensure an adequate level of training.

4.2.4 The system of training, information and awareness raising

It is FRIULSIDER's primary commitment to ensure an adequate and correct knowledge of the Model's existence by all recipients of the Organization, Management and Control Model, whether these are internal or external to the entity.

The Model approved by the Board of Directors is brought to the attention of all the recipients, who are informed that the entity has an organization, management and control model as well as the notions necessary for ensuring that the same have the knowledge of the primary importance of Legislative Decree 231/01 and of how much the entity has done to prevent the commission of alleged crimes.

In addition to the information activity, the necessary training activities are carried out, in function of the professional position held by the recipients, the level of risk of the area in which they operate, whether or not they have representative functions of the entity and focussed on the contents of the individual procedures of the Model.

As regards providers of consultancy services, other performance of work or the provision of goods in sensitive processes, the entity shall bring to the knowledge to the counterparty that it has adopted a Model of Organization, Management and Control by means of contractual documents of the adoption of the Model, as well as the obligation for the Supplier to comply with the entity's Code of Ethics also because of a penalty of the possible withdrawal of the contract.

In other supplies, the Company shall inform the counterpart has adopted a Model of Organization, Management and Control.

As regards the other subjects with whom FRIULSIDER operates, the entity brings to the knowledge of the counterpart that it has adopted a Model of Organization, Management and Control.

In all cases, FRIULSIDER must provide a copy, even in digital for, of its own Code of Ethics or the website address where the document is available.

4.2.5 Disciplinary system

A qualifying point in the construction of the Model is constituted by the provision of an adequate sanctioning system for violating the principles of the Code of Ethics, as well as the procedures provided for in the Model.

Indeed, in order to avail itself of the exempting effectiveness of the Model, the entity must make sure not only that it is adopted, but that it has also effectively implemented. Effective implementation requires, inter alia, the adoption of a disciplinary system capable of penalizing the failure to comply with the measures indicated in the Model, both in relation to those individuals in senior managerial positions

(Article 6 (2) (e), as well as to subjects subject to the management of others (Article 7, paragraph 4, letter b).

If the Disciplinary System has an essentially preventive function, it is fitting that it should contemplate a multitude of sanctions, graduated according to the seriousness of the violations ascertained. The Model should identify the disciplinary measures in detail that exposes anyone who does not comply the organizational measures adopted, by imposing applicable sanctions to each violation or group of violations, in a perspective of increasing severity.

The Disciplinary System must apply both to workers as well as to external collaborators who work for the institution, providing for appropriate sanctions as well as of disciplinary character of a contractual nature (e.g. termination of the contract, cancellation from the registry of suppliers, etc.). It remains the entity's faculty to decide how to make such sanctions, i.e. whether to insert them directly into the contracts or to provide for them in a part of the Disciplinary System itself. The external collaborators who work on behalf of the entity who may commit crimes that fall within the provisions of the Legislative Decree No. 231/2001 are included in the definition of the recipients of the Model of Organization, Management and Control.

4.2.6 The Control System

In compliance with the provisions of Legislative Decree 231/2001, the Board of Directors has entrusted autonomous powers of initiative and control to a Supervisory Board, with the task of monitoring the operation and observance of the Model, as well as overseeing its updating.

The minutes of the appointment of the FRIULSIDER's Supervisory Board is attached and constitutes an integral part of this model.

The choice was determined by the fact that the individuals have been recognized as those who are the most suitable to take on the role of the Supervisory Board in as much as, in addition to the requirements of autonomy, independence, professionalism and continuity of action that are required for that function, they also possess those formal subjective requirements such as honesty, lack of conflicts of interest and relationship with organs and offices of the entity, as well as an in-depth experience as regards control systems.

The rescindment of such an office is the purview of the Board of Directors and is admitted:

- for a just cause, that is to say, for reasons connected with a non-performance is intentional or reckless of the obligations incumbent upon the position (i.e., disloyalty, inefficiency, negligence, etc.)
- in the cases of unforeseen circumstances,
- whenever the aforesaid requirements necessary for the continued existence of the Supervisory Board cease to exist,
- whenever the relationship of collaboration with the Company ceases to exist, as well as the Supervisory Board's initiative or of that of the Company itself.

- **Function and duties of the Supervisory Board**

The Supervisory Board has the function of overseeing:

- the suitability, adequacy and effectiveness of the Model, in relation to the entity's structure and the actual capacity of the Model to prevent the commission of offenses,
- compliance with the Model of the persons concerned,
- the opportunity of updating the Model, where there is a need to adapt it in relation to changed corporate and/or regulatory conditions, and for this purpose holding discussions with the top management bodies.

The tasks entrusted to the Supervisory Board are described in detail in the Supervisory Board's Statutes, a copy of which is attached to this document, of which it is an integral part.

- **Powers Attributed to Supervisory Board**

For the purpose of carrying out the functions and duties described above, to the Supervisory Board have been attributed the powers of:

- ensuring compliance with the Model,
- directly indicate what corrections and modifications should be made to ordinary practices,
- reporting the most serious cases of failure to implement the Model to the company's senior managers.

The Supervisory Board has free access to all corporate documentation and the ability to acquire relevant data and information from responsible parties.

To the Supervisory Board should be reported all of the information for an efficient implementation of the Model, as better described in the following chapter.

4.2.7 The obligations of information as far as the Supervisory Board is concerned

The corporate bodies of the entity and the recipients of the Model of Organization, Management and Control are obliged to inform the Supervisory Board of any event that may entail the liability of the entity pursuant to Legislative Decree 231/2001.

- **Typologies of Communication**

All above-mentioned subjects have the duty to transmit to the Supervisory Board of possible reports related to the commission, or the reasonable conviction of the commission, of one or more alleged crimes.

In addition, the information concerning the following must mandatorily and immediately submitted to the Supervisory Board:

- measures and/or news coming from judicial police organs or from any other authority from which investigations pertaining to investigations of alleged offenses being carried out including in the case of these being directed toward unknown persons, that involve the Company or its Employees or Corporate bodies or collaborators external,
 - requests of legal assistance in the event of judicial proceedings being started for alleged crimes involving the aforementioned individuals,
 - reports prepared by the managers of other functions of the Company within the scope of their control activities and from which facts, deeds, events or omissions with profiles of critical issues may arise respect to the compliance of the provisions of the Legislative Decree 231/2001,
 - Information related to sanctioning proceedings, which have been enacted, and possible measures imposed, or the procedures for filing such proceedings with the relevant grounds, if they are related to the commission of alleged offenses or violation of the Model's rules of conduct or procedural regulations.
- **Reporting Modalities**

Reports can only be made by e-mail to the e-mail address indicated by the Supervisory Board, which is the only subject that may legitimately view it.

Whistle-blowers who report in good faith are guaranteed, that there shall be no form of retaliation, discrimination or penalty and, in any case confidentiality, will also be guaranteed relative to the identity of the whistle-blower, except for the obligations of law and the protection of the entity or persons mistakenly accused and/or who accuse in bad faith.

It should be pointed out that the information provided to the Supervisory Board is aimed at making it possible to improve its the planning of its control activities rather than to impose the timely and systematic verification of all the phenomena represented.

In other words, the Supervisory Board does not have a duty to act every single time there is a report, it being up to its discretion and responsibility to determine in which cases to act. Therefore, the Supervisory Board shall assess the received reports and possible any consequent measures.

The Supervisory Board is not required to take into consideration anonymous reports if the instrumental delivery and non-inherent activity of the body are evident.

5. Attachments to the model

FRIULSIDER MOG 231 is composed of the following attachments:

1 LIST OF OFFENSES

- 2 CODE OF ETHICS
- 3 DISCIPLINARY CODE
- 4 SPECIFIC PROTOCOLS
- 5 WHISTLEBLOWING