



**ORGANIZATION, MANAGEMENT AND CONTROL MODEL
PURSUANT TO LEGISLATIVE DECREE 231/2001**

OF

Bonatti S.p.A.

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1. LEGISLATIVE DECREE 231/2001 AND CORPORATE LIABILITY OF COMPANIES

1.1. Introduction to corporate liability of Companies and Entities

The Italian Legislature, in implementation of the mandate pursuant to Law No. 300 of 29 September 2000, with Legislative Decree No. 231, issued on 8 June 2001 (hereinafter also referred to as the "**Decree**"), laying down "*Provisions governing the corporate liability of legal persons, companies and associations, including those without legal personality*", adapted Italian regulations on the liability of legal persons to comply with certain International Conventions previously signed by the Italian State¹.

The Legislature therefore, putting an end to an intense doctrinal debate, superseded the principle according to which *societas delinquere non potest*², by introducing, in relation to entities³ (hereinafter also referred to collectively as "**Entities**" and individually as an "**Entity**"), a regime of corporate liability (which, from a practical point of view, is actually tantamount to criminal liability) in the event that certain specific offences are committed, **in the interests or to the advantage of the Entity**, by, as specified in Article 5 of the Decree:

- i) individuals who perform representation, directorial or managerial functions within the Entity or within an organizational unit of the Entity that has financial and functional autonomy, as well as individuals who are responsible, either officially or de facto, for the management and control of the Entity (***individuals in senior positions***);
- ii) individuals who are subject to the management or supervision of one of the individuals mentioned in point i) (***individuals in subordinate positions***).

With regard to the meaning of the terms "interests" and "advantage", the Ministerial Report that accompanies the Decree gives the former term a subjective meaning, referring to the will of the actual perpetrator (natural person) of the offence⁴, whereas it gives the latter term an objective meaning, referring to the actual outcomes of the perpetrator's actions: the reference is to cases in which the perpetrator of the offence, despite not acting directly in the Entity's interests, nevertheless brings about an advantage for the Entity⁵.

¹ Specifically: the Brussels Convention of 26 July 1995 on the protection of financial interests; the Brussels Convention of 26 May 1997 on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union; the OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions. The Legislature ratified, with Law 146/2006, the Convention and protocols of the United Nations against transnational organized crime adopted by the General Assembly on 15 November 2000 and on 31 May 2001.

² Before the Decree was issued, a company could not assume, in criminal proceedings, the role of the *accused*. In fact, it was believed that Article 27 of the Constitution, which sets forth the principle of the personality of criminal liability, prevented a company and, therefore, a "non-personal" party, from being charged with a crime. The Company could therefore be held civilly liable for damage caused by an employee, or, pursuant to Articles 196 and 197 of the Italian Criminal Code, in the event of the insolvency of the convicted employee, for the payment of a fine or penalty.

³ That is, entities with legal personality, companies and associations, including those without legal personality; the State, local authorities, non-economic public authorities and bodies that perform acts of constitutional significance are excluded.

⁴ Specifically, the actual perpetrator of the offence must have acted with the goal of achieving a specific interest of the Entity.

⁵ See para. The objective charging criteria of the Ministerial Report: "*[...]It should be added that a reference to the interests of the entity characterizes the conduct of the individual as distinctly subjective, and that an ex ante verification "is sufficient"; on the other*

However, specifically with regard to unintentional Health and Safety offences, it is unlikely for the injury or death of the worker to express the interests of the Entity or to constitute an advantage for the Entity.

In such cases, therefore, the interests or advantage should instead refer to the actions carried out by means of the failure to observe the precautionary regulations. Thus, the interests or advantage of the Entity could be found in cost savings on safety, carrying out activities more quickly or increasing productivity, whilst sacrificing the adoption of accident-prevention measures.

The Company is therefore not liable, by express legislative provision (Article 5, paragraph II, of the Decree), if the aforementioned individuals **acted exclusively in their own interests or those of third parties.**

It should be pointed out that not all the offences committed by the aforementioned persons involve the corporate liability of the Entity, since only some specific types of offence are identified as significant⁶.

Below is a brief overview of the categories of significant offences pursuant to the Decree, with more details provided under Annex A to this General Part.

The first type of offence which, pursuant to the Decree, results in the corporate liability of the Entity, is that of **offences committed against Government Authorities**, which are detailed in Articles 24 and 25 of the Decree.

Article 25-*bis* of the Decree – introduced by Article 6 of Law No. 409 of 23 September 2001 – describes **the offences of falsifying money, public bonds or duty stamped papers.**

Another important type of offence resulting in the corporate liability of the Entity is **corporate crimes**, a category that is governed by Article 25-*ter* of the Decree, a provision introduced by Legislative Decree No. 61 of 11 April 2002, which identifies the following cases, as amended by Law No. 262 of 28 December 2005.

Article 25-*ter* was subsequently amended by **Law No. 190 of 6 November 2012** (the "Anti-corruption Law"), which expanded the set of offences covered by the Decree to include the offence of corruption between private parties pursuant to Article 2635, paragraph III, of the Italian Civil Code.

The reforms continued and, with Law No. 7 of 14 January 2003, Article 25-*quater* was introduced, which further expanded the scope of applicability of corporate liability to cover **terrorism offences and crimes that aim to subvert the democratic order**, as provided for by the Criminal Code and by special laws.

hand, the advantage, which the entity may benefit from even if the individual has not acted in its interests, always requires an ex post verification".

⁶ It should also be taken into consideration that the "catalogue" of offences deemed significant pursuant to the Decree is continually expanding. While on the one hand there is a big push from European bodies, on the other, at the national level, numerous draft laws have been presented with the aim of including additional cases in the Decree's scope of application.

Subsequently, Law No. 228 of 11 August 2003 introduced Article 25-*quinquies*, in relation to which the Entity is liable for the commission of **offences against the individual**.

Law 62/2005, known as the "EU Law", and Law 262/2005, or the "Savings Protection Law", further expanded the range of significant offences pursuant to the Decree. Article 25-*sexies* was introduced, relating to **market abuse offences**).

Law No. 7 of 9 January 2006 went on to introduce Article 25-*quater.1* of the Decree, which provides for corporate liability in the event of **cases of female genital mutilation practices** (Article 583-*bis* of the Criminal Code).

Subsequently, Law No. 146 of 16 March 2006, which ratified the Convention and protocols of the United Nations against transnational organized crime adopted by the General Assembly on 15 November 2000 and on 31 May 2001, provided for the liability of Entities for any **offences of a transnational nature**.

An offence is considered as such when, during the execution of the act: an organized criminal group was involved and there are provisions for the application of a sanction of at least four years' imprisonment, in addition to other local sanctions, if it was committed in more than one State; it was committed in one State but has had significant consequences in another State; it was committed in a single State but a substantial part of its preparation, planning or management and organization took place in another State; it was committed in one State, but an organized criminal group involved in criminal activities in more than one State was involved.

A revolutionary reform was introduced by Law 123/2007 - later replaced by Legislative Decree No. 81 of 9 April 2008 (hereinafter also referred to as the "**Consolidated Act on Health and Safety**") - in the form of Article 25-*septies* of the Decree, which provides for the liability of Entities for offences of **involuntary homicide and involuntary injuries of a serious or life-threatening nature, committed as a result of violating the regulations on the protection of health and safety in the workplace**.

Legislative Decree 231/2007 introduced Article 25-*octies* of the Decree, pursuant to which the Entity is liable for the commission of offences involving **receiving stolen goods, money laundering and making use of money, assets or benefits of unlawful provenance** (Article 648-*ter* of the Criminal Code). *Ratione materiae*, by way of an exception to the chronology of this category, it should be pointed out that Law No. 186 of 15 December 2014 expanded the range of offences pursuant to Article 25-*octies* by introducing into the Criminal Code the offence of **self-laundering**.

Lastly, Law No. 48 of 18 March 2008, introduced Article 24-*bis* of the Decree, which extends the liability of Entities to certain **cybercrime offences**.

Law No. 94 of 15 July 2009, laying down provisions on public safety, introduced Article 24-*ter* and, therefore, the liability of Entities for the commission of **organized crime offences**⁷.

⁷ Organized crime offences were previously significant, for the purposes of the Decree, only if of a transnational nature.

Law No. 99 of 23 July 2009, laying down provisions for the development and internationalization of companies, as well as in relation to energy, expanded the instances of falsification offences provided for by Article 25-*bis* of the Decree, adding certain offences relating to the protection of **industrial property**.

The same legislative intervention introduced Article 25-*bis*.1, which provides for the liability of Entities for **offences against industry and commerce**, as well as Article 25-*novies*, which provides for the liability of Entities for **copyright violation offences**.

With regard to the protection of copyright, offences are provided for and punished by Articles 171, paragraph I, a-*bis*) and paragraph III, and Articles 171-*bis*, 171-*ter*, 171-*septies* and 171-*octies*, of Law No. 633 of 22 April 1941.

Furthermore, Article 4 of Law No. 116 of 3 August 2009 introduced Article 25-*decies*, pursuant to which the Entity is deemed liable for the commission of the offence provided for by Article 377-*bis* of the Criminal Code, that is, the offence of **incitement not to make declarations or to make false declarations to judicial authorities**.

In implementation of EU Directive 2009/52/EC, Italy issued Legislative Decree 109/2012, which, *inter alia*, sanctioned the insertion of Article 25-*duodecies*, which, under the title "**Employment of third-country citizens whose residence is illegal**", punishes employers who hire foreign workers without a residency permit, stipulating that: "*in relation to the commission of the offence pursuant to Article 22, paragraph 12-*bis*, of Legislative Decree No. 286 of 25 July 1998, the entity shall be issued with a fine of between 100 and 200 units, up to a maximum of €150,000*".

Legislative Decree 121/2011 introduced into the Decree Article 25-*undecies*, which extended the corporate liability of Entities to so-called environmental crimes, or to two offences recently introduced into the Criminal Code (Articles 727-*bis* and 733-*bis*), as well as to a series of offences already provided for by the "Environment Code" (Legislative Decree 152/2006) and by other special regulations for the protection of the environment (Law 150/1992, Law 549/1993, Legislative Decree 202/2007). The legislation on environmental protection was added to with the significant reform introduced by Law No. 68 of 22 May 2015, laying down "Provisions concerning crimes against the environment", which expanded the range of offences pursuant to Article 25-*undecies* of the Decree, by introducing the offences of "**environmental pollution**" (Article 452-*bis* of the Criminal Code) and "**environmental disaster**" (Article 452-*quater* of the Criminal Code), which apply whether the acts in question were committed wilfully or through negligence (Article 452-*quinquies* of the Criminal Code), the offence of "**trafficking and dumping highly radioactive material**" (Article 452-*sexies* of the Criminal Code.) and, lastly, offences related to "**environmental crime organizations, including mafia associations**" (Article 452-*octies* of the Criminal Code).

For completeness, it should also be stated that Article 23 of the Decree punishes **failure to observe prohibitive sanctions**, which happens if, pursuant to the Decree, an Entity is issued with a prohibitive sanction or precautionary measure and, in spite of this, the Entity fails to comply with the obligations or prohibitions imposed.

1.2. Sanctions

If the persons indicated in Article 5 of the Decree become liable for one of the offences pursuant to Annex A of this special part, the Entity could incur wide-ranging sanctions.

Article 9 of the Decree defines the various *administrative* sanctions as follows:

- I. monetary sanctions;
- II. prohibitive sanctions;
- III. requisition;
- IV. publication of the judgment;

From a general point of view, it should be noted that the ascertaining of the Entity's liability, as well as the determination of whether and to what extent a sanction should be applied, are the responsibility of the criminal judge in the proceedings relating to the offences for which corporate liability is at issue.

The Entity is deemed liable for the offences identified pursuant to Articles 24 et seq. (with the exception of the cases covered in Article 25-*septies*), even if said offences were only attempted. In such cases, however, the monetary and prohibitive sanctions are reduced by between one third and one half.

Pursuant to Article 26 of the Decree, the Entity is not liable when it wilfully obstructs the performance of the action or the realization of the event.

I. Monetary sanctions

Monetary sanctions are governed by Articles 10, 11 and 12 of the Decree and apply in all cases in which the Entity's liability is acknowledged. These sanctions are applied in "units", in a number no lower than 100 and no greater than 1,000, while the amount of each unit ranges from a minimum of €258.33 to a maximum of €1,549.37. The judge determines the number of units based on the indicators identified pursuant to Article 11, while the amount of the unit is set based on the economic and financial conditions of the Entity involved.

II. Prohibitive sanctions

Prohibitive sanctions can be issued only in the cases compulsorily provided for and only for certain offences, and they consist of:

- a ban on the performance of activities;
- the suspension or revocation of authorizations, licences or concessions required to commit the offence;

- a ban on negotiating with Government Authorities, except in order to obtain the provision of a public service;
- exclusion from tax breaks, financing, grants or subsidies, and the possible revocation of those already granted;
- a ban on advertising goods and services.

As with monetary sanctions, the type and duration of prohibitive sanctions are determined by the criminal judge involved in the proceedings for offences committed by natural persons, taking into account the factors described in more detail in Article 14 of the Decree. In any case, prohibitive sanctions have a minimum duration of three months and a maximum duration of two years.

One of the most interesting aspects of prohibitive sanctions is that they can be applied to the Entity either upon completion of the trial and, therefore, once its guilt has been established, or as a precautionary measure, i.e. when:

- a) there are serious reasons to believe that the Entity is liable for an administrative offence constituting a crime;
- b) specific, reasoned elements emerge that suggest the existence of a concrete danger that offences may be committed of the same kind as that which is the subject of the proceedings;
- c) the Entity has made a significant gain.

III. Requisition

The requisition of the value or profit derived from the offence is an obligatory sanction resulting from any conviction (Article 19).

IV. Publication of the judgment

The publication of the judgment is a possible sanction, which implies the application of a prohibitive sanction (Article 18).

Lastly, for completeness, it should be noted that the Judicial Authorities may also order: a) the precautionary seizure of the items permitted to be requisitioned (Article 53); b) the protective seizure of the Entity's moveable and immovable assets, if there is justified reason to believe that the guarantees for payment of the monetary sanction, the legal fees or other sums owed to the State are lacking or have become invalid (Article 54).

If the seizure, having been carried out as an equivalent to requisition pursuant to Article 19, paragraph 2, concerns companies or assets, including securities, shares or cash and cash equivalents, even if consigned, the legally appointed custodian shall allow the corporate bodies to use and manage said assets exclusively in order to guarantee the company's continuity and development, exercising supervisory powers and reporting the matter to the legal authorities.

In the event of violation of the aforementioned purpose, the Legal Authorities shall adopt the consequent provisions and may appoint an administrator to exercise shareholders' powers.

1.3. The exemption resulting from the adoption and implementation of an Organization, Management and Control Model

The Legislature, in Articles 6 and 7 of the Decree, recognizes specific forms of exemption from the corporate liability of Entities.

Specifically, Article 6, paragraph I, stipulates that, in the event that the offences are attributable to persons in a senior position, the Entity must not be considered liable if it can prove that:

- a) it adopted and implemented, prior to the commission of the offence, an Organization, Management and Control Model (hereinafter also referred to simply as the "**Model**") suitable for preventing offences of the kind committed;
- b) it set up an independent body with autonomous powers to oversee the functioning of and compliance with the Model and to update it (hereinafter also referred to as the "**Supervisory Body**", "**SB**" or "**Body**");
- c) the offence was committed by deceptively circumventing the measures provided for in the Model;
- d) the supervision carried out by the SB was not lacking or insufficient.

The structural features that constitute a suitably preventive Model are identified in Article 6, paragraph II of which stipulates that the Entity must:

- I. identify the activities within the context of which offences may be committed;
- II. set up specific protocols aimed at planning the formation and implementation of the Entity's decisions in relation to the offences to be prevented;
- III. identify procedures for managing the financial resources required to prevent offences;
- IV. set forth obligations concerning reporting to the SB;
- V. introduce a suitable disciplinary system for sanctioning the failure to comply with the measures indicated by the Model.

In the case of persons in subordinate positions, however, the adoption and effective implementation of the Model mean that the Entity will be required to assume liability only in the event that the offence occurred as a result of the failure to fulfil management and supervisory obligations (combined provisions of paragraphs I and II of Article 7).

Paragraphs III and IV of Article 7 help to define additional characteristics that constitute a suitably preventive Model. Specifically:

- the Model must provide for appropriate measures both to guarantee the performance of the Entity's activities in compliance with the law and to promptly discover situations of risk, taking into consideration the type of activities carried out and the nature and size of the organization;
- the effective implementation of the Model requires a periodic inspection and the amendment of the Model, if significant violations of the provisions of law are discovered or if important organizational or regulatory changes are made; the existence of a suitable disciplinary system is also of significance (a condition already provided for by letter e), *sub* Article 6, paragraph II).

Formally speaking, the adoption and effective implementation of a Model is an option for Entities, rather than an obligation; they may decide not to comply with the provisions of the Decree, without incurring any sanction whatsoever for that reason alone.

In actual fact, however, the adoption and effective implementation of a suitable Model is essential for Entities in order to be able to benefit from the exemption provided for by the Legislature.

It is also important to bear in mind, above all, that the Model should not be seen as a static tool, but instead should be thought of as a dynamic device that allows an Entity, by means of accurate, targeted implementation over time, to eliminate any shortcomings that it was not possible to identify when the Model was first created.

1.3.1. In particular, the exemption resulting from the Model with regard to (unintentional) workplace health and safety offences

Specifically with regard to the Model's being suitably preventive in relation to (unintentional) workplace health and safety offences, reference should be made to Article 30 of Legislative Decree No. 81 of 9 April 2008, which, in this respect, stipulates that: *"an organization and management model capable of offering exemption from the corporate liability of legal persons, companies and associations, including those without legal personality, pursuant to Legislative Decree No. 231 of 8 June 2001, must be adopted and effectively implemented, guaranteeing a corporate system for the fulfilment of all legal obligations relating to:*

- a) *compliance with technical and structural standards of law relating to equipment, facilities, workplaces, and chemical, physical and biological agents;*
- b) *activities relating to risk assessment and the consequent arrangement of preventive and protective measures;*

- c) *organizational activities, such as emergencies, first aid, contract management, periodic safety meetings and consultation of workers' safety representatives;*
- d) *health surveillance activities;*
- e) *workers' information and training activities;*
- f) *supervisory activities concerning workers' compliance with procedures and instructions for working safely;*
- g) *the acquisition of documentation and certificates that are required by law;*
- h) *periodic checks on the application and effectiveness of the procedures adopted”.*

Also pursuant to Article 30: *“The organization and management model must provide for suitable systems for recording that activities have taken place. In any case, the organization model must, as required pursuant to the nature and size of the organization and the type of activities carried out, establish a functional structure that allocates the technical responsibilities and the powers necessary to verify, assess, manage and monitor risk, as well as a disciplinary system capable of sanctioning non-compliance with the measures set out in the model. The organization model must also provide for a suitable system for monitoring the implementation of the model and ensuring that, over time, the conditions remain in place to make the measures adopted suitable. The organization model must be reviewed and possibly amended whenever significant violations of the rules on workplace hygiene and accident prevention are discovered, or when changes take place within the organization and its activities as a result of scientific and technological progress”.*

Lastly, the provision in question establishes an **absolute presumption of compliance with the aforementioned requirements of preventive suitability** insofar as it stipulates that: *“corporate organization models **defined as compliant with the UNI-INAIL guidelines for a workplace health and safety management system (HSMS) of 28 September 2001 or with British Standard OHSAS 18001:2007 are presumed to be compliant with the requirements set forth in this Article for the corresponding parts”.***

2. GUIDELINES DRAWN UP BY INDUSTRY ASSOCIATIONS

2.1. The Confindustria Guidelines

Pursuant to the provisions of Article 6, paragraph III, of the Decree, the Models can be adopted based on the codes of conduct drawn up by industry associations that represent the Entities and communicated to the Ministry of Justice, which may make observations, if necessary.

The first such association to draw up a guiding document for the preparation of models was Confindustria, which, in March 2002, issued its guidelines, which were subsequently partially

amended and updated in May 2004, then again in March 2008 and most recently in March 2014 (hereinafter also referred to as the "**Guidelines**")⁸.

In short, the Guidelines suggest:

- mapping corporate areas at risk and activities in the context of which offences may be committed via specific operating procedures;
- identifying and arranging specific procedures aimed at planning the formation and implementation of the company's decisions in relation to the offences to be prevented, making a distinction between preventive protocols with regard to wilful and unintentional offences;
- appointing a Supervisory Body with autonomous powers of initiative and monitoring and an adequate budget;
- identifying specific obligations for staff to report to the Supervisory Body about key corporate matters and, in particular, activities considered risky;
- identifying specific obligations for the Supervisory Body to report to senior management and the corporate bodies;
- adopting a Code of Conduct that identifies the corporate principles and guides the behaviour of the Model's addressees;
- adopting a suitable disciplinary system for sanctioning the failure to comply with the principles set out in the Model.

The Confindustria Guidelines therefore constitute an essential starting point for the correct formation of the Model.

2.2. The ANCE Code of Conduct

The Italian National Association of Construction Companies (hereinafter referred to as the "**ANCE**") - to which Bonatti S.p.A. belongs via its membership of the corresponding regional association - has drawn up and gradually updated a Code of Conduct for Construction Firms (hereinafter referred to as the "**Code of Conduct**"), which constitutes an essential foundation for the definition, structuring, monitoring and updating of the models of companies that belong to the association.

As in the case of the Guidelines, the Code of Conduct has also been approved by the Ministry of Justice, which, with a note of 20 December 2013, signed by the Justice Affairs Department,

⁸ All versions of the Confindustria Guidelines were subsequently deemed adequate by the Ministry of Justice (with regard to the 2002 Guidelines, see the "Ministry of Justice Note" of 4 December 2003 and, with regard to the 2004 and 2008 updates, see the "Ministry of Justice Note" of 28 June 2004 and the "Ministry of Justice Note" of 2 April 2008), with the 2014 version having been approved with the "Ministry of Justice Note" of 21 July 2014.

declared the 2013 version of the Code of Conduct to be: *“suitable for the fulfilment of the purpose set forth pursuant to Article 6, paragraph 3, of Legislative Decree 231/2001”*.

In brief, the Code of Conduct identifies the following aspects as being among the fundamental elements for the construction of a suitable organization, management and control model:

1. identification of activities involving a risk of committing offences (the management body must be responsible for drawing up and adopting a document identifying the activities and risk factors, which must contain a clear indication of the connection between the organizational processes or sectors typical of sensitive activities and the significant criminal offences pursuant to Legislative Decree No. 231 of 2001)
2. protocols for the formation and implementation of decisions (the management body must adopt a preventive control system that is structured, for each activity potentially at risk, into specific protocols for the formation and implementation of the entity's decisions, in relation to the offences to be prevented)
3. financial resources management procedures (the management body must identify, based on the potential ways of committing the offences, precise protocols for the management of financial resources that are capable of preventing the commission of such offences)
4. reporting obligations (the management body must identify specific protocols that provide for the obligation to report to the Supervisory Body any events that may highlight deficiencies within or violations of the model)
5. disciplinary system (the entity must introduce a suitable disciplinary system for sanctioning the failure to comply with the measures indicated in the model)
6. supervisory body (the entity must set up an internal body, with autonomous powers of initiative and monitoring, to which it assigns the task of continually overseeing the effective functioning of and compliance with the organization models, as well as updating them)

The Code of Conduct also values certified management systems, such as the safety management system, certified in accordance with standard BS OHSAS 18001:2007 by an accredited certification body, and the environmental management system, certified in accordance with standard ISO 14001:2004, deeming many of the operating requirements set out in the Code of Conduct to have been fulfilled when such certifications have been issued (see paragraph 14 of the Code of Conduct).

3. BONATTI'S ORGANIZATION, MANAGEMENT AND CONTROL MODEL

3.1. Bonatti's activities

Bonatti S.p.A. (hereinafter also referred to simply as "**Bonatti**" or the "**Company**") is an Italian company that is one of the world's leading operators in the engineering, feasibility, construction, management and maintenance of facilities in the oil & gas and energy sector. Founded as a small firm in 1946 by the engineer Saul Bonatti, the Company today has over 6,000 employees and operates both in Italy and in numerous other countries, including: Algeria, Saudi Arabia, Canada, Egypt, Greece, Iraq, Libya, Mexico, Mozambique, Kazakhstan, Romania, Spain and the United States.

The Company provides its services to the leading domestic and international oil companies, and also operates in the strategic sector of long-range transportation of hydrocarbons (gas and oil pipelines) through the synergies it develops with the world's biggest companies.

Lastly, Bonatti also provides engineering, feasibility and construction services in sectors including major engineering works and civil infrastructure, creating projects for various clients in both the public and private sectors.

The Company's mission is to forge and consolidate deep relationships of trust with its clients and partners, helping to maximize their profits by supplying the best possible services to meet their needs.

3.2. Adapting Bonatti to the provisions of the Decree, with a view to ongoing improvement

As of 29 October 2004, Bonatti has made an effort to adapt to the provisions of the Decree, creating a Model that fulfils the adequacy and effectiveness criteria required pursuant to the regulations and to industry best practice.

The Model has undergone continuous revisions and updates in light of the organizational and/or regulatory changes that have taken place over the years, with a view to seeking the ongoing improvement of the Company's management, organization and control system.

The most recent update of the Model dates back to 2016. This version, which incorporated the indications of the latest edition of the Code of Conduct (the 2013 version, which was deemed suitable by the Ministry of Justice), also brought together the protocols suggested by the Confindustria Guidelines, as well as a series of additional monitoring and control measures, which, in a certain way, reorganized the Company's security processes, bringing them into line with the most up-to-date concepts in the field.

3.3. The current version of the Model

The current version of the Model, which has been updated as described below, was approved with a resolution of the Board of Directors.

The outcome of all the work carried out is described in the documents entitled General Part and Special Part (hereinafter referred to collectively as the "**Summary Document**").

3.3.1. Preparatory work for updating the Model. The new risk mapping and risk assessment activities

The effective implementation of the Model involves, as explained above, making the effort to continually improve all of the organization, management and control protocols that make up the Model.

In order to respond to this requirement, Bonatti needed to carry out a new risk assessment, aimed both at recognizing the mapping relating to the offences already covered by the Special Parts of the Model (with the necessary additions following the reorganization), and at assessing the existing risks with regard to the new types of offence introduced more recently by the Legislature.

In its pursuit of this goal, in September 2016 the Company launched an in-depth overhaul of its risk mapping and risk assessment activities, conducting a critical analysis of the entire corporate organizational structure and of its internal control system, with a view to evaluating its effectiveness at preventing the commission of all offences that, in accordance with the provisions of the Decree, would give rise to the Entity's liability.

To that end, a Working Group was created, made up of both internal staff (the Head of the Legal Department and the Corporate Quality Manager) and specialist external parties (an international law firm with proven experience in the sector, supported by experts in corporate process control systems and by health, safety, environment and security consultants). Based on a consolidated methodology and following the most recent best practices, the Working Group subjected Bonatti's organizational and corporate structure to a specific, in-depth risk assessment.

As suggested by industry associations, the analysis started with the specific mapping and inventory of all corporate activities (known as risk mapping).

This was carried out by examining corporate documentation and case histories, as well as by preparing preliminary questionnaires and checklists for assessing the adequacy of the control system in place. Subsequently, a number of interviews were held with the staff involved (more than 20 people were interviewed) and the outcomes of the interviews were discussed with the persons concerned.

Once this work had been completed, therefore, the following were identified:

- the areas “**at risk of offence**”, i.e. those areas of the Company and/or corporate processes in relation to which it was deemed, in light of the mapping outcomes, that there was a theoretical risk of committing offences of the kind indicated by the Decree, which were theoretically attributable to the type of activity carried out by the Company;
- with regard to offences against Government Authorities and the offence of "corruption between private parties", the “**instrumental**” areas, i.e. the areas that manage financial instruments and/or alternatives that may foster the commission of offences in the areas “at risk of offence”;
- in the context of each area "at risk of offence", the “**sensitive**” activities, i.e. those activities whose performance is related to the risk of committing offences, and the corporate departments and positions involved.

For each area at risk, therefore, the Working Group identified those activities that could theoretically be considered ways of committing the offences in question.

The Working Group then observed and analysed the corporate controls, inspecting the organization system, the system of powers and mandates, the management control system, and the wide range of procedures in place and considered significant for the purposes of the analysis (the as-is analysis phase), as well as subsequently identifying areas for improvement, with the formulation of suggestions and plans of action for the implementation of the principles of control (the gap analysis).

3.3.2. Risk assessment concerning safety, security and the environment

The Working Group has also, with support from specialist corporate employees and consultants, conducted a specific risk assessment of Bonatti's organizational structure from the perspective of workplace health and safety (hereinafter also referred to as “**WHS**”).

The assessment activities were not simply limited to considering **safety** risks (i.e. risks relating to factors within the production process and the organization of the work that can result in situations of risk or danger to workers' healthy and safety in relation to the various working environments taken into consideration), but also extended to assessing **security** risks (i.e. risks relating to threats to workers' security attributable to factors outside of the Company's organization and production process).

Lastly, the risk assessment extended to assessing risks of an **environmental nature**, in consideration of the offences covered by Article 25-*undecies* of the Decree.

Referring to the matters described in detail in Special Part I of the Summary Document, the following sub-paragraphs will summarize the main activities that characterized the risk assessment, with regard to the areas of **Safety**, **Security** and the **Environment**.

3.3.2.1. Safety

As suggested by the Guidelines, the analysis was conducted on the entire corporate structure (as well as in consideration of the various local structures and with regard to the various operating sites), since, with regard to the offences of homicide and involuntary injuries of a serious or life-threatening nature committed as a result of violating the regulations on the protection of health and safety in the workplace, it is not possible to rule out any sphere of activity *a priori*, given that such offences can involve all components of the Company.

The risk assessment activities were broken down as follows:

- a) identification of sites characterized by the potential risk of violation of or non-compliance with safety rules, which may directly or indirectly involve the commission of the offences provided for by Article 25-*septies* of the Decree;
- b) analysis of the adequacy of the internal control system for safety;
- c) identification of the actions to be taken to improve the aforementioned internal control system and/or to adapt to the regulations on safety;
- d) establish an order of intervention priorities relating to the sites under analysis.

In more detail, the intervention methodology concerned:

1. the analysis of significant safety documentation (including the previous version of the Model, organigrams, mission statements, procedures, risk assessment documents, etc.) in order to correctly identify the safety organigram, the duties of the senior and subordinate functions and, as much as possible, the coherence and completeness of the outcomes of the risk analysis conducted previously;
2. interviews with staff in key roles within workplace health and safety; this phase was supported by the preparation and use of dedicated checklists aimed at organically gathering detailed information about the control system currently in place;
3. the analysis and evaluation of the organization and control systems in force for processes deemed sensitive in relation to the offences under examination, particularly the practices and procedures of the integrated management system, the specific documents for workplace safety and the corporate registration documents;
4. the allocation of an adequacy level (or "prevention level") to the protocols for overseeing processes currently in place aimed at the prevention of the offences in question;
5. with regard to any areas of weakness identified, an indication of possible supplementary and preventive measures to be implemented in relation to those provided for, as well as an indication of any monitoring tools to be adopted.

Lastly, the Working Group reviewed the compliance of the Health and Safety Management System (hereinafter the “**HSMS**”) with the requirements provided for by British Standard OHSAS 18001: 2007.

3.3.2.2. Security

As mentioned above, the risk assessment activities also involved assessing security risks (i.e. risks relating to threats to workers' security attributable to factors outside of the Company's organization and production process⁹).

Specifically, the assessment activities conducted in order to update the Company's Model concerned:

- 1) The analysis of all significant security documentation:
 - The Organization, Management And Control Model pursuant to Legislative Decree 231/01, Rev. 7;
 - The Company's security procedures, which can be broken down as follows:
 - a) The Golden Rules, which set out Bonatti's security policy and objectives.
 - b) The Silver Guidelines on Security, which define the key principles of the security process, govern phases and activities of the sub-processes relating to the security process, and identify the roles and responsibilities of the various persons involved in the security process.
 - c) The Procedure for carrying out security assessments, which has the following objectives:
 - to act as a practical guide for security assessment activities;
 - to define the information to be acquired in preparation for inspections for a security assessment;
 - to define the content of the end-of-activity reports.
 - d) The Procedure for the definition of reporting and assessment activities relating to security events, in order to demonstrate the detailed procedures for reporting and managing security events.
 - e) The Procedure for the protection of assets and people in high-risk areas.

The purpose of the procedure is to provide the guidelines to be followed in order to guarantee the security of individuals on assignment abroad and/or on business trips, focusing on the minimum requirements for asset security. It follows an in-depth analysis of the selection,

⁹ Unlike safety risks, security risks are risks that are not inherent in the work activities and, since they are external, are defined as "atypical".

preparation and protection of the sites located in high-risk areas. Security Risk Assessment - Operating Procedures

The purpose of the procedure is to illustrate the detailed procedures and tools to be used in order to carry out an assessment of security risks.

f) The Procedure for the assessment and management of security threats

The purpose of the document is to illustrate the process and procedures for assessing and managing security threats. This activity is part of the risk assessment process, upon conclusion of which the Corporate Risk Evaluation Document (CRED) is drawn up pursuant to Legislative Decree 81/08.

g) The Procedure for executing evacuation plans

h) Prevention and management of false imprisonment

C. The CRED;

D. The organigrams;

E. The powers and mandates granted to the Security Manager and the Branch Managers

2) Interviews with the Security Manager and the SB by means of a dedicated checklist aimed at organically gathering detailed information about the control system currently in place.

Once this activity had been completed, it was therefore possible to identify the control system adopted by the Company, aimed at mitigating security risk and identifying possible areas for improvement.

3.3.2.3. Environment

The environmental risk assessment differed slightly from the aspects illustrated above in that the Working Group, in line with industry best practices, conducted its analysis starting from the environmental offences set forth in Article 25-*undecies* of the Decree.

From this perspective, the Working Group therefore re-examined all environmentally significant processes in the light of the complete list of offences set forth in the aforementioned Article.

The working methodology described above with reference to the safety risk assessment was also used in this case (analysis of important documentation, interviews with key staff members, analysis and evaluation of the organization and control systems in force for processes deemed sensitive).

The Working Group also identified the current measures aimed at preventing environmental offences, and estimated the degree of coverage (or "level of prevention") provided by the control system in place within the Company.

The Group's activities also involved defining actions, in light of any weaknesses identified, to be taken to improve the control system and risk prevention measures.

3.4. The components of Bonatti's Model

The Summary Document of the Model is made up of a General Part and a Special Part.

The General Part contains the protocols listed below (hereinafter also referred to as the "**Protocols**"), which form the structure of the Model:

- a) the organizational system;
- b) the system of powers and mandates;
- c) the manual and computerized procedures;
- d) the cash flow and management control system;
- e) the control system for workplace health and safety (operating management and monitoring) and for security;
- f) the system for environmental management and compliance with the regulatory provisions in that area;
- g) the Code of Ethics;
- h) the Disciplinary System;
- i) the communication and involvement of staff concerning the Model, as well as their training and education.

The General Part also contains a summary of the provisions of the document "Articles of Association of the Supervisory Board", which sets out the rules governing the SB and constitutes an integral part of the Model.

The Special Part is broken down into 14 subdivisions:

- Special Part A, relating to offences against Government Authorities;
- Special Part B, relating to IT and unlawful data processing offences;
- Special Part C, relating to offences associated with organized crime;
- Special Part D, relating to offences against industry and commerce (and others pertaining to commerce but classified as "currency counterfeiting" offences), as well as those involving industrial property;
- Special Part E, relating to corporate crimes;
- Special Part F, relating to the offence of corruption between private parties;
- Special Part G, relating to offences with terrorist aims or with the purpose of subverting the democratic order;

- Special Part H, relating to offences against the individual;
- Special Part I, relating to the offences of involuntary homicide and involuntary injuries of a serious or life-threatening nature committed as a result of violating the regulations on the protection of health and safety in the workplace;
- Special Part L, relating to the offences of receiving stolen goods, money laundering and making use of money, assets or benefits of unlawful provenance;
- Special Part M, relating to copyright violation offences;
- Special Part N, relating to the offence of incitement not to make declarations or to make false declarations to judicial authorities;
- Special Part O, relating to environmental crimes;
- Special Part P, relating to the offence of employing third-country citizens whose residence is illegal.
- Special Part Q, relating to the offence of Transnational crime

Following the methodological approach explained above, the Special Parts indicate:

- i) the areas deemed "at risk of offence" and "sensitive" activities;
- ii) the corporate departments and/or services and/or offices that operate within the areas "at risk of offence" or "sensitive" activities;
- iii) the offences that could theoretically be perpetrated;
- iv) the areas considered "instrumental" (with regard to offences against Government Authorities and to corruption between private parties), as well as the persons operating within said areas;
- v) the type of controls in place on the individual areas "at risk of offence" and "instrumental" areas;
- vi) the principles of conduct to be observed in order to reduce the risk of committing any offences.

Special Part I, in particular, indicates:

- a) the existing risk factors inherent in the Company's business activities;
- b) Bonatti's organizational structure in terms of WHS and security;
- c) the benchmark principles and rules for the Company;
- d) the duties and tasks of each category of person operating within Bonatti's organizational structure in terms of WHS and security;

- e) the role of the Supervisory Body with regard to WHS;
- f) the principles that form the basis of corporate WHS procedures.

This Summary Document is also accompanied by documents that represent certain Protocols and therefore supplement and clarify the Company's organization, management and control framework, such as the Code of Ethics and the Disciplinary System, as well as the "Articles of Association of the Supervisory Board", discussed above.

These documents, together with all the provisions (whether formalized or attributable to consolidated and observed operating practices) that govern the organization, management and regulation of the Company, as well as its various corporate processes, constitute the Model adopted pursuant to the Decree.

4. THE ORGANIZATIONAL SYSTEM

Bonatti has established an organizational system that was conceived to enable the Company to implement the strategies and achieve the objectives set out pursuant to its corporate purpose.

Bonatti's structure was created bearing in mind the need to endow the Company with an organizational framework capable of guaranteeing the utmost operating efficiency and effectiveness, both in Italy and abroad.

4.1. Corporate governance

Bonatti has opted for the "traditional" system.

In accordance with the provisions of Italian commercial law, Bonatti's corporate governance system is currently structured as follows:

- **Shareholders' Meeting**

The Shareholders' Meeting is competent to pass resolutions, in both ordinary and extraordinary sessions, on matters reserved for it pursuant to the law or the Company's Articles of Association.

The majority of the share capital is currently held by Bonatti Holding S.r.l. and Parmalat S.p.A., while Bonatti S.p.A. itself, through its treasury shares, is a minority shareholder.

- **Board of Directors**

The Board of Directors is vested with the broadest powers for the administration of the Company and the implementation and achievement of the corporate purpose, excluding those powers that the law reserves for the Shareholders' Meeting. The Board of Directors therefore has, *inter alia*, the power to define the Company's strategic direction and the power to verify the existence and effectiveness of the Company's organizational and administrative structure.

The Board is currently made up of four directors, two of whom have assumed the respective roles of Chairman and Vice-Chairman.

- **Board of Statutory Auditors**

The Board of Statutory Auditors is made up of three standing members and two alternate members. The Board is responsible for overseeing:

- compliance with the law and the Articles of Association;
- observance of the principles of good administration;
- the adequacy of the Company's organizational structure, internal control system and accounting administration system, including with regard to the reliability of the latter to accurately represent the Company's affairs.

- **External Auditor**

The external audit of the Company's accounts must be performed by an independent auditing firm that is included in the register of auditors.

4.2. Bonatti's organizational structure

The Company's organizational structure was designed to guarantee, on the one hand, the separation of duties, roles and responsibilities between the operating and control departments, and, on the other hand, the efficiency and cost-effectiveness of the corporate processes.

Bonatti's organizational structure is headed by the Board of Directors, which, in accordance with the provisions of law and the Articles of Association, is responsible for managing the Company. The level-one organigram¹⁰ of the organizational structure is as follows:

- **Chairman of the Board of Directors** The Chairman of the Board is responsible for the legal representation and ordinary management of the Company. The Chairman is also vested with the powers briefly summarized below, based on specific resolutions of the Board:

¹⁰ Details of the level-two organigrams, including the hierarchy of roles, can be found in the corporate documentation (procedures, organigrams, organizational charts and job descriptions). In order to immediately clarify the role and responsibilities of each individual within the corporate decision making process, Bonatti has developed both a detailed system of first- and second-level organigrams and a detailed organigram, which describes and explains the role and responsibilities of the various departments and sub-departments. The above documentation specifies, *inter alia*, both the areas into which the corporate activities are broken down, and the hierarchy of roles of the individual corporate departments.

- to represent and act for the Company in calls for tenders, auctions and public procedures;
- to represent and act for the Company in contract arrangements and agreements for supplies; engineering, procurement, construction and commissioning (EPCC) works; concessions; project financing; and lease agreements, with public and private clients;
- to govern any aspects related to corporate sales and acquisitions;
- to govern any aspects related to the Company's financial management;
- to govern any aspects of the Company's commercial activities, including at the cross-border level;
- to represent and promote initiatives in the Company's interests in the legal and judicial areas.

The Chairman of the Board has also been identified as the Employer pursuant to Legislative Decree 81/2008, for all work activities in Italy.

- **Vice-Chairman of the Board of Directors** The Vice-Chairman is vested with the powers briefly summarized below, based on specific resolutions of the Board:
 - to govern any aspects related to corporate sales and acquisitions;
 - to govern the human resources employed within the Company;
 - to govern any aspects related to the Company's financial management;
 - to govern any aspects of the Company's commercial activities, including at the cross-border level;
 - to represent and promote initiatives in the Company's interests in the legal and judicial areas.

Within the Company hierarchy, the Chairman and Vice-Chairman of the Board are reported to by the following **Corporate Departments**:

- **HUMAN RESOURCES Department:** this department is involved in defining the corporate strategy, guaranteeing adequate coverage and oversight of the key positions for the Company's strategic evolution. The department also gets the best out of the staff's experience, expertise and abilities, making improvements and bringing them into line with the strategic objectives. It is actively involved in managing staff in key positions, rather than developing "potential", and monitors their motivation, competence, experience and efficiency, defines succession plans rather than growth plans, and develops training and evaluation tools and processes. It defines governance rules with regard to staff management, guides and coordinates the activities of the HR departments of Local

Companies and Subsidiaries, and is responsible for defining standard costs. The department is also responsible for carrying out adequate general planning in relation to the staff required by the Business Units (hereinafter also referred to as the "BU"; see below), by planning for each project; in particular, it must ensure project coverage in terms of quality, site entry times and employment duration. If the necessary staff are not available within the Company, it recruits them either by direct hire or through an agency. The department can be broken down into the following sub-departments:

- *Training and Development*
- *Organization and HR Governance*
- *Recruiting Staff and Data Bank*
- *Personnel Administration and HR General Services*
- *HR Coordination*
- *Travel Office*
- **ADMINISTRATION, FINANCE AND CONTROLLING Department:** this department is responsible for sourcing the financial resources needed to support the Company's operating activities and growth, defining and maintaining the control model, monitoring the Company's economic and financial performance, and overseeing the planning, budgeting and reporting processes. It is also responsible for the corporate, administrative, accounting, fiscal and legal management of the Company and of the special-purpose companies in which Bonatti S.p.A. holds a controlling stake, as well as for drawing up the consolidated financial statements. It is actively involved in the processes of planning, management and control of the financial resources, cash flows (inflows/outflows) and insurable risks. Lastly, it coordinates the activities of the Administration departments of the companies that fall within the Company's scope, monitoring and supporting the Branches, Subsidiaries and Local Companies. The department can be broken down into the following sub-departments:
 - *Controlling*
 - *Finance and Treasury*
 - *Accounting*
 - *AFC Overseas*
 - *Affiliates*
 - *ICT*
 - *Legal*
- **STRATEGIC SOURCING/PROCUREMENT Department:** the department's main responsibility is to guarantee and improve the quality of the goods and services procured

for the Company at the centralized and peripheral levels, verifying the levels of service provided by suppliers and acting to reduce the total costs of procurement. It is therefore responsible for defining strategic priorities for procurement, monitoring supply markets by evaluating and identifying potential suppliers in lower-cost countries, analysing the characteristics of the procurement process, defining procurement policies and strategies, and developing operating plans for each product family. It is responsible for researching and implementing procurement programmes and synergies. The department also carries out procurement operating activities within Bonatti's scope of competence, providing a possible service to the other Bonatti companies (Branches and secondary headquarters). It is also responsible for project procurement management, with the task of monitoring the entire supply chain flow, from the issuance of the purchase order to the delivery of the materials on site. The department can be broken down into the following sub-departments:

- *Procurement EPC/Project Material*
 - *Procurement Overseas*
 - *Procurement Coordination/Expediting*
- **LOGISTIC Department:** this department provides a proactive service for the BU, ensuring compliance in terms of times, procedures and quality with regard to the physical and regulatory status of the materials, vehicles and equipments that are delivered on site, with a view to optimizing the overall cost and on the basis of the investment decisions made by the Company management. The department critically analyses the needs expressed by the BU, planning the availability of resources and identifying those most suitable to meet the needs of the site for the entire duration of the project. It sometimes makes changes to the usage of said resources based on the progress made and any problems that may arise. It agrees on investments for the year with the Budget Department, implementing the choices deemed most appropriate from time to time. The Logistic Department is also in charge of shipments of materials and vehicles directly from Bonatti Italia to sites and operating bases both in Italy and abroad, as well as managing the storage of consumable and building materials. Lastly, it also manages the Company's vehicle fleet. The department can be broken down into the following sub-departments:
 - *Equipment Planning*
 - *Logistic Coordinator*
 - *Shipping Department*
 - *Equipment Technical Department*
- **QUALITY & HSE Department:** this department is responsible not only for providing the Company with adequate quality and HSE procedures, but also for guiding and monitoring the on-site execution of these procedures; it is therefore responsible for training and developing the staff that will occupy the roles of Quality Manager and HSE Manager on the

various sites. Specifically, the department is broken down into two sub-departments in charge of managing:

- Quality, which is responsible for supporting the definition and implementation of the quality management strategy, helping the departments to impose and maintain a system aimed at guaranteeing compliance with the certifications and regulations in force;
 - HSE, which is responsible for overseeing and supporting the definition and implementation of the corporate strategy on Health, Safety and the Environment, ensuring the updating, distribution, application and monitoring of the corporate procedures on the environment, workers' health and workplace safety, in compliance with the certifications and regulations in force.
- **COMMERCIAL Department:** the organizational structure of this department was created to:
 - build a diversified, flexible structure that can support the activities of BU with different responsibilities and activities;
 - keep a focus on operational commercial activities and a prospective vision of the development of the business;
 - develop effective coordination between all actors within the commercial process (the commercial management, BU, countries, Subsidiaries), so as to be able to generate synergies across clients and markets.

The department therefore consists of a series of organizational units that relate to one or more BU and report to the Chairman.

It should be pointed out that Bonatti's structure consist of an organizational system based on various **BUSINESS UNITS ("BU")**. The organizational structure of the BU is defined based on a standard model, which is customized for the individual BU based on their respective peculiarities. The construction BU (Pipelines, Civil Infrastructure, Plant Construction) often adopt different management procedures for the Quality, HSE and Contract Administrator areas than those provided for in the standard structure.

- **INTERNAL AUDIT Department:** this department is responsible for evaluating the completeness, functionality, reliability and adequacy of the internal control and risk management system, in relation to the nature of the corporate processes taken into consideration and to the level of the risks assessed, as well as the need for it to be adapted, including through support and consultancy activities for the other corporate departments, as well as for the Board of Statutory Auditors and the Supervisory Body. The Audit Department checks, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the functioning and suitability of the internal control and risk management system, through audit plans approved by the Board of Directors and based on a structured process of analysis and prioritization of the main risks.

- **KNOWLEDGE MANAGEMENT Department:** this department is responsible for defining, in collaboration with the various Group owners, the Company's knowledge management strategy and ensuring that it is implemented effectively; it identifies the distinct (implicit and explicit) knowledge and expertise within the Company and seeks to transfer, disseminate and share these as much as possible within the corporate organization; it monitors the sources of corporate knowledge by mapping networks of relations, stakeholders and communities of practice that generate expertise and best practices; it manages the corporate knowledge management system and defines its guidelines, processes, standards and content formats; lastly, the department defines the functional guidelines and characteristics of computerized and other knowledge management systems.

4.2.1. Organization at the local level: Countries and Branches

The organizational structure is also organized at **Country** level (in relation to the States in which the Country operates, see para. 3.1. above), defined based on a standard model, which is customized for the individual Countries based on their respective peculiarities. The "Typical" Country structure is designed to reflect that of the Company, with a Staff department that reports to the Governance department, as well as Commercial and Operations departments. Since corporate governance falls within the remit of the Company headquarters, the Country-level structure does not have all the departments that Bonatti has, and its Staff mainly occupy operational roles. As regards the other Governance departments, ICT and Logistics report to the **Operation Manager**, since their local activities are essentially of an operational nature, and they are generally located near to the Operating Bases.

While the "Typical" structure is generally preferable, Bonatti permits some alternative configurations thereof, which may be adopted in the various Countries in order to adapt the organization to context-specific situations, or to contingent production or commercial needs.

Specifically, in Countries where the Company operates via production sites, it has set up **Branches**¹¹; while they are not distinct legal persons, the Branches are corporate structures with complete financial, technical and functional autonomy.

The managerial responsibility for each individual Branch is assigned to a Branch Manager, an executive and/or white-collar worker with the necessary requirements of professionalism and experience to assume the role.

In brief, the Branch Managers - who can legally represent Bonatti in dealings with third parties in the country in which the Branch operates and have the power to carry out all ordinary acts of administration - are entrusted, pursuant to a resolution of the Board of Directors, with the following key functions:

¹¹ As at the approval date of this Model, Bonatti's Branches are located in: **Libya, Algeria, Kazakhstan, Mexico, Romania, Mozambique, Iraq and Saudi Arabia.**

- managing all activities of the Branch and, in particular, including through appointees and/or proxies, making all operational management choices;
- overseeing, with support from the Corporate departments (see above), all administration, human resources, procurement and commercial activities;
- guaranteeing compliance with the administrative, fiscal and legal procedures and requirements that enable the Company to act in full compliance with local legislation;
- governing companies registered under local law, where such companies exist;
- establishing and maintaining institutional relations with authorities, local entities, clients and companies;
- contributing, either directly or by supporting the competent Corporate departments, to the development of commercial activities;
- ensuring that the necessary reports flow between the Branch and the Company's central headquarters;
- guaranteeing, via the Human Resources and Procurement departments and in collaboration with Operation Management, that the activities are carried out with a view to developing local content;
- cooperating with the Operation Manager on operational, logistical and staff issues.

4.3. In general, the organizational system with regard to workplace health and safety and security

4.3.1. Safety

In consideration of the Company's complex organizational structure, its international operations and the significant risks to which its workforce is exposed (given the peculiarities of the production sectors in which the Company operates), Bonatti has implemented a cutting-edge organizational system to deal with safety issues.

The Company aims to diversify roles, duties and responsibilities in relation to the Company's regional organizational structure and to the specific areas of risk taken into consideration. While more details can be found in Special Part I of the Summary Document, generally speaking, the Company's safety management system primarily involves the persons indicated by the regulations, in accordance with the provisions of Legislative Decree 81/2008, i.e.:

- Employers;
- Safety Executives;

- Managers;
- the Head of the Prevention and Protection Service (hereinafter referred to as the "HPPS");
- First Aid Officers (hereinafter also referred to as "FAO");
- Fire Safety Officers (hereinafter also referred to as "FSO");
- the Workers' Health, Safety and Environment Representative (hereinafter also referred to as the "WHSER");
- the Occupational Health Physician;
- Workers;
- persons outside of the Company who carry out significant activities in terms of health and safety.

The duties and responsibilities of the aforementioned persons with regard to safety are formally defined in accordance with Bonatti's corporate safety organigram, particularly with reference to the specific figures operating in this area.

4.3.1.1. In particular, the HSE organizational system at Country level

As we have seen, Bonatti is present in a number of Countries via its Branches, which, though not separate legal entities, do have organizational, operational and financial autonomy to carry out their various production activities. These Branches therefore act as production units with financial, technical and functional autonomy, pursuant to Legislative Decree 81/2008¹².

In order to guarantee the constant and correct application of the regulations designed to protect workplace health and safety (Legislative Decree 81/2008) and of those designed to protect the environment at the local level, the Bonatti Board of Directors has awarded the title of "**Employer**" to all Branch Managers, in relation to the respective Countries for which they are responsible, specifying in particular that the legal obligations pursuant to Article 17 of Legislative Decree 81/2008 must be fulfilled personally, and expressly ruling out the possibility of delegating the fulfilment of said obligations to third parties¹³.

¹² Article 2 of Legislative Decree 81/2008 defines a "production unit" as "a plant or structure dedicated to the production of goods or the provision of services, with financial, technical and functional autonomy". A production unit is identified as any autonomous structure of the company which, in terms of its function and purpose, is capable of performing, in full or in part, the activity of production of goods or services of said company (of which it forms an organizational component); however, this excludes any lesser bodies which, despite having a degree of autonomy, have a purpose that is merely instrumental to the productive purposes of the company (Civil Court of Cassation, Labour Division, 21-07-2000, No. 9636, Civil Court of Cassation, Labour Division, 14-06-1999, No. 5892).

¹³ Article 2 of Legislative Decree 81/2008 stipulates that the employer is the owner of the employment contract in place with the worker or, in any case, *the person who, according to the type and structure of the organization in the context of which the worker*

With regard to the work, including aspects relating to workplace health and safety and the protection of the environment, the Company expressly identifies the relevant duties and powers to be carried out, including through persons that report to the Branch Managers, with the exception of those duties that cannot be delegated pursuant to Article 17 of Legislative Decree 81/2008. In addition to the power to hire and fire staff and the obligation to fulfil all legal requirements relating to employment contracts, it is specified that the Branch Managers/Employers must exercise all duties and powers allocated to the employer for the protection of workplace health and safety and for the health and safety of the workers, being vested with the broadest economic autonomy, to be exercised without monetary limit, for all interventions deemed appropriate and necessary¹⁴.

Without prejudice to the provisions on fulfilling the obligation to perform a risk assessment at temporary and mobile sites, each employer is responsible for drawing up the document provided for by Articles 17 and 28 of Legislative Decree 81/2008.

4.3.2. Security

The “Security Organigram” is enhanced by the presence of the **Corporate Security Manager**, at the central level, and of the **Country Security Managers** and **Site Security Experts** for each individual Country; these are figures of proven skill and experience who are assigned, in accordance with a hierarchically structured system of powers and mandates, organizational and managerial responsibilities in relation to aspects of corporate security.

They are responsible for assessing, monitoring and containing the risks to workplace health and safety generated by factors outside of the organization of work and the production process, pursuant to the provisions of the UNI 10459-2015 guidelines.

Specifically, among other duties, the Corporate Security Manager (hereinafter referred to as the “CSM”):

- implements the security policies, strategies and programmes defined by the senior company/organization management with a view to achieving the established goals;
- defines the control and audit systems in order to verify the effectiveness and efficiency of the security programmes;
- for activities in foreign Countries, makes use of security staff (Country Security Managers and Site Security Experts) who, though remaining part of the Organizational

carries out their activities, is responsible for the organization itself or for the production unit, insofar as they exercise decision making and spending powers.”

¹⁴ The Case Law has clarified that, in order to assume the role of “employer” of a production unit, it is necessary that “*the entity managed by the person in question, whilst remaining an offshoot of the company, has its own distinct physiognomy, presents its own financial statements and can pass resolutions, in conditions of relative independence, on the distribution of the resources available, thereby implementing the organizational decisions deemed most suited to its functional and productive characteristics*”. The Court of Cassation also states that the “significant autonomy” that the production unit must have “*must also be expressly provided for in the Articles of Association of the business or company*” (Court of Cassation, Division . IV, No. 45068 of 22/11/2004).

Structure of the Corporate Security Manager (professional family), report to their respective operational chain of hierarchy;

- launches investigations to verify or combat internal or external threats;
- interacts - in coordination with the Branches - with the national security bodies responsible for economic intelligence, security and public order, as part of the partnership between the public and private sectors (relations with embassies, the Department of Information Security, the Internal Intelligence and Security Agency and the External Intelligence and Security Agency).

The Country Security Managers and Site Security Experts are responsible for the security of the Company's human resources and tangible and intangible assets, within their respective areas of competence. They fulfil all internal and external regulatory obligations and support the Corporate departments in the development of an organizational structure for security that clarifies all duties and relative responsibilities.

5. THE SYSTEM OF POWERS AND MANDATES

5.1. General principles

The Board of Directors of Bonatti has awarded functional mandates and powers of signature, in accordance with a carefully defined system of organizational and managerial responsibilities.

The level of autonomy and the power of representation assigned to the various holders of powers and mandates within the Company are always identified. These are established in a manner that is consistent with the hierarchical level of the recipient of the power or mandate, within the limits of what is necessary for the performance of the duties and tasks covered by the mandate.

5.2. The structure of the system of powers and mandates adopted by the Company

The system of powers and mandates currently in force within Bonatti is consistent with the framework that emerges from the corporate organigram, since it reflects said organigram whilst also supplementing it, to the extent that may be necessary in order to assign powers or duties to persons who do not occupy senior roles.

The Company's Board of Directors has formally granted broad mandates and powers of management to the Chairman and Vice-Chairman. Special powers have also been issued to corporate departments with specific levels of authorization, in line with the principles of functional and hierarchical graduality.

Powers and mandates are therefore generally formalized through notarized deeds and recorded at the competent Business Register Office.

Each of these deeds of delegation and issuances of powers of signature therefore provides the following information:

- 1) delegating party and source of their power of delegation or mandate;
- 2) delegatee, with an explicit reference to the function assigned to them and to the connection between the powers and mandates granted and the organizational position held by the delegatee;
- 3) scope, i.e. a list of the types of activities and deeds for which the power/mandate is granted. These activities and deeds form part of and/or are related to the responsibilities and duties of the delegatee.

The system of mandates and powers of signature, as outlined above, is constantly applied and regularly monitored as a whole and, where necessary, updated in light of changes made to the corporate structure, with a view to making it as consistent as possible with the hierarchical and functional organization and the needs of the Company. Individual updates are also made following changes to the duties/role/job of an individual, as are periodic updates that involve the entire system.

The powers and mandates in place within Bonatti are adequately collated and organized, and are available to the Company's departments and to third parties that request them (once the Company has verified that a genuine interest exists).

6. THE BONATTI PROCEDURAL SYSTEM

In the performance of its business operations, Bonatti has developed a complex system of manual and computerized procedures aimed at governing the performance of its corporate activities, whilst complying with the principles set out by both the Guidelines and the Code of Conduct.

More specifically, the manual and computerized procedures created by the Company constitute the rules to be followed within the corporate processes in question, as well as setting out the controls to be implemented in order to guarantee the correctness, effectiveness and efficiency of the corporate activities.

This procedural system is based on the following structural principles:

- **segregation of functions:** involvement of several persons, in order to achieve adequate separation of duties by means of the cross-checking of functions;

- **documentation and tracing of activities:** measures aimed at guaranteeing that each operation, transaction and action is verifiable, documented, coherent and congruous;
- **documentation of monitoring activities:** adoption of measures aimed at documenting the controls carried out in relation to the operations and/or actions performed.

The Company also makes use of advanced IT systems, which constitute a "guide" to the procedures for carrying out certain transactions and guarantee a high level of standardization and compliance, since the processes are managed by applications approved prior to the release of the software.

The various special parts that make up the Summary Document, with regard to the individual at-risk and/or instrumental areas taken into consideration, will illustrate the contents of the various procedural measures, which form part of the structure of the monitoring and control system adopted by the Company.

7. MANAGEMENT CONTROL AND CASH FLOW MANAGEMENT

Bonatti's management control and budget system (hereinafter also referred to simply as "**Management Control**") is designed to implement a system for managing economic and financial resources characterized by the verifiability and traceability of spending and the efficiency and cost-effectiveness of the corporate activities.

The Management Control is based on the following key principles:

- **Definition of the budget:** clearly, systematically and comprehensibly defining the resources available to the individual corporate departments and the scope within which said resources can be used, through the planning and definition of the budget, both at the central level and within the various Business Units and regional structures through which the Company operates;
- **Identification of deviations and finalization:** identifying any deviations from the plans set out in the budget, analysing the causes thereof and reporting the outcomes of these evaluations to the appropriate levels of the hierarchy so that the necessary adjustment interventions can be made via the finalization.

In order to achieve the aforementioned objectives, the processes in place for the strategic definition of the budget guarantee:

- the contribution of several individuals responsible for defining the available resources and areas of spending, at both the central and peripheral levels, with a view to guaranteeing the constant presence of intersecting controls and checks on a single process/activity, aimed, *inter alia*, at ensuring an adequate segregation of functions;

- the adoption of correct, standardized procedures for making initiatives as cost-effective as possible, so as to guarantee the possibility of comparing the economic values of the different corporate departments.

The budget is subject to systematic reviews during the course of the year.

During the finalization phase, constant checks are carried out to ensure that the expenses actually incurred are consistent with the resources allocated during planning.

Using a system of economic indicators makes it possible to monitor any deviations from the budget data in terms of costs and revenues, by conducting an analysis of the relative causes and the corrective measures to be implemented.

The Company defines and monitors budgets, usage and deviations through multiple analyses, as well as through reporting to the management.

8. THE CONTROL SYSTEM FOR WORKPLACE HEALTH AND SAFETY AND FOR SECURITY

8.1. Workplace health and safety management system

The protection of health and safeguarding of safety in the workplace are not merely key principles that are priorities for the Company, but structural and essential elements of the entire corporate organizational structure adopted by Bonatti.

To that end, the Company has adopted as cutting-edge HSMS in compliance with the highest national and international standards and, in particular, with the OHSAS 18001:2007 Guidelines (hereinafter also referred to simply as the “**OHSAS Guidelines**”) published by the British Standard Institute.

The compliance of Bonatti's HSMS with the OHSAS Guidelines has been progressively certified, since 2006, by one of the world's most renowned and authoritative certification companies. These certifications, which are attached to the documentation that forms an integral part of this Model, are fully referenced in this Summary Document.

It should be pointed out that the certifications of compliance cover all the Company's peripheral sites and the BU that operate in the various Countries.

The adoption of this HSMS has enabled Bonatti to obtain significant recognition that undeniably attests to the Company's commitment to successfully protecting workplace health and safety, especially on foreign sites, thanks to a profusion of means and resources that few other companies can match.

Such recognition includes:

- the Safety Milestone Award, for having completed 1 million hours of work without any accidents, between 1 October 2004 and 31 October 2007, as part of the management of the general maintenance service at the Mellitah gas compression plant in Libya;
- the Safety Milestone Award, for having completed 1 million hours of work without any accidents, between 1 March 2006 and August 2007, as part of the management of the general maintenance service at the Mellitah plant in Libya;
- the Safety Milestone Award, achieved on 1 July 2008, for having completed 3 million hours of work without any accidents, on the project relating to the plant at Kashagan in Kazakhstan;
- a letter of commendation from Wintershall Libya dated 4 December 2008, for the commitment and the results achieved by the employees of Bonatti in managing the shutdown process for the plant at Nakshla in Libya;
- the HSE Award, for having completed, in total, 10 million hours of safe work as part of the management of the entire Libyan Branch;
- the HSE Award in 2009, for the Production Enhancement project completed without any accidents at the Mellitah complex in Libya;
- the Safety Milestone Award, for having completed 1 million hours of work without any accidents for five consecutive years (October 2004 - October 2009) during the maintenance and operational assistance activities at the gas compression station at Mellitah, Libya;
- the Achievement for having completed the "Facilities Shutdown for Maintenance and Projects" operations in 2009 without any accidents at a site in Libya;
- the Achievement for having completed a year of work (2008 - 2009) at a site in Libya without any accidents;
- the Prix SHE (Sécurité - Hygiène - Environnement) for having completed 500,000 hours of work without any accidents at a site in Alrar (Algeria) between October 2009 and October 2010;
- Certificates of Achievement for having completed engineering works (5 million hours) and mechanical works (7 million hours) without any accidents at a site in Kashagan (Kazakhstan) in 2011;
- Certificates of Recognition for having completed a total of 1 million and 500 thousand hours of restructuring work at two different sites in Saudi Arabia (Abu Ali; Uthmaniyah and Shedgum) in 2011;
- recognition for having completed 9 million and 500 thousand hours of work without any accidents at the Karachaganak site (Kazakhstan) in the decade from 2001 to 2011;

- the Gold Banner Award, for extraordinary compliance with the HSE rules of a site in Saudi Arabia between October 2012 and April 2013;
- the Certificate of Recognition for having completed 10 million hours of work without any accidents at a refinery at Yanbu, Saudi Arabia;
- the HSE Milestone Award for having completed 939,458 hours without any accidents at the site of the "El Oro - Mazatlán" project in Mexico, during the course of 2014;
- the Safety Milestone Award, achieved in June 2015, for having completed 1,300,000 hours without any accidents at the site of the "El Oro - Mazatlán" project in Mexico;
- the "Recognition Award - Future Growth Project" for having been ranked at level "A" during the assessment of its health, environment and safety system management for 2015;
- the Safety Award for having completed two years of work without any accidents at the site of the "Tempa Rossa" project, achieved on 28 April 2017;
- the Safety Milestone Award for having completed 1 million hours of work without any incidents or accidents at the site of the Tuxpan - Tula Project (Mexico), achieved in April 2017.

Bonatti's HSMS essentially consists of the following structural measures:

- **Safety Policy**, i.e. the definition and dissemination of the guiding principles and rules of conduct for the protection of workers' health and safety, which must be implemented and observed within the Company;
- **Risk analysis and definition of goals**, which consists primarily of continually updating the Risk Assessment Document (hereinafter referred to as the "**RAD**") through the identification of hazards, the effective evaluation of the degree of risk, and the definition of monitoring measures and areas for improvement;
- **Roles, responsibilities and resources allocated**, i.e. the identification of the individuals subject to the obligations and guarantees that constitute the "safety organigram" and the allocation of resources with which to carry out their duties;
- **Information and training activities**, i.e. the set of activities related to the dissemination among the corporate population of the fundamental concepts of workplace health and safety, as well as the provision of training and education of varying kinds, according to the type of person subject to the safety obligations in question;
- **Emergency preparation and response**, i.e. the definition of procedures for responding to emergency situations and actions aimed at containing the consequences

of such situations, which must be subject to periodic reviews, including in the light of simulations;

- **Ongoing improvement**, which is implemented, *inter alia*, through systematic consultation, joint participation and collaboration between the various corporate figures involved in safety management, including through periodic discussions aimed at continuously improving the HSMS.

While more details can be found in Special Part I of this Summary Document, it should be pointed out that Bonatti's Safety Policy includes a **"STOP WORK POLICY"**. This is a general provision that allocates to each worker the **power and the responsibility to immediately interrupt their work** whenever they believe that it is being conducted in an unsafe manner or whenever factors emerge that could give rise to dangerous situations, without fear of incurring any retaliation or disciplinary consequences as a result of the interruption of the work.

The implementation of the HSMS at each of its national and international operating sites enables Bonatti to:

- identify and assess risks;
- identify adequate prevention and protection measures for the risks identified, with a view to eliminating said risks or, where this is not possible, minimizing and therefore managing them, in relation to the knowledge acquired based on technical progress;
- minimize the number of workers exposed to risks;
- define adequate collective and individual protection measures, bearing in mind that the former must have priority over the latter;
- monitor workers' health according to specific risks;
- plan its prevention strategy, targeting a system that coherently integrates the technical and productive conditions of the Company with the influence of factors related to working environment and the organization of work, and subsequently to implement the interventions planned;
- guarantee adequate training, education, communication and involvement of the addressees of the Model, within the limits of their respective roles, duties and responsibilities, with regard to WHS matters;
- regularly maintain working environments, equipment, machinery and facilities with a view to maintaining safety equipment in compliance with the manufacturers' instructions.

The operating procedures for the precise performance of the activities and the achievement of the objectives described above are defined and formalized in a complex structure of corporate procedures and operating instructions drawn up by the Company, in consideration of the

peculiarities of the various sites and Countries where it operates, and in accordance with the regulations in force on risk prevention and with international best practices.

This procedural system guarantees adequate traceability of the processes and activities carried out.

A system of information flows is also in place, which allows information to circulate within the Company, with a view to both promoting the involvement and awareness of all addressees of the Model, within the limits of their respective roles, duties and responsibilities, and guaranteeing timely and adequate proof of any deficiencies within or violations of the Model itself, as well as the necessary interventions to update it.

8.2. Health and safety monitoring

The Company's HSMS is subject to a control system implemented on two levels.

The first level of monitoring applies to all persons who operate within the organizational structure of the Company, and involves, inter alia:

- self-monitoring by the workers, who, in compliance with the STOP WORK POLICY, must both: correctly use all work equipment, dangerous materials and substances, means of transport, and safety and protection equipment provided, scrupulously following the education they have received; and immediately report any deficiencies within said tools and equipment, as well as any dangerous situation of which they become aware;
- the direct and constant involvement of corporate figures with specific duties relating to workplace health and safety (e.g. Employers, Executives, Managers, HPPS and, as described in more detail below, Security Managers and Security Experts), who intervene, inter alia, with regard to: a) periodic and systematic supervision and monitoring of fulfilment of the obligations of law and of the corporate WHS procedures; b) reporting any deficiencies and problems to the employer; c) identification and assessment of corporate risk factors; d) preparation of the preventive and protective measures implemented and covered in the Risk Assessment Document, as well as control systems for such measures; and e) proposal of workers' training and education programmes, as well as communication with and involvement of workers.

The Company's Supervisory Body is responsible for overseeing the second level of the HSMS.

In fact, the SB is also tasked with monitoring the entire prevention system adopted by the Company for the protection of workers' health and safety. This task was assigned to the SB due to its suitability to ensure objectiveness and impartiality in its activities, as well as its independence from the work sector subject to inspection.

To allow the Supervisory Body to carry out its monitoring effectively, it is compulsory to send the SB a copy of any reports on workplace health and safety, pursuant to the information flows described in paragraph 10.4.

The results of the monitoring are considered by the SB for the purposes of possibly submitting, to the Board of Directors or to the other competent corporate departments:

- proposals to update the Model, including the prevention system adopted by the Company and the corporate procedures, due to any inadequacies or significant violations identified, or any changes to the Company's organizational structure;
- reports of any violations of the Model and/or the Code of Ethics identified.

8.3. The specific characteristics of the corporate security management system

The peculiarities of the sector in which the Company operates and its involvement in certain Countries, characterized by considerable political instability and a high crime rate, mean that Bonatti has had to develop an advanced corporate security management system (hereinafter also referred to simply as the "**SMS**").

Within the workplace health and safety management system, the SMS relates in particular to the assessment, measurement, monitoring and containment of workplace health and safety risks arising from factors outside of the organization of work and the working process.

In more detail, the term "security risk" refers to the probability that a given threat (linked to terrorism or crime or, more generally, connected to issues of a political or ethical nature) may give rise to consequences for workers' health and safety¹⁵.

In consideration of the specific nature of the topic, the SMS, though an integral part of the workplace health and safety management system, involves autonomous methodologies, competencies, roles and measures.

While more details can be found in Special Part I of the Summary Document and in the specific section of the RAD, the security management system can be briefly summarized as follows.

Bonatti's security process is structured on the basis of the Deming cycle, so as to guarantee the ongoing improvement of its management activities. This consists of four sub-processes:

- planning;
- implementation and functioning;
- monitoring and corrective actions;
- review of management.

¹⁵ In the security field, it is more accurate to speak of "threats", rather than "dangers"; threats are a subcategory of risks. It is "atypical events" that trigger threats, i.e. those acts that are carried out intentionally in order to cause damage. These include (but are not limited to) terrorism, sabotage, theft and robbery; the thing they all have in common is that they all originate outside of the working process.

Specifically, the general procedure underlying the assessment and mitigation of security risks can be broken down into:

- characterization of assets;
- definition of critical areas, processes and assets;
- analysis of the local context, or: analysis of the internal environment; analysis of the public security environment; assessment of the political and social environment; assessment of the administrative environment; analysis of the territorial environment; classification of the cultural and ethical environment;
- identification of the specific security risk by analysing threats (terrorism; crime; politics; ethics) and assessing vulnerabilities (via checklists);
- identification of the contextual security risk by assessing the impact of security events on the production unit/organizational structure and assessing the probability of security events;
- identification and assessment of the overall security risk;
- definition of an improvement plan;
- creation/updating of operating procedures.

The process of assessing and mitigating security risks must be systematic and documented in such a way as to maintain the traceability of the actions taken. The assessment of security risks cannot be static and based on the regulations in force at the time of the initial assessment; rather, it should be a dynamic process that is constantly being updated.

This process, which is overseen by the various Employers, as described in more detail in paragraph 4.3., involves the Corporate Security Manager, the Country Security Managers and the Site Security Experts, as well as additional Security Specialists from outside of the Company.

For each Country in which Bonatti operates, a ***Country Threat Assessment*** is drawn up, which essentially consists of forms listing the existing threat levels in each individual Country.

The *Country Threat Assessment* provides the user with a precise assessment of a series of factors, which can be broken down into four macro-categories of threat:

- Terrorist;
- Criminal;
- Political;
- Ethical.

The terrorist, criminal and political threat categories form the basis of the assessment of security threats, whereas ethical threats do not fall under this assessment, but constitute an indicator that is taken into account and assessed as part of the risk analysis process.

Lastly, the assessment provides a summary of the overall threat level in the Country and of the various types of threat taken into consideration.

The security risk analysis therefore leads to a weighted assessment that identifies the need, or otherwise, to process the risk and the various levels of processing deemed necessary. This leads to the "security risk mitigation" phase; this phase can result in the decision to undertake additional, more in-depth analyses, giving rise to assessment activities, or to the launch of specific security interventions/projects.

The security risk analysis is updated each time there is a significant change to the vulnerability and threat parameters, as well as following significant security incidents.

At the corporate level, the Corporate Security Manager is responsible for implementing the mitigation plan, in accordance with the implementation procedures described in the Silver Guidelines on Security.

The adoption of codes of conduct and good practices can also contribute to the implementation of the programme.

In response to the threats listed in the Country Threat Assessment, which could affect workers when carrying out their duties, improvement/mitigation measures are identified for each type of risk, for each individual country.

At the local level, the Country Security Managers/Site Security Experts are responsible for implementing the improvement/mitigation plans, in accordance with the corporate security policies/procedures approved and issued at the corporate level, which represent the minimum standard of reference when reviewing/drawing up the security procedures adopted by Bonatti in each Country in which it operates.

If new technologies are introduced, the improvement plans must take into consideration the information, education and training needs of the workers concerned.

9. THE ENVIRONMENTAL MANAGEMENT SYSTEM

Respect for and protection of the environment and the surrounding area, as well as the prevention of pollution, are key values for Bonatti's organizational structure, which is aimed at systematically monitoring the environmental impacts of its activities, constantly improving its environmental performance, and verifying compliance with the relevant legislation.

To that end, the Company has adopted an Environmental Management System (hereinafter also referred to as the “**EMS**”) that complies with the highest international standards and, in particular, with the ISO 14001:2004 Guidelines (hereinafter also referred to simply as the “**ISO 14001 Guidelines**”). This system is integrated with the Health and Safety Management System to form an **Integrated Management System** concerning aspects related to the protection of workers' health and safety and of the environment.

The compliance of Bonatti's EMS with the ISO 14001 Guidelines has been progressively validated by one of the world's most renowned and authoritative certification companies.

In brief, while more details can be found in Special Part O of this Summary Document, Bonatti's EMS is also structured on the basis of the Deming cycle, and can be broken down into the following components;

- Environmental Policy;
- planning;
- implementation and functioning;
- monitoring and corrective actions;
- review of management.

In particular, with regard to the Environmental Policy, the Company defines the following objectives as priorities;

- monitoring and reduction of waste generated;
- monitoring and reduction, where possible, of consumption of energy, methane, water and diesel;
- monitoring and reduction, where possible, of chemical products, particularly those that are dangerous;
- monitoring of indirect environmental aspects related to the provision of services and products by external suppliers.

The effective implementation of the EMS ensures that all aspects of the environment are protected (water, air, emissions, waste management, prevention of pollution, prevention of the risk of significant incidents with a potential environmental impact, etc.). Specifically, the Company makes sure to:

- implement all necessary activities and appropriate measures, depending on experience, technique and the peculiarities of the work, to prevent harmful or dangerous situations for workers, third parties, the environment, flora, fauna, biodiversity and the landscape, identifying any risk factors and eliminating them;

- ensure that the performance of all corporate activities takes place in compliance with the regulations, policies and procedures on environmental protection;
- ensure that all waste collection, transportation, recovery and disposal takes place with the required authorizations, and in compliance with the procedures and limits set out therein;
- ensure the correct filling out of waste identification forms, compulsory records and the loading/unloading log for incoming and outgoing waste, or, in any case, correct management of the IT system for monitoring the traceability of said waste and of all administrative documentation required pursuant to the applicable laws (the items listed above are purely examples and are not exhaustive);
- ensure that all atmospheric emissions and discharges of water are handled correctly and, in any case, in compliance with the applicable legal provisions;
- intervene whenever it becomes aware of a dangerous situation for the environment;
- be responsible for compliance with fire safety rules and rules on the safety of buildings, plants and any other resources used by the Company, taking care of the ordinary and extraordinary maintenance of the aforementioned assets and implementing all appropriate measures, depending on experience, technique and the peculiarities of the work, to prevent harmful or dangerous situations for workers, third parties, the environment, flora, fauna, biodiversity and the landscape;
- assess the environmental impact of the technical interventions/investments to be carried out;
- ensure the issuance, dissemination, updating and correct application of the rules, procedures and regulations in force on environmental protection.

10. BONATTI'S SUPERVISORY BODY

The Board of Directors of Bonatti, by approving the Model, also approved the document entitled "Articles of Association of the Supervisory Body", which forms an integral part of the Model and governs the key aspects of the Supervisory Body, including:

- number of members and composition of the SB;
- appointment procedures and duration of membership;
- reasons for ineligibility and revocation of the SB and of individual members;

- prerequisites and procedures for revoking the mandate of the SB and of individual members;
- duties and powers of the SB;
- resources allocated to the SB;
- information flows: a) from the SB to corporate bodies and staff; b) to the SB;
- ethical rules governing the SB's activities;
- responsibilities of the SB's members.

While more details can be found in the document approved by the Board of Directors, there follows a brief overview of some of the aspects mentioned above.

10.1. Appointment and composition of the Supervisory Board and prerequisites for members

Bonatti's SB is a collegiate body made up of 3 (three) members, more specifically:

- a) a professional from outside the Company with expertise and proven experience in risk management, internal control systems, and audit techniques and methodologies, in the role of Chairman;
- b) a professional from outside the Company with expertise and proven experience in legal matters and business law, particularly with regard to the criminal liability of collective entities;
- c) the head of the Company's Knowledge Management department, with specific knowledge of the Company's know-how and of all the information and regulations necessary to guarantee the effectiveness and efficiency of corporate processes.

The aforementioned selection is in line with the suggestions put forward in the Confindustria Guidelines¹⁶; in fact, all members of Bonatti's SB possess, as a whole, all the skills and knowledge required to underpin the correct and effective activities of the Supervisory Body.

The allocation of the functions of SB members to persons from outside the Company also helps to guarantee the SB's autonomy and independence.

The SB members are appointed by the Board of Directors (hereinafter also referred to as the "BoD").

¹⁶ See pages 59 et seq. of the Confindustria Guidelines.

With the same resolution, the Board of Directors establishes the compensation payable to SB members for the mandate assigned to each one.

The composition, duties and powers of the SB are promptly communicated to the Company by publishing this document on the corporate internet and displaying it in a place within Company premises that is accessible to all.

The prerequisites that the SB, as such, must possess and that must characterize its activities are as follows:

- autonomy and independence: these prerequisites refer to the Supervisory Body as such and characterize its activities. To that end, it is stipulated that the SB should not have any operational duties, which, by forcing it to participate in Company decisions or activities, could compromise its objectivity of opinion;
- professionalism: understood as all the know-how, tools and techniques necessary to perform the inspection and consultancy activities assigned to the SB;
- continuity of action: in order to guarantee the effective and ongoing implementation of the Model, the SB is allocated an adequate budget and sufficient resources, and is dedicated exclusively, on a full-time basis, to supervisory activities;

integrity and absence of conflicts of interests: to be understood in the same terms as those provided for by the Law with regard to directors and members of the Board of Statutory Auditors.

10.2. The duties and powers of the Supervisory Board

In accordance with the provisions of Article 6, paragraph I, of the Decree, the SB is tasked with *overseeing the functioning of and compliance with the Model and updating it*.

Generally speaking, therefore, the SB has the following duties:

- 1) verifying and supervising the Model, i.e.:
 - certifying the adequacy of the Model, i.e. its suitability to prevent the occurrence of unlawful conduct, and to prove the performance of any such conduct;
 - guaranteeing the effectiveness of the Model, i.e. the compatibility of actual conduct with that formally provided for in the Model;
 - monitoring corporate activity, as well as the functionality of the entire preventive system adopted by the Company;
- 2) supervising the updating of the Model, i.e.:

- promoting, where necessary, the updating of the Model by proposing to the BoD (or any competent corporate department) that it be revised, in order to improve its adequacy and effectiveness, including in consideration of any regulatory interventions and/or changes to the corporate organizational structure or activity, and/or any significant violations of the Model that have been identified;
- 3) supervising information and training about the Model, i.e.:
- promoting and monitoring initiatives aimed at fostering the dissemination of the Model to all parties required to comply with its provisions (hereinafter also referred to as the "Addressees");
 - promoting and monitoring initiatives, including courses and communications, aimed at promoting adequate knowledge of the Model by all Addressees;
 - responding promptly (including by preparing dedicated opinions) to requests for clarification and/or consultancy from corporate departments or staff, or from administrative and control bodies, if connected and/or related to the Model;
- 4) managing information flows from and to the SB, i.e.:
- periodically examining and assessing all information pertaining to the structural aspects on which the monitoring and control system is based;
 - examining and assessing all information and/or reports received relating to compliance with the Model, including with regard to suspected violations thereof;
 - informing the competent bodies, as specified below, about the activities it has carried out, the outcomes thereof and the activities it has planned;
 - reporting to the competent bodies, through the appropriate procedures, any violations of the Model and the persons responsible;
 - in relation to checks by institutional parties, including Government Authorities, providing the necessary informational support to inspection bodies.

In order to carry out the duties assigned to it, the Supervisory Body is vested with all the powers it needs to accurately and efficiently supervise the functioning of and compliance with the Model, without any exceptions.

For example, the SB is entitled, including through the resources at its disposal:

- to conduct, including without notice, all checks and inspections deemed necessary for the purposes of the correct performance of its duties;

- to free access to all of the Company's departments, archives and documents, without the need for authorization or prior consent, in order to obtain any information, data or documentation deemed necessary;
- where necessary, to interview staff who can provide useful information or indications about the performance of the Company's activities or about any faults or violations of the Model;
- to make use, under its own supervision and responsibility, of help from all the Company structures or from external consultants;

to use, for any purpose necessary for the correct performance of its duties, the financial resources allocated by the BoD.

10.3. Regulations governing the Supervisory Body

In addition to the provisions of the document entitled "Articles of Association of the Supervisory Body" approved by the Board of Directors, the SB, once appointed, draws up its own internal regulations, aimed at governing concrete aspects and procedures pertaining to the performance of its activities, including with regard to its organizational and operational system.

Specifically, these internal regulations must govern the following aspects:

- the type of inspection and supervisory activities carried out by the SB;
- the type of activities related to the updating of the Model;
- activities related to the tasks of informing and training the addressees of the Model;
- the management of information flows from and to the SB;
- the functioning and internal organization of the SB (e.g. convening and quorum to pass resolutions, minuting of meetings, etc.).

10.4. Information flows involving the Supervisory Body

The SB must be promptly informed by all corporate persons, as well as by third parties required to observe the provisions of the Model, of any news relating to the existence of possible violations of the Model.

A. Event-driven information flows

Information that may pertain to an actual or potential violation of the Model, including but not limited to the following, must be communicated to the SB immediately:

- 1) any orders received by a superior and considered to be contrary to the law, the internal regulations or the Model;
- 2) any requests for or offers of money, gifts (exceeding a modest value) or other benefits originating from or directed at government officials, providers of a public service or private parties;
- 3) any significant deviations from the budget or expenditure anomalies arising from authorization requests during the finalization stage of the Management Control process;
- 4) any omissions, errors or falsifications in the accounts or in the storage of the documentation on which the accounting records are based;
- 5) orders and/or announcements issued by the criminal investigation authorities or any other authorities that may conduct investigations that directly or indirectly concern the Company, its employees or the members of its Corporate Bodies;
- 6) requests for legal assistance made to the company by employees pursuant to the National Labour Contract, in the event of the initiation of criminal proceedings against the latter;
- 7) updates relating to disciplinary proceedings under way and to any sanctions issued, or the reason for their dismissal;
- 8) any information concerning retaliatory, discriminatory or harmful behaviour towards anyone who reports a violation of the Model or of the internal regulations in good faith;
- 9) any reports not promptly dealt with by the competent departments concerning either inadequacies or deficiencies in the workplace, work equipment or the protective equipment provided by the Company, or any other dangerous situation related to workplace health and safety;
- 10) any security event that may endanger or harm the health and safety of Bonatti Staff, either in Italy or abroad;
- 11) any significant change in vulnerability and threat parameters, including following significant security incidents;
- 12) any actual or potential violation of environmental regulations or of the relevant procedures issued by the Company;
- 13) any deviation identified in the offer evaluation process compared with the provisions set forth in corporate procedures or with predetermined criteria;

- 14) information relating to the existence of an actual or potential conflict of interests with the Company;
- 15) any problems concerning public calls for tenders (or those of public significance) at the international/national/local level in which the Company has participated, as well as any problems relating to any contracts obtained following private negotiations;
- 16) any communications from the External Auditor concerning aspects that may indicate a failing in the internal controls;
- 17) any accidents or illnesses resulting in an inability to perform one's ordinary duties for a period of at least 40 days;
- 18) problems arising from level-one control activities carried out by the various corporate departments involved in areas at risk of criminal offence;
- 19) reports on inspections carried out by Government Officials or Providers of a Public Service.

The reporting and information obligations also apply to all staff operating in the foreign branches of the Company.

B. Periodic information flows

Information relating to the Company's activities that may be of significance with regard to the SB's performance of its duties must be reported to it periodically, according to the frequency indicated for each information flow, including but not limited to the following:

- 20) updates relating to organizational changes or changes to the corporate procedures in force (biannual);
- 21) updates to the system of powers and responsibilities (biannual);
- 22) agenda of meetings of the Board of Directors (biannual);
- 23) list of any public calls for tenders (or those of public significance) at the international/national/local level in which the Company has participated (biannual);
- 24) documents relating to the request for, disbursement of and use of public funds (biannual);
- 25) list of any gifts and donations given to public parties (biannual);
- 26) periodic reporting on workplace health and safety and, in particular, the minutes of the periodic meeting pursuant to Article 35 of Legislative Decree 81/2008 (annual); report on the annual spending/investment

- budget drawn up in order to take the necessary and/or appropriate measures for improvement in terms of safety; all data relating to workplace accidents on Company premises (annual);
- 27) all data relating to workplace accidents on Company premises (annual);
- 28) any updates to the CRED (annual);
- 29) reports by the occupational health physician of anomalous situations identified during periodic or scheduled visits (biannual);
- 30) periodic audits performed by certification bodies on the integrated management system concerning the aspects of health, safety, environment and security (e.g. OHSAS 180001 and ISO 14001) (annual);
- 31) audits - whether carried out internally or via consultants - concerning the aspects of health, safety, environment and security, which are carried out at both the centralized and the peripheral level in all foreign branches of Bonatti (biannual);
- 32) audits related to areas of risk, instrumental areas and/or sensitive activities, as per the Model (biannual);
- 33) financial statements, accompanied by explanatory notes, as well as the half-year statement of assets and liabilities (biannual);
- 34) tasks assigned to the External Auditor other than the Company audit (biannual);
- 35) communications from the Board of Statutory Auditors and the External Auditor relating to any problems that arise, even if resolved (biannual).

The reporting and information obligations described above must also be performed, where applicable, by the Company's Branch Managers.

The SB, during the course of investigative activities resulting from a report, must act in such a way as to ensure that the persons involved are not the subject of retaliation, discrimination or any form of penalization, and shall therefore protect the confidentiality of the whistleblower (without prejudice to the applicability of any legal obligations that stipulate otherwise).

In order to facilitate reporting to the SB by persons who become aware of actual or potential violations of the Model, the Company has set up appropriate dedicated communication channels and, specifically, a dedicated email address (**odv@bonatti.it**). Reports may also be sent in writing, including anonymously, to the following address: Organismo di Vigilanza Bonatti S.p.A., Via Alfred Bernhard Nobel, 2/A, 43122 Parma (PR).

The same channels of communication are also used for the information referred to under points A and B above.

As regards the SB's reporting to the corporate bodies, it should be pointed out that the SB reports to the Board of Directors and the Board of Statutory Auditors in writing, on a half-yearly basis.

The reporting activities involve, in particular:

- a summary of the activities carried out by the SB;
- any issues or problems that have arisen during the course of its supervisory activities;
- the necessary or possible corrective actions to be taken in order to guarantee the efficiency and effectiveness of the Model, as well as the state of implementation of the corrective actions resolved upon by the Board of Directors;
- the identification of any conduct that is not in line with the Model;
- the identification of organizational or procedural deficiencies that could expose the Company to the danger of the commission of significant offences pursuant to the Decree;
- any failure to collaborate or deficient collaboration by the corporate departments in the performance of its inspection and/or investigation duties;
- in any case, any information deemed useful in order for the competent bodies to be able to pass urgent resolutions.

In any case, the SB may address the Board of Directors in situations of urgency, or whenever it deems it necessary for the purposes of the effective and efficient performance of the duties assigned to it.

Such meetings must be minuted and copies of the minutes must be kept at the SB's offices.

11. THE BONATTI CODE OF ETHICS

11.1. The adoption of the Code of Ethics

In order to both improve and safeguard the ethical aspects of its business activities, when updating the Model, the Company also updated its Code of Ethics, which sets forth all the principles and rules of conduct to which those operating in the Bonatti corporate environment are subject. All shareholders, directors, statutory auditors, external auditors, executives, employees and external collaborators (consultants, agents, service providers) must comply with the Code of Ethics when carrying out the tasks and duties assigned to them.

The linchpin of the Company's ethos is total observance of the national laws in force, international regulations and the rules of the countries in which it operates, as well as the compliance of its operations with the principles of fair competition, decency and good faith,

whilst respecting the legitimate interests of all stakeholders: clients, shareholders, citizens, employees, suppliers, commercial partners, etc.

In addition to national regulations, given that a large part of Bonatti's activities take place in foreign countries, this Code of Ethics places a special emphasis on the international anti-corruption principles established by both the OECD Convention¹⁷, which came into force on 15 February 1999, and the Foreign Corrupt Practices Act (hereinafter referred to as the "**FCPA**")¹⁸.

- Bonatti's Code of Ethics also complies with the principles set out:
- in the Confindustria Guidelines, updated in March 2014;

in the Code of Conduct for Construction Firms, updated in December 2013, drawn up by the Italian National Association of Construction Companies (hereinafter referred to as "**ANCE**"), to which Bonatti subscribes¹⁹.

Bonatti's Code of Ethics was adopted by a resolution of its Board of Directors and, as of its approval, should be considered binding for any person operating for the Company, as specified below. The Code may be amended and supplemented only by an additional resolution of the Board of Directors, which may come about on the basis of suggestions and indications from the Company's Supervisory Body.

11.2. The addressees of the Code of Ethics

The Code of Ethics is binding for all the directors, statutory auditors and the firm mandated to audit the Company (hereinafter referred to respectively as the "**Directors**", the "**Statutory Auditors**" and the "**External Auditor**"), for all its employees, including senior and non-senior executives and staff operating at its branches (hereinafter referred to as "**Staff**"), and for all those who, despite not being employees of the Company, operate directly or indirectly for it, such as agents, collaborators of any kind, consultants, suppliers and commercial partners (hereinafter referred to as "**Third-Party Addressees**").

All the Addressees are required to comply with and, with regard to their respective remit, to ensure compliance with the principles contained in the Code of Ethics.

Under no circumstances shall the claim to be acting in the interests of the Company justify the adoption of conduct contrary to that set out in the Code of Ethics.

The Code should also be at the heart of the Company's activities abroad, whilst duly respecting any regulatory, social or economic differences that may exist.

¹⁷ Approved by the Italian Parliament with Ratification Law No. 300 of 29 September 2000.

¹⁸ Law passed by the US Congress in 1977 and subsequently amended in 1988 and 1998, which prohibits the bribery of foreign officials by US companies in an attempt to obtain or retain contracts.

¹⁹ On 20 December 2013, the Code of Conduct for Construction Firms was found to be suitable and adequate by the Ministry of Justice, Justice Affairs Department - Directorate-General of Criminal Justice.

The Staff's compliance with the rules of the Code should be considered an essential part of their contractual obligations pursuant to Article 2104 of the Italian Civil Code. The violation of the rules of the Code by any employee may constitute a non-fulfilment of the primary obligations of their employment contract or a disciplinary offence, with all legal consequences.

Specifically, a violation of the rules of this Code of Ethics that is considered be particularly serious shall also harm the relationship of trust with the Company, and may lead to disciplinary and damage compensation measures, without prejudice, for employees, to compliance with the procedures set out in Article 7 of the Statute of Workers' Rights, collective bargaining agreements and any corporate regulations.

11.3. Dissemination of and training in the Code of Ethics

The Code of Ethics is disseminated internally and is available to all Third-Party Addressees. Specifically, the Company makes sure to:

- distribute the Code to all members of the Corporate Bodies and to all Staff, both in Italy and abroad;
- display the Code in a place within the Company headquarters that is accessible to all;
- publish the Code on the Company website;
- provide help with the interpretation and clarification of the provisions of the Code, including by providing a translation of the Code into all necessary languages (e.g. English, French, Spanish, Russian, Romanian and Portuguese);
- set up systems to monitor knowledge and observance of the Code of Ethics.

Any amendments to the Code of Ethics, as duly resolved upon by the Board of Directors (possibly upon the recommendation of the Supervisory Body), shall be promptly communicated within the Company to all Addressees.

With regard to Third-Party Addressees, the Company also makes sure to inform such parties of the commitments and obligations imposed by the Code of Ethics and to demand that said parties comply with them, via publication on the Company's official website, as well as through the regular introduction of contractual clauses and/or the signing of declarations aimed at formalizing the commitment to comply with the Model and the Code of Ethics and at setting forth contractual sanctions for the violation of said commitment.

The Supervisory Body (hereinafter referred to as the "**SB**" or the "**Body**"), which was established pursuant to the Decree and is responsible for monitoring the implementation of the Model, promotes and oversees training initiatives concerning the principles of the Code of Ethics, whose content and structure vary according to the role held by and the responsibilities assigned to the staff members in question.

The training will be more intense and in depth for persons classified as "senior" by the Decree, and for those operating in "at risk" areas, pursuant to the Model.

Below is a summary of the principles, rules of conduct, communication obligations, and procedures for the implementation of and monitoring of compliance with the Code of Ethics. It should be borne in mind, however, that the complete provisions governing these aspects can be found in the Code of Ethics in its entirety, which constitutes an integral part of the Model.

11.4. Fundamental ethical values

The Company has defined and formalized the fundamental ethical values that all Addressees must bear in mind when carrying out their activities.

More specifically, the key ethical values adopted by the Company concern the values and areas of activity listed below:

- **Responsibility and compliance with applicable laws**
- **Decency**
- **Impartiality**
- **Integrity**
- **Honesty**
- **Transparency**
- **Efficiency**
- **Fair competition**
- **Protection of privacy**
- **Spirit of service**
- **Value of human resources**
- **Rejection of corruption**
- **Protection of the environment and the community**
- **Relations with associations, union organizations and political parties**
- **Relations with international operators**
- **Rejection of any form of terrorism**
- **Protection of the individual**

- **Protection of health and safety in the workplace**
- **Protection of security**
- **Rejection of criminal organizations**
- **Compliance with regulations on industrial and intellectual property rights**
- **Cooperation with the authorities**
- **Use of IT and electronic systems**
- **Decency and accounting transparency**
- **Opposition to money laundering**

11.5. Rules of conduct

The Company has reserved a dedicated section of the Code of Ethics for the rules of conduct that must be observed in all business activities, indicating the rules and principles of conduct to be followed for each category of Addressee.

11.5.1. Rules of conduct for members of Corporate Bodies

The Corporate Bodies of Bonatti, out of awareness of their responsibilities and in compliance with the law, are required to observe the provisions of the Code of Ethics, basing the activities they carry out in pursuit of the Company's profit and growth on the values of honesty, integrity, fairness, decency, respect for people and rules, and collaboration with the other senior components of the Company.

Specifically, the members of the Corporate Bodies are required to:

- adopt conduct based on autonomy, independence and decency vis-à-vis public institutions, private parties, economic associations, political parties and any other national or international operator;
- behave with loyalty towards the Company;
- guarantee assiduous and informed participation in meetings and activities of the Corporate Bodies;
- evaluate situations of conflict of interests or incompatibility of duties, roles or positions, both outside and within the Company, refraining from carrying out actions constituting a conflict of interests as part of their activities;

- make prudent use of the information that comes into their possession as a result of their post, refraining from taking advantage of their position to gain personal benefits, whether direct or indirect. All external communication activities must comply with the laws and practices of conduct, and must be carried out in such a way as to safeguard sensitive information and trade secrets;
- comply with and, with regard to their respective remit, ensure compliance with the rules of conduct set forth for Staff, as detailed in the next paragraph.

11.5.2. Rules of conduct for Staff

Staff must ensure that their conduct, in both internal and external relations, complies with the national and international regulations in force, as well as with the principles and rules of conduct issued by the industry associations to which Bonatti belongs, which are implemented within the Company's activities.

In any case, Staff must comply with the principles expressed in the Code of Ethics, as well as with the rules of conduct set out below, whilst always complying with the Model and the corporate procedures in force, including where such measures entail compliance with stricter rules than those provided for at the local level by laws, regulations, rules and practices.

Specifically with regard to compliance with and the effective implementation of the Model, Staff, considered as a whole, must in any event:

- refrain from adopting conduct that is contrary to the rules set forth by this Code of Ethics;
- avoid adopting, causing or contributing to the execution of conduct that is likely to constitute any of the offences covered by the Decree;
- provide support to the Supervisory Body in the course of its inspection and supervisory activities, by providing any information, data and updates it requests;
- make, vis-à-vis the SB, the communications provided for by this Code;
- report to the SB any faults or violations of the Model and/or the Code of Ethics, in accordance with the provisions of this Code and of the Model.

In consideration of the above, Staff are required to comply with the principles and rules of conduct specifically set forth in the Code of Ethics (which contains the full details thereof), as indicated below:

- **Conflict of interests**
- **Granting of donations and gifts**
- **Relations with government officials or providers of a public service**

- **Corruption between private parties**
- **Relations with clients and suppliers**
- **Participation in calls for tenders and negotiations with public or private parties**
- **Confidentiality**
- **Diligence in the use of Company property**
- **Protection of share capital and creditors**
- **Health, safety and environment**
- **Security**
- **Rules for combating money laundering and terrorism**
- **Use of IT systems**

11.5.3. Rules of conduct for Third-Party Addressees

In addition to the Corporate Bodies and Staff, the Code of Ethics also applies to Third-Party Addressees. This term is understood to refer to persons outside of the Company who operate, either directly or indirectly, for the Company (e.g. agents, collaborators of any kind, consultants, suppliers or commercial partners).

Third-Party Addressees, like the other parties, are obliged to comply with the provisions of the Model and the Code of Ethics and, in particular, with the key ethical principles and the rules of conduct set forth for Staff, to the extent that they are applicable.

In order to guarantee compliance with the provisions of this Code and of the Model, dedicated clauses aimed at sanctioning the failure to comply with the Model or the Code of Ethics shall be inserted into contracts and letters of appointment, as described in more detail in the Disciplinary System.

11.6. Information flows to the Supervisory Body

The Addressees of the Code of Ethics must fulfil specific obligations concerning reporting to the SB, particularly with regard to possible violations of laws or regulations, the Model, the Code of Ethics or internal procedures.

Communications to the SB can be made by email or in writing.

In any event, the SB shall make an effort to ensure that the person making the communication, if identified or identifiable, is not the subject of retaliation, discrimination or any form of

penalization, and shall therefore protect their confidentiality (without prejudice to the applicability of any legal obligations that stipulate otherwise).

11.7. Implementation of and verification of compliance with the Code of Ethics

The Supervisory Body of Bonatti is responsible for monitoring the implementation of and compliance with the Model and the Code of Ethics.

The violation of the principles and rules of the Code of Ethics shall result in the application of the sanctions set forth in the Disciplinary System, which constitutes an integral part of the Model.

The Code of Ethics also expressly stipulates that any actions or conduct that violate the Model or the Code of Ethics must be immediately reported to the Supervisory Body, even if the incident in question relates only to the danger of a violation.

The Company has set up suitable dedicated channels of communication in order to facilitate the process of reporting to the SB.

More specifically, a dedicated email address (odv@bonatti.it) has been set up to receive any reports concerning failure to comply with the provisions of this Code. This email address will also be used to receive anonymous reports, i.e. those in which it is not possible to trace the identity of the sender.

Reports can also be made in writing by sending a dedicated communication (which can be anonymous, if desired) to Organismo di Vigilanza di Bonatti, Via Alfred Bernhard Nobel, 2/A, 43122 Parma (PR).

Specific rules are also set forth in order to prevent retaliatory conduct towards anyone who reports violations of the Code of Ethics or the Model, or any unlawful conduct.

12. THE BONATTI DISCIPLINARY SYSTEM

12.1. Creation and adoption of the Disciplinary System

Pursuant to Articles 6 and 7 of the Decree, the Model can be deemed to have been effectively implemented, for the purposes of ruling out the Company's liability, if it provides for a suitable disciplinary system for punishing failure to comply with the provisions set out therein.

Bonatti has therefore adopted a disciplinary system (hereinafter also referred to as the "**Disciplinary System**") that is primarily aimed at punishing the violation of the principles, rules and measures provided for in the Model and the relative Protocols, in compliance with the

rules provided for by the applicable national collective labour agreements, as well as the laws and regulations in force.

This Disciplinary System punishes both violations of the Model and of the relative Protocols committed by persons in "senior" positions (i.e. individuals who perform representation, directorial or managerial functions within the Company or within an organizational unit of the Company that has financial and functional autonomy, or individuals who are responsible, either officially or de facto, for the management and control of the Entity) and violations perpetrated by persons who are subject to management or supervision carried out by others, or who operate in the name and/or on behalf of Bonatti.

In accordance with the provisions of the Confindustria Guidelines, the establishment of a disciplinary procedure and the application of the relative sanctions exclude the possible establishment and/or outcome of any criminal proceedings relating to conduct deemed significant for the purposes of the Disciplinary System.

12.2. Structure of the Disciplinary System

While the full details can be found in the Disciplinary System document in its entirety, which constitutes an integral part of the Model, a summary of Bonatti's Disciplinary System is provided below.

In accordance with the provisions of the Decree, Bonatti has adopted a Disciplinary System, which is delivered either electronically, via computer or in paper format to the individuals identified as Addressees, as well as being published on the Company's website and displayed at the Company headquarters in a place that is accessible to all, so as to guarantee that all the Addressees identified below are fully familiar with it.

Bonatti's Disciplinary System consists of four chapters.

Chapter One identifies the persons subject to the application of the sanctions provided for, broken down into four different categories:

- 1) Directors, Statutory Auditors and individuals operating for the External Auditor;
- 2) Other "Senior" individuals;
- 3) Bonatti Employees;
- 4) Third-Party Addressees.

Chapter Two, after having explained that all conduct (whether actions or omissions, intentional or unintentional) likely to harm the effectiveness of the Model as a tool for preventing the risk of committing significant crimes for the purposes of the Decree constitutes a violation of the Model, goes on to list possible violations, broken down into four different categories, graded according to increasing seriousness.

In particular, for all the Special Parts (except the Part relating to Workplace Health and Safety), the following conduct is significant:

- 1) violations committed in the context of "sensitive" activities within the "**instrumental**" **areas** identified in the Model, provided that none of the conditions provided for under numbers 3 and 4 below applies;
- 2) violations committed in the context of "sensitive" activities within the **areas "at risk of offence"** identified in the Model, provided that none of the conditions provided for under numbers 3 and 4 below applies;
- 3) violations of the Model that are likely to incorporate the very fact (objective element) of one of the crimes provided for in the Decree;
- 4) violations of the Model aimed at committing one of the crimes provided for in the Decree or, in any case, the existence of the danger of the Company's liability being invoked pursuant to the Decree.

Possible violations concerning the area of workplace health and safety are also discussed, again being graded according to increasing seriousness:

- 5) violations of the Model resulting in a situation of concrete danger to the physical integrity of one or more persons, including the perpetrator of the violation, provided that none of the conditions provided for under numbers 6, 7 and 8 below applies;
- 6) violations of the Model resulting in damage to the physical integrity of one or more persons, including the perpetrator of the violation, provided that none of the conditions provided for under numbers 7 and 8 below applies;
- 7) violations of the Model resulting in damage, which can be classed as "serious" pursuant to Article 583, paragraph I, of the Criminal Code, to the physical integrity of one or more persons, including the perpetrator of the violation, provided that none of the conditions provided for under number 8 below applies;
- 8) violations of the Model resulting in damage, which can be classed as "life-threatening" pursuant to Article 583, paragraph I, of the Criminal Code, to the physical integrity of one or more persons, or the death of one or more persons, including the perpetrator of the violation.

Chapter Three lists, with regard to each type of conduct in question, the sanctions that could theoretically be issued for each category of persons required to comply with the Model. Primarily with regard to Third-Party Addressees, dedicated sanctions of a contractual nature can be applied in the event of violation of the Model or of the related Protocols (e.g. warning to comply with the Model, application of a penalty, termination of the contract).

In any case, the identification and issuance of sanctions must take into account the principles of proportionality and adequacy in relation to the violation in question.

To that end, the following elements will generally be of significance:

- a) the type of violation committed;
- b) the seriousness of the conduct or event in question;
- c) the circumstances in which the conduct took place;
- d) the way in which the conduct was carried out;
- e) the intensity of wilful misconduct or the degree of negligence.

For the purposes of possibly making the punishment more severe, the following elements are also taken into account:

- the possible commission of several violations as part of the same conduct, in which case the increased severity will be applied in relation to the sanction to be issued for the most serious violation;
- the possible collaboration of several individuals in the commission of the violation;
- the possible recidivism of the perpetrator of the violation.

Chapter Four governs the process of issuing and applying the sanction, with regard to each category of Addressees of the Disciplinary System, indicating, for each:

- the phase in which the person in question is notified of the violation;
- the phase in which the sanction is determined and subsequently issued.

The provisions of the Disciplinary System do not rule out the option for the addressees to exercise all the rights, including the right to challenge or oppose the disciplinary measure or to establish an Arbitration Panel, granted to them by the law or regulations, as well as by collective labour agreements or applicable corporate regulations.

13. COMMUNICATION AND TRAINING

13.1. Communication and involvement concerning the Model

The Company promotes the broadest possible dissemination, both within and outside of its structure, of the principles and provisions contained in the Model and in the related Protocols.

The Model is formally communicated to all senior individuals (including the Directors, Branch Managers, Statutory Auditors and External Auditor) and to the Company's Staff through the

delivery of a full copy in paper, computerized or electronic format, through the publication of the Model on the corporate intranet, and by displaying it in a place that is accessible to all.

Documentary evidence is kept of the delivery and of the Addressees' commitment to comply with the rules set out therein.

For Third-Party Addressees required to comply with the Model, a summary thereof, which highlights the aspects that are significant for them, is made available on the Company's website.

In order to formalize Third-Party Addressees' commitment to complying with the principles of the Model and of the related Protocols, a dedicated clause will be inserted into any new contracts drawn up or, for contracts already in place, a specific supplementary agreement to that end will be signed.

The SB promotes and monitors all additional information activities that it may deem necessary or appropriate.

The Company promotes adequate communication with and involvement of Addressees of the Model, within the limits of their respective roles, duties and responsibilities, with regard to workplace health and safety as a whole and security in particular, with a special focus on the following aspects:

- health and safety risks associated with the Company's activities and/or risk factors outside of the production process (e.g. dissemination of Travel and Health forms);
- prevention and protection measures and activities adopted;
- the specific risks to which each worker is exposed in relation to the activities carried out and the Country in which they operate;
- the dangers associated with the use of dangerous materials and substances or risky production cycles;
- procedures for first aid, emergency management, site evacuation, security threat management and managing false imprisonment;
- the appointment of individuals assigned specific tasks within the Health and Safety Management System.

To that end, a Health, Safety and Security information and involvement programme for Addressees of the Model is defined, documented, implemented, monitored and periodically updated. The programme focuses in particular on newly hired workers, who must obtain a special qualification.

The involvement of the individuals concerned is also guaranteed through consultations with them at dedicated periodic meetings.

13.2. Training and education about the Model

In addition to activities related to information on the contents of the Model for Addressees, the Company also promotes training activities.

Specifically, the SB is responsible for carrying out checks on the periodic training received by Addressees with regard to knowledge of the contents of the Model and of the related Protocols, with a view to fostering a corporate culture based on ethical conduct and compliance with the rules.

The principles of the Model, and in particular those of the Code of Ethics that forms part of it, are illustrated to the Company's Staff through dedicated training activities (e.g. courses, seminars, questionnaires, tests), which are compulsory and are carried out according to the procedures planned by the Company, in agreement with the SB.

The training courses on the Model also vary according to the role held by and the responsibilities assigned to the staff members in question, with more intense training for persons classified as "senior staff members" pursuant to the Decree, as well as for those who operate in areas considered to be "at risk" pursuant to the Model.

As described in more detail in Special Part I of this Summary Document, the Company also promotes training and education for Addressees of the Model, within the limits of their respective roles, duties and responsibilities, in matters relating to workplace health and safety, in order to guarantee adequate knowledge of the importance of both conducting oneself in accordance with the Model and the possible consequences of violations of the Model. In this respect, special attention is paid to training and educating those individuals who form part of the "Safety Organigram".

In particular, the HSMS provides for training and education of Company staff members to vary according to the job held by and duties assigned to the workers, and to be provided when workers are hired, are transferred or change jobs, or when new work equipment or technologies are introduced.

Specific training is also provided on security, which varies based on the duties of the workers involved and is different in each of the Countries where the Company operates, based on the outcomes of the Country Threat Assessments.

13.3. Violations of the Model

Compliance with the rules of the Model must be considered an essential part of the duties incumbent on the Corporate Bodies and the Staff of the Company, as well as, to the extent that they are applicable, an essential part of the contractual obligations entered into by Third-Party Addressees.

Violation of the Model shall result in the application of the sanctions provided for in the Disciplinary System (which should be referred to for more details) and/or, with regard to Third-Party Addressees, in the clauses inserted into their respective contracts.

14. UPDATING THE MODEL

As we have seen, one of the most important tasks assigned to the SB is that of promoting the updating and adaptation of the Model and of the related Protocols (including the Code of Ethics), possibly by suggesting, through written communications to the Board of Directors or the corporate departments in charge from time to time, the necessary or appropriate corrections and adjustments.

The Board of Directors is responsible, together with any corporate departments concerned, for updating and adapting the Model following a change in organizational structures or operating processes, significant violations of the Model, or the introduction of additional legislation.

Updates and adjustments to the Model, or to the related Protocols, are disseminated via dedicated communications sent by email and published on the corporate intranet and, where applicable, through the organization of information sessions to explain the most significant updates and adjustments.