

Guidelines for the implementation and activation of the  
Organisation, Management, and Control Model  
pursuant to Legislative Decree 231/2001

adopted on 25.03.2011 by the Board of Directors of Dalmine SpA

## Document structure and definitions

### DOCUMENT STRUCTURE

The present document is divided into a General Section and a Special Section.

The General Section includes an examination of the provisions found in Legislative Decree 231/2001 and establishes the guidelines which describe the process for adoption of the Model by Dalmine S.p.A., the offences relevant to the Company, the intended recipients of the Model, the methods for adoption and activation of the models at the other subsidiaries, the Supervisory Body (hereafter also "SB"), the sanction system used to protect against violations, and communication and training obligations related to the Model.

The Special Section indicates the sensitive activities for the Company, which is to say those at risk for offences, pursuant to the Decree, the general behavioural principles, the aspects of prevention for the said activities, and the essential control measures created for the prevention and/or mitigation of illicit actions.

In addition to that expressly established, the following are also an integral part of the present document:

- the *Control and risk self assessment* aimed at identifying sensitive activities, which are listed here in their entirety as they are in the Company's official records;
- the Ethical Code which defines the principles and standards for company behaviour;
- all the provisions, internal procedures, official documents, and company operating procedures which for this document constitute activation (e.g. powers, organisation charts, job descriptions, statutes). The said acts and documents can be accessed in accordance with the methods envisaged for their distribution within the company.

The present document constitutes an internal standard for the Company and is binding.

### DEFINITIONS

- Company or Dalmine: Dalmine S.p.A., with registered offices in Dalmine (BG), Piazza Caduti 6 luglio 1944 no. 1.
- Parent Company or Tenaris: Tenaris S.A., with registered offices in Luxembourg, Avenue John F. Kennedy no. 46a.
- Tenaris Group: companies directly or indirectly controlled by Tenaris in accordance with article 2359, paragraphs 1 and 2, Civil Code
- Decree: Legislative Decree no. 231 of 8 June 2001, as amended.
- Sensitive activities: activities of the Company whose area creates the risk, or potential for risk, of the commission of offences pursuant to the Decree.
- Consultants: individuals who, due to their professional skills, provide their intellectual work in favour of or on the account of the Company on the basis of a mandate or another professional cooperative relationship.
- Employees: individuals who have an employment contract or subcontractor work contract with the Company.

- CCNL: Contratto Collettivo Nazionale di Lavoro (National Collective Labour Contract) for workers in the metalworking sector and other Contracts currently in effect and used at Dalmine.
- P.A.: Public Administration, public officials, and/or other public service employees.
- Public Official: individual who carries out a public legislative, judicial, or administrative function in accordance with article 357, Penal Code.
- Public Service Employee: individual who, for whatever reason, provides a public service, to be understood to be an activity governed in the same way by the public function, but characterised by a lack of the powers typical of the same, in accordance with article 358, Penal Code.
- Confindustria Guidelines: instructional document published by Confindustria (approved on 7 March 2002 and updated on 31 March 2008) for the creation of organisation, management, and control models in accordance with the Decree.
- Model: Organisation, management, and control model pursuant to Legislative Decree 231/2001.
- Corporate Bodies: the Company's Shareholders' Meeting, Board of Directors, and the Board of Statutory Auditors.
- Supervisory Body or SB: the body envisaged by article 6 of the Decree, created to supervise the functioning and observance of the Model and updating of the same.
- Ethical Code: the Ethical Code adopted by the Company.
- Partner: the contractual counterparties of the Company, real or legal persons, with whom the Company comes to an agreement regarding any type of contractually regulated cooperation.
- Senior Management: individuals that fulfil roles of representation, administration, or management of the Company or one of its units provided with financial and functional autonomy, as well as persons who exercise, including de facto, the management or control of the Company.
- Employees: individuals subject to the management or supervision of the individuals indicated in the previous point.
- TUF: Legislative Decree no. 58 of 24 February, 1998, called "Testo unico della finanza" (Unified Finance Law), as amended.
- TUS: Legislative Decree no. 81 of 9 April, 2008, called "Testo unico della sicurezza" (Unified Security Law), as amended.
- Top Management: Board of Directors, Chairman of the Board of Directors, Vice President, and Managing Director of the Company.



## General Section

### INDEX

1	Legislative Decree no. 231 of 8 June, 2001	page 6
1.1	Characteristics and nature of the responsibilities of the entities	6
1.2	Types of offences identified by the Decree, as amended	6
1.3	Criteria for charging the organisation with responsibility	7
1.4	Provisions of the Decree related to the characteristics of the Organisation, Management, and Control Model	8
1.5	Crimes committed overseas	9
1.6	Sanctions	9
1.7	Events that change the structure of the entity	10
2	Dalmine S.p.A.	11
3	Purpose of the Model	11
4	Model and Ethical Code	12
5	Original adoption of the Model by Dalmine SpA and later amendments	12
6	Additional changes and updates to the Model	14
7	Crimes relevant to Dalmine	14
8	Intended recipients of the Model	15
9	Supervisory Body	15
9.1	Function	15
9.2	Requirements and nomination of members of the Supervisory Body	16
9.3	Eligibility requirements	17
9.4	Revocation, replacement, forfeiture, and withdrawal	17
9.5	Activities and powers	18
9.6	Flow of information to and from the organisation	19
10	Provisions of service on the part of other companies	20
11	Sanction system	21
11.1	General principles	21
11.2	Measures for middle managers, clerical workers, and labourers	21
11.3	Measures for managers	23
11.4	Measures for members of the Board of Directors	23
11.5	Measures for members of the Board of Statutory Auditors	23
12	Communication and training	23

## 1. Legislative Decree no. 231 of 8 June, 2001

### 1.1. Characteristics and nature of the responsibilities of the entities

Legislative Decree no. 231, of 8 June 2001, in acknowledging the EC standards on the fight against corruption, introduces and governs administrative responsibility deriving from offences of collective entities, which up to 2001 could only be called open for the payment of, jointly and severally, penalties, fines, and administrative sanctions imposed on its legal representatives, administrators, or employees.

The nature of this new form of responsibility for entities is mixed and its special nature lies in the fact that it combines aspects of the penal and the administrative systems. The entity is punished with an administrative sanction in as much as it is an administrative offence, but the sanction system is based on the penal system - the relevant Authority that charges the illicit action is the Public Ministry, while the sanction is imposed by the penal court judge.

The administrative responsibility of the entity is distinct and independent of that of the real person who carries out the offence and it exists even if the perpetrator of the offence is not identified, or if the offence has been abandoned for a reason other than amnesty. In any case, the responsibility of the entity is always added to and never takes the place of the real person who performed the offence.

The field of application of the Decree is very wide and includes all entities which have a legal status, companies, associations with or without legal status, public economic entities, and private entities which have a license to provide a public service. However, the law is not applicable to the State, to regional public entities, to non-economic public entities, and to entities which perform functions of a constitutional nature (e.g. political parties and unions).

The standard does not make reference to entities which do not have offices in Italy. Nonetheless, in that regard, an ordinance of the Examining Judge of the Tribunal of Milan (ord. 13 June 2007; see also Milan Examining Judge, ord. 27 April 2004, and Tribunal of Milan, ord. 28 October 2004) confirmed, on the basis of the principle of territoriality, the existence of the jurisdiction of Italian judges in relation to offences committed in Italy by foreign entities.

### 1.2. Types of offences identified by the Decree, as amended

The entity may be held liable only for offences - known as "assumed offences", indicated in the Decree or in any case by a law which took effect before the commission of the act which constitutes an offence.

As of the date of approval of the present document, the assumed offences fall within the categories indicated below:

- offences committed in relations with the Public Administration (articles 24 and 25);
- IT offences and illicit use of data (article 24-bis);
- organised crime offences (art. 24-ter);
- counterfeiting of coins, legal tender, stamp duties, and instruments or symbols of recognition (art. 25-bis);
- offences against industry and commerce (art. 25-bis.1);
- industrial offences (art. 25-ter);
- offences with the purpose of terrorism and the subversion of democratic order (art. 25-quater);
- practices of female genital mutilation (art.25-quater.1);
- offences against the individual (art. 25-quinquies);
- abuse of the market (art. 25-sexies);

- manslaughter or serious or very serious injury, committed in violation of the standard regarding workplace health and safety (art. 25-*septies*);
- receipt, laundering, or use of money, goods, or utilities of illicit origin (art. 25-*octies*);
- offences regarding copyright violations (art. 25-*novies*);
- inducement to not testify or to give mendacious testimony to legal authorities (art. 25-*novies*);
- transnational offences (art. 10 Law no. 146 of 16 March 2006).

### 1.3. Criteria for charging the organisation with responsibility

In addition to the commission of one of the assumed offences, for the entity to be able to be sanctioned under Legislative Decree 231/2001 other requirements under the law must also be met. These additional criteria regarding responsibility of entities can be divided into "objective" and "subjective."

The first objective criteria consists of the question of whether the offence was committed by an individual connected to the entity through a qualified relationship. To that end, a distinction is made between:

- *individuals in "atypical positions"*, that is persons who hold positions of representation, administration, or management of the entity, such as, for example, a legal representative, administrator, or director of an independent organisational unit, as well as persons who manage, even if de facto, the entity. These are persons who effectively have the independent power to make decisions in the name of and on the account of the company. In addition, all those individuals who have been delegated the power to exercise management or direction activities for the company or its branches by the Board of Directors also fall within this category;
- *"dependent" individuals*, that is all those who are subject to the direction and supervision of the atypical individuals. Specifically, this category includes employees and those individuals who, while not classified as employees, have a task to complete under the direction and control of the atypical individuals. External individuals that fall in this category include contract workers, and promoters, agents, and consultants who carry activities in the company's name through a mandate received from the said company. Finally, mandates or contractual relationships with individuals that are not part of the company's employees are also relevant to this category, again in the case that these individuals take action in the name of, on the account of, or in the interest of the company.

An additional criteria is the question of whether the offence was committed in the interest or to the advantage of the company. The existence of at least one of these two conditions is sufficient. They are defined as follows:

- *the "interest"* exists when the perpetrator of the offence acted with the intention of favouring the entity, independent of whether the said objective was actually achieved;
- *the "advantage"* exists when the entity achieved a positive result from the offence, whether economic or of another kind.

According to the Corte di Cassazione (Supreme Court) (Criminal Cassation, no. 3615, 20 December 2005) the concepts of interest and advantage should not be understood to be a combined concept, but separate, as the distinction is clear between what can be seen as a possible gain, seen as the consequence of the illicit act, in comparison to an advantage clearly achieved thanks to the result of the offence. In that sense, the Tribunal of Milan also issued a judgement (ord. 20 December 2004), according to which the mere completion of criminal conduct in the pursuit of a given utility is sufficient, regardless of whether it is effectively obtained or not.

The responsibility of the entity exists not only when it has obtained an immediate monetary advantage through the commission of the offence, but also in the case in which, even with a lack of the said result, the act was motivated by the interest of the company. Improvement of its market position or the concealment of a financial crisis are issues which involve the interests of the company without bringing with them an immediate economic advantage. In addition, it is important to note that, when the offence is committed by individuals qualified by a company that belongs to a group, the concept of interest can be extended unfavourably to the parent company. The Tribunal of Milan (ord. 20 December 2004) confirmed that the element which characterises the interest of the group rests in the fact that it is not seen as individual and exclusive for one of the members of the group, but rather is shared by all the subjects which are part of it. For this reason it states that an illicit act committed by a subsidiary can also be

charged to the parent company, as long as the real person who committed the offence - even on the grounds of participation - functionally also belongs to it.

With regards to the subjective criteria for charging the entity with the offence, these relate to the preventive tools that the entity has armed itself with in order to prevent the commission of one of the offences envisaged by the Decree in exercising its activities. In fact, the Decree envisages exclusion of the entity from responsibility only if the said entity can demonstrate:

- that the administrative body had adopted and effectively activated, before the commission of the offence in question, organisation, management, and control models appropriate to prevent offences of the type that was committed;
- that the responsibility to supervise the functioning and observance of the models and to ensure their updating was entrusted to a body of the entity granted powers of initiative and control;
- that supervision was not lacking or insufficient on the part of the said body.

The conditions here listed must all occur together for the entity to be excluded from responsibility.

While the model serves as a grounds for exemption both if the assumed offence is committed by an individual in an atypical position as well as if it is committed by a position in a dependent position, the mechanism envisaged by the Decree in terms of the burden of proof is much more severe for the entity in the case that the offence is committed by an individual in an atypical position. In fact, in the latter case the entity must demonstrate that the persons committed the offence by fraudulently evading the model. Hence, the Decree requires greater proof of non-involvement in that the entity must also prove a type of internal fraud on the part of the atypical individuals.

In the hypothesis of offences committed by individuals in dependent positions, the entity may only be charged if it is ascertained that the commission of the offence was made possible by non-observance of the direction or supervision obligations, and is excluded in any case if, before commission of the offence, the entity provided itself with an organisation, management, and control model appropriate to prevent offences of the type that was committed. In this case, the situation is truly the fault of the organisation. The entity indirectly consented to commission of the offence, by not supervising the activities and the individuals at risk of committing the assumed offences.

#### **1.4. Provisions of the Decree related to the characteristics of the Organisation, Management, and Control Model**

The Decree limits itself to outlining some general principles in regards to the Organisation, Management, and Control Model. However, it does not provide any specific characteristics. The model functions as a grounds for exemption only if it is:

- *effective*, that is if it is reasonably suitable to prevent the offence or offences committed;
- *effectively activated*, that is if its contents have been applied to company procedures and the internal control system.

With regards to the efficacy of the model, the Decree envisages that it contains at least the following:

- it identifies the areas of activities of the entity in which offences could be committed;
- it identifies specific protocols aimed at scheduling training and activation in the decisions of the entity, in relation to the offences to be prevented;
- it identifies methods to manage financial resources which are suitable to impeding the commission of offences;
- it introduces a disciplinary system suitable to sanction occasions in which the measures indicated in the model are not respected;
- it identifies obligations to provide information with regards to the Supervisory Body;
- in relation to the nature and size of the organisation, as well as the type of activities performed, it envisages measures appropriate to guarantee performance of the activities in respect of the law and so as to discover and eliminate risky situations in a timely manner.

The Decree establishes that the model must be subject to periodic checks and updates, both in the case that significant violations of its provisions are discovered, or in the case that significant changes are made to the organisation and/or activities of the entity.

### 1.5. Crimes committed overseas

Pursuant to article 4 of the Decree, the entity can also be held liable in Italy for assumed offences committed overseas.

However, the Decree subordinates this possibility to the following conditions, which obviously are in addition to those already highlighted:

- the general conditions for prosecution envisaged by articles 7, 8, 9, and 10 of the penal code exist to prosecute an offence committed overseas in Italy;
- the company has its registered offices in an area that belongs to the Italian state;
- the state in which the offence was committed is not prosecuting charges against the entity.

### 1.6. Sanctions

The sanction system envisaged by Legislative Decree 231/2001 is divided into four types of sanctions, which the entity may be subjected to in the case of a conviction in accordance with the Decree:

- *Monetary sanctions*: these are always applied in the case that the judge holds the entity responsible. They are calculated using a system based on quotas that are determined by the judge in terms of numbers and amounts. The number of quotas, to be applied between a minimum and maximum that vary based on the type and seriousness of the offence, the degree of responsibility of the entity, and the activities carried out to eliminate or attenuate the consequences of the offence, and/or to prevent the commission of other illicit acts. The amount of an individual quota is established, between a minimum of €258.00 and a maximum of €1,549.00, on the basis of the economic and capital conditions of the entity.
- *Prohibitory sanctions*: prohibitory sanctions are applied, in addition to monetary sanctions, only if expressly envisaged for the offence for which the entity is condemned and only in the case that at least one of the following conditions is met:
  - the entity obtained a relevant profit from the offence and the offence was committed by an atypical individual or by a dependent individual in the case that the offence was made possible by serious organisational problems;
  - repetitions of illicit acts.

The prohibitory sanctions envisaged in the Decree are:

- prohibition of exercising activities;
- the suspension or revocation of authorisations, licenses, or concessions functional to the commission of the illicit act;
- a prohibition of making contracts with the Public Administration, except for obtaining the provision of a public service;
- exclusion from tax breaks, financing, contributions, or subsidies, and the possible revocation of any already conceded;
- prohibition from advertising goods or services.

Only in certain exceptions applicable with definitive effects, the prohibitory sanctions are temporary, with a duration that can vary from three months up to two years, and regard the specific activity of the entity in which the illicit act occurred. They can also be applied as a precautionary measure, before the final sentence, upon the request of the Public Ministry, in the case that serious well-grounded evidence exists indicating the responsibility of the entity and specific elements that make it appropriate to hold that there is a concrete danger of additional illicit actions being committed before the proceedings are held.

- *Confiscation*: with the final sentence, confiscation of the price or profits from the offence or goods or other utilities of an equivalent value is always provided for. The profit from the offence is defined by the En Banc of the Corte di Cassazione (see Criminal Cass.,S.U., 27 March 2008, no. 26654) as the economic advantage directly and immediately caused by the offence, concretely determined net of the effective utility achieved by the injured party in the context of a possible contractual relationship with the entity. The En Banc also specified that any type of company parameter must be excluded from the said definition, so that profit is not to be seen as the net profits seen by the entity (except in the case envisaged under the law of an entity administered by an external commissioner). In addition, for the Tribunal of Naples (ord. 26 July 2007), a lack of decrease in equity determined by a lack of disbursement of sums for costs which must be paid cannot be considered extraneous to the concept of profit.
- *Publication of the guilty verdict*: this may be provided for when the entity is condemned to a prohibitory sanction. It consists of the publication of the sentence once, either entirely or an extract thereof, in one or more newspapers indicated by the judge as well as through display of informational posters in the city where the entity has its registered offices, and is carried out at the expense of the entity.

Despite the fact that they are applied as part of a criminal trial, all the sanctions have an administrative nature. The framework of sanctions envisaged by the Decree is very severe, especially because the prohibitory sanctions can greatly limit the exercising of a business' normal activities, precluding the entity from participating in numerous types of affairs.

The administrative sanctions applied to the entity have a statute of limitations which ends at the beginning of the fifth year after the date the offence was committed.

The final sentence of the entity is registered in the national registry of administrative sanctions for offences.

## 1.7. Events that change the structure of the entity

The Decree governs the responsibility of the entity in the case of conversion, merger, spin-off, or assignment of the company.

In the case of conversion of the entity, the responsibility for the offences committed before the date in which the conversion took effect remains unaffected. The new entity will hence be the recipient of the sanctions applicable to the original entity for any offences committed before the conversion.

In the case of a merger, the entity which results from the merger, including takeovers, is responsible for the offences for which the entities which took part in the merger were responsible. If this took place before the conclusion of the judgement determining the responsibility of the entity, the judge must take into account the economic conditions of the original entity and not that of the entity which resulted from the merger.

In the case of spin-off, the responsibility of the spun-off entity for the offences committed before the date in which the spin-off took effect remains unchanged, and the entities which are the beneficiaries of the spin-off are jointly and severally liable for the monetary sanctions applied to the spun-off entity in the limits of the value of the net assets transferred to each individual entity, as long as they are entities which have received at least part of the business activity in which the offence was committed. The prohibitory sanctions apply to the entity (or entities) in which the business activity in which the offence was committed remained or was transferred. If the spin-off took place before the conclusion of the judgement determining the responsibility of the entity, the judge must take into account the economic conditions of the original entity and not that of the entity which resulted from the merger.

In the case of assignment or transfer of the company in the context of which the offence was committed, without prejudice to the benefit of previous discussion of the assigned entity, the assignee is jointly and severally obligated with the assigned entity to pay the monetary sanctions in the limits of the value of the assigned entity and the limits of the monetary sanctions which can be found in the obligatory accounting records or due to illicit acts which the assignee was in any case aware of.

## 2. Dalmine S.p.A.

Dalmine is a company which produces seamless steel pipes and cylinders for the energy, automobile, and engineering industries through an integrated process that starts with iron slag. The Company is part of the Tenaris Group (which itself is part of the Techint Group).

In terms of organisation, the Company which a Board of Directors which has conferred the Chairman of the Board with ample powers in regards to the management and supervision of the functions connected to the productive activities of the Company. The Vice President and Managing Director have also been given powers which allow them to perform ordinary management and supervision of the functions connected productive activities, which as part of their functions the said Vice President and Managing Director report to the Board of Directors.

The Company's corporate governance system is currently structured as follows:

- *Shareholders' Meeting*: has the power to make decisions, at its ordinary and extraordinary meetings, regarding the subjects reserved for it under the law and/or the Articles of Association.
- *Board of Directors*: is provided with necessary powers for ordinary and extraordinary management of the Company with the right to carry out all the actions held opportune to achieve the company's purpose, exclusive only of those reserved for the Shareholders' Meeting under the law.
- *Board of Statutory Auditors*: company management is supervised by a Board of Statutory Auditors nominated and operating under the provisions of the law and consisting of three acting members and two supplementary members, all which must meet the requirements under the law.
- *Accounting Audit*: the accounting audit of the Company is carried out by an auditing company enrolled in the institute registry at the Ministry of Justice.

## 3. Purpose of the Model

The adoption and effective activation of the Model not only could allow Dalmine to benefit from the justifications envisaged in Legislative Decree 231/2001, but also improve, within the limits envisaged by the same, its internal control system and its Corporate Governance, limiting the risk of offences being committed.

The purpose of the Model is to establish a structured and organic system of procedures and control activities (both preventive and after the fact) which have the objective of reducing the risk of offences being committed through the identification of sensitive activities followed by the creation of procedures.

The principles contained in it must lead, on one hand, to ensuring that a potential perpetrator of an offence is fully aware that they are committing an offence (whose commission is strongly condemned and contrary to the interests of Dalmine, even when it may apparently seem to offer an advantage), and on the other, thanks to constant monitoring of activities, to Dalmine being able to react in a timely manner to prevent or impede the committing of the said offence.

Therefore, one of the goals of the Model is to develop the knowledge of the Employees, Corporate Bodies, Consultants, and Partners, who work on the account of or in the interest of the Company in the context of the Sensitive Activities that could run the risk - in the case of actions that do not conform to the provisions of the Model and other company procedures (in addition to the law) - of committing illicit actions that could as a consequence have criminal penalties not only for themselves, but also for the Company.

In addition, it is intended to actually censure any type of illicit behaviour through the constant activities of the Supervisory Body regarding the operations of individuals with respect to Sensitive Activities and the use of disciplinary or contractual sanctions.

The Model is also intended to achieve the following objectives:

- provide adequate information to employees and those who act on a mandate from the Company or who are connected to the Company through relevant relationships pursuant to the Decree, with regards to the activities that involve a risk of committing offences;

- spread a business culture based on legality, in that the Company condemns all behaviour that does not conform to the law and/or internal provisions, and in particular the provisions contained in its Model;
- spread a culture of control;
- activate effective and efficient organisation of the company's activities, particularly stressing training regarding decision making and transparency, on establishing both preventive and after the fact controls, as well as management of internal and external information;
- activate all the measures necessary to eliminate situations at risk of commission of offences in as short a time as possible.

#### 4. Model and Ethical Code

For some time the Company has had the Tenaris Ethical Code. The Ethical Code differs from the present document in its nature, function, and content. The end goal of the Ethical Code is to indicate behavioural rules and ethical/social values which should permeate Dalmine, while simultaneously working towards the company's purpose and objectives, in accordance with that contained in the present document.

The Model presupposes respect for that envisaged in the Ethical Code, creating a body of internal standards in combination with the said Code, aimed at spreading a culture based on ethics and transparency.

The Company's Ethical Code, which should be considered to be cited in its entirety here, constitutes the essential foundation for the Model and the provisions in the Model serve to support those contained in the Code.

#### 5. Original adoption of the Model by Dalmine SpA and later amendments

After the issue of the Decree, Dalmine began an internal project aimed at providing for the creation of the Model pursuant to article 6 of the Decree. The creation of the Model, adopted on 29 September 2005, was preceded by a series of preparatory activities divided into various stages all focused on the construction of a system to prevent and manage risks, in lines with the provisions of the Decree and taking into account the Confindustria Guidelines:

- *As-is analysis*: identification of sensitive activities was begun through an examination of company and Tenaris documents (main existing procedures, internal communication, etc.) and a series of interviews with key individuals in the company structure (Managing Director, Administration and Finance Director, Human Resources Director, Legal, Secretarial and Insurance Director, etc.) and internal to each individual unit, additional interviews aimed at deepening knowledge regarding sensitive activities and control of the same. In addition, the company procedures already adopted and activated by Dalmine were examined.

The results of the above activities were then collected in the document "As-is Analysis" which therefore identifies the sensitive activities of the Company as well as, in the context of the same, a description of the existing company controls and the critical areas discovered.

- *Risk Analysis – Gap Analysis*: on the basis of the information about the Company which emerged during the "As-is Analysis" stage and in consideration of the provisions and aims indicated in the Decree, the project proceeded to identify, in the context of sensitive activities, actions which could be taken to improve the existing internal procedures and the essential organisational requirements to define a "specific" organisation, management, and monitoring model in accordance with the Decree. An additional goal during this stage was to identify, in the context of the Company's organisational structure, company areas in which the risk of offences being committed was recognisable.

The results of the activities described above were reported in the document "Risk Analysis - Gap Analysis".

The identification of sensitive activities was the foundation used to develop the Model.

In preparing the Model, the existing procedures and system controls, already largely operative in the company, were taken into account, when they were judged to be appropriate to also serve as preventive measures against offences and control tools for sensitive activities.

These control procedures and systems included both those specific to Dalmine as well as those defined by the parent company Tenaris for all its subsidiaries. In fact, Tenaris S.A. is a company operating under Luxembourg law which has provided itself with a series of Corporate Governance standards and that - as it is quoted on the New York Stock Exchange - also operates in accordance with the Sarbanes-Oxley Act and the Foreign Corruption Practices Act.

In accordance with that also envisaged by the Confindustria Guidelines, the internal control system, management control system, and the policies and procedures which make up the said systems were also considered to be general constituent elements of the Model and, in particular:

- the Tenaris Ethical Code and correlated policies: Policy on Conduct in Dealings with Public Administration and the Policy on Transparency in Dealings with Third-Parties
- the Tenaris standards regarding granting of powers;
- documentation and provisions regarding the company's hierarchical-functional and organisational structure;
- the Tenaris ethical code for its Senior Financial Officers and the Tenaris Policy on negotiation of securities;
- the administrative, accounting, financial, and reporting systems, including the standards issued in activation of the Sarbanes-Oxley Act;
- the Tenaris policy on transfer prices, Tenaris procedures relative to operations with related parties and the declaration of facts relative to the stock market;
- communication to employees and training of the same;
- Tenaris procedures which regulate the hiring, management, and evaluation of employees;
- Tenaris procedures regarding authorisation of signing contracts with customers and suppliers;
- company procedures which regulate dealings with Public Administration;
- company procedures regarding tax breaks and public provisions conceded by the State;
- company procedures which regulate the management of consulting roles and external partnerships;
- the disciplinary system pursuant to the National Collective Labour Contracts;
- the Quality, Safety, Health, and Environment Management System.

The Model, without prejudice to its special aims relative to the Decree, therefore became part of the much larger control system which mainly consists of the internal system of standards which already existed at Dalmine and Tenaris.

Later, the Model was subject to updating and amendments following changes to the Decree and notable internal organisational changes.

In fact, the Company began a project to update and adapt its Model starting from a preliminary analysis of the company context followed by an analysis of the activities that have a profile indicating potential risks in relation to the commission of the offences indicated in the Decree. In particular, the following were examined: the history of the Company, the company context, the relevant market, the existing corporate governance system, the proxies and mandates system, existing legal relationships with third-parties (including in regards to service contracts which regulate infra-group dealings), the company operational situation, and the formalised practices and procedures used within the Company to carry out its operations.

For the purposes of updating the Model, the Company proceeded to:

- reviewing and updating sensitive activities through interviews with the directors of company functions, and analysis of company organisational charts and the system of division of responsibilities;

- self-evaluation of risks (known as *control and risk self assessment*) in terms of commission of offences and the internal control system appropriate to intercept illicit behaviour;
- identify appropriate control aids, necessary to prevent the offences pursuant to the Decree, or to mitigate the risk of commission, either already existing or to be implemented;
- review the proxy and powers system used to attribute the responsibilities under the internal control system and company operating procedures..

In relation to the possible commission of offences of manslaughter or serious or very serious injury through violation of the workplace safety standards (art. 25-*septies* of the Decree), the Company also analysed the company context and all the specific activities carried out therein, as well as evaluating the risks connected to such on the basis of the results of the checks carried out in fulfilment of the provisions of Legislative Decree no. 81 of 9 April 2008, and the special standards connected to the same.

## 6. Additional changes and updates to the Model

Any events that necessitate additional changes or updates to the Model must be sent to the Board of Directors by the Supervisory Body in written form so that the Board is able to make the appropriate decisions under its powers.

In particular, the Model must always be modified or updated in a timely manner, when:

- violations or evasions of its provisions occur, which demonstrate its inefficiency or incoherence for the goals of preventing offences;
- significant changes occur in terms of the normative framework, or to the organisation or activities of the Company.

In order to guarantee that changes to the Model are made with all necessary haste and effectiveness, without creating issues in terms of coordination with the operational processes, the provisions of the Model, and the communication of the same, the Board of Directors also has the faculty to delegate the responsibility of updating the Model to the Chairman of the Board, Vice President, or Managing Director.

Hence, the Board of Directors ratifies all changes that may have been made by the Chairman of the Board, Vice President, or Managing Director on an annual basis. Pending ratification on the part of the Board of Directors, the changes made by the Chairman of the Board, Vice President, or Managing Director are fully valid and productive of effects.

## 7. Crimes relevant to Dalmine

The Dalmine Model was prepared taking into account the structure and activities concretely carried out by the Company, as well as the nature and size of the organisation.

In consideration of these parameters, the Company considered the following assumed offences as relevant:

- offences committed in relations with the Public Administration (articles 24 and 25);
- IT offences and illicit use of data (article 24-*bis*);
- organised crime offences (art. 24-*ter*);
- counterfeiting of coins, legal tender, stamp duties, and instruments or symbols of recognition (art. 25-*bis*);
- offences against industry and commerce (art. 25-*bis*.1);
- industrial offences (art. 25-*ter*);
- offences with the purpose of terrorism and the subversion of democratic order (art. 25-*quater*);
- abuse of the market (art. 25-*sexies*);

- manslaughter or serious or very serious injury, committed in violation of the standard regarding workplace health and safety (art. 25-*septies*);
- receipt, laundering, or use of money, goods, or utilities of illicit origin (art. 25-*octies*);
- offences regarding copyright violations (art. 25-*novies*);
- inducement to not testify or to give mendacious testimony to legal authorities (art. 25-*novies*);
- transnational offences (art. 10 Law146/2006).

The present document identifies the Company's sensitive activities in the following Special Section and for each of these, outlines principles and protocols for prevention.

The Company undertakes to constantly evaluate their relevance for the purposes of the Model for any additional offences, both those already envisaged and those that may be envisaged in the future by the Decree.

## 8. Intended recipients of the Model

The Dalmine Model is applicable to:

- those who carry out, including de facto, management, administration, direction, or control functions in the Company or in one of its independent organisational units;
- employees of the Company, including when they are overseas to perform activities;
- all those individuals who work with the Company through a subcontract work contract, including project-based contracts, temporary workers, and those with employment agency contracts, etc.;
- those who, while not being part of the Company, work on the mandate of or on the account of the same, such as lawyers, consultants, etc.;
- those individuals that act in the interest of the Company due to legal contractual dealings with the same, such as, for example, partners in joint ventures or shareholders in the creation or purchase of a business project.

The Supervisory Body, having heard the opinion of the directors/managers of dealings with counterparties, shall establish any additional types of subjects for the Model in relation to the legal relationship and activities carried out by the said counterparties with the Company.

All subjects of the Model are held to carefully respect all the provisions contained in it as well as its activation procedures.

## 9. Supervisory Body

### 9.1. Function

The Company institutes, in accordance with the Decree, a Supervisory Body, autonomous and independent with responsibilities with regards to controlling the risks connected to the specific activities carried out by the Company and its relative legal profile.

The Supervisory Body has the responsibility to constantly supervise:

- observance of the Model on the part of Corporate Bodies, employees, and consultants of the Company;
- the effectiveness of the Model in preventing the committing of offences pursuant to the Decree;
- activating the provisions of the Model in the context of the performance of the Company's activities;
- updating of the Model, in the case in which it is necessary to adapt the same due to changes that have occurred within the company structure and/or organisation or to the reference framework of standards.

The Supervisory Body creates for itself Regulations for Functioning, approving the contents of the same and presenting it to the Board of Directors at its first meeting after the nomination of the said Body.

## 9.2. Requirements and nomination of members of the Supervisory Body

The Board of Directors nominates the Supervisory Body, justifying its decisions regarding the selection of each member, who must be selected exclusively on the basis of the requirements of:

- *Autonomy and independence:* the autonomy and independence of the Supervisory Body, as with its members, constitutes a key element for the success and credibility of its control activities.

The Supervisory Body, in order to be able to carry out its activities of control over company operations and the applied procedures autonomously, free from any interference or influence on the part of any member of the entity and in particular senior management, especially considering that the function exercised is expressed as well through supervision of the activities of atypical individuals, is placed in the highest possible area of the Company's organisational chart and answers, in carrying out its functions, solely to the Board of Directors.

Therefore all members of the Supervisory Body must not hold decision-making, operational, or management roles such as to compromise the autonomy and independence of the entire SB. In any case, the requirements of autonomy and independence presuppose that the members do not find themselves in a position of personal conflict of interest with the Company, even potentially. Hence, the members of the Supervisory Body must not:

- hold operational type responsibilities within Dalmine or other companies controlled by Dalmine;
- be married to, relatives of, or have similar relationships within the fourth degree of kinship with the Directors of Dalmine or any of the companies controlled by Dalmine or which control Dalmine, or with reference shareholders;
- find themselves in any other type of situation with a clear or potential situation of conflict of interest.

These requirements must be verified through the receipt of an appropriate declaration of the same from the members of the nominated SB.

Finally, to further guarantee the autonomy of the Supervisory Body, the Board of Administrators shall make available to the same dedicated company employees, in a number and value proportional to the responsibilities entrusted to the Body, and approve when drawing up the company budget, an adequate provision of financial resources, for the SB, which the SB may use for all needs required to appropriately fulfil its responsibilities (e.g. specialist consulting, travel, etc.);

- *Professionalism:* the Supervisory Body must possess technical/professional skills appropriate to the functions that it is called to perform. Therefore, it is necessary that within the SB there are individuals with appropriate professional economic, legal, and analysis skills, as well as skills related to control and management of company risks. In particular, the Supervisory Body must have the specialised technical capacities necessary to carry out inspection and consulting activities.

Once the members of the Supervisory Body have been identified, the Board of Directors, when nominating them, shall verify the existence of the said conditions not only through the curriculum vitae of the said members, but also through official declarations and specifics obtained directly from the candidates by the Board.

In order to implement the professional skills useful and/or necessary for the activities of the Supervisory Body and to guarantee the professionalism of the Body (in addition to, as already highlighted, its independence), the Supervisory Body shall be provided with a specific budget for its use, intended to be used to acquire when necessary, outside of the entity, competencies in addition to those held by the members. In this way, the Supervisory Body can, using external professionals, provide itself with individuals with skills related to legal matters, company organisation, auditing, accounting, finance, and workplace safety;

- *Continuity of action:* the Supervisory Body carries out the necessary activities to supervise the Model on a continuous basis with appropriate efforts and the necessary investigatory powers.

Continuity of action should not be understood to mean "incessant operations," since this interpretation would necessarily require a Supervisory Body that is exclusively internal to the entity, when this circumstance would

lead to a decrease in the indispensable independence which must characterise the said Body. Continuity of action means that the SB does not need to limit itself to periodic encounters of its members, but can be organised on the basis of an action plan and the constant conduction of monitoring activities and analysis of the entity's prevention system.

In order to facilitate the achievement of the said request, it seems necessary that at least one of the members of the Supervisory Body be physically part of the Company or in any case stably near sensitive areas, so as to be able to have immediate verification of the efficacy of the control system adopted and expressed in the organisational model.

The Supervisory Body is composed of, in respect of the parameters above, a joint body of two members of which at least one must be and employee of the Company without operational functions. The Board of Directors nominates one of the members to serve as the President of the Supervisory Body.

After the formal acceptance of the nominated individuals, the decision is communicated to all company levels through internal communication.

The position on the Supervisory Body lasts two years, and can be renewed at each expiration.

Decisions regarding compensation, promotion, transfer, or disciplinary sanctions relative to a member of the Supervisory Body, or in regards to changes, renewals, or dissolution of the collaborative dealings with an external member of the SB shall be the sole responsibility of the Vice President and Managing Director, who shall obligatorily acquire the opinion of the Board of Directors.

### **9.3. Eligibility requirements**

All of the members of the Supervisory Body are asked preventively to not find themselves in any of the conditions of ineligibility and/or incompatibility listed below:

- be subjected to preventive measures established by the legal authority pursuant to Law no. 1423 of 27 December 1956 ("Preventive measures for persons dangerous to public safety") or Law no. 575 of 31 May 1965 ("Provisions against the Mafia");
- be investigated or condemned, including with sentences that are not yet definitive or issued pursuant to article 44 of the Criminal Procedure Code, even if with a conditionally suspended sentence, without prejudice to effects of rehabilitation:
  - for one or more of the illicit acts explicitly envisaged in Legislative Decree 231/2001;
  - for any premeditated offence;
- be prohibited, disqualified, failed, or be condemned, including with a not yet definitive sentence, to a penalty which includes the prohibition, even temporary, from serving in public offices, or the incapacity to hold directive offices.

If even one of the above conditions is met, it leads to ineligibility to hold the role of a member of the SB.

In order to guarantee the existence of the said subjective requirements, upon conferring the role, the BoD receives, from each member of the nominated SB, a declaration which attests to a lack of grounds for ineligibility.

### **9.4. Revocation, replacement, forfeiture, and withdrawal**

Revocation of the role of a member of the SB can occur only through a decision by the Board of Directors and only in the presence of at least one of the following conditions:

- the loss of the eligibility requirements pursuant to the section above;
- non-fulfilment of the obligations inherent to the role entrusted;
- a lack of good faith and due diligence in carrying out the member's role;
- a lack of cooperation with the other members of the SB;
- unjustified absence at more than two meetings of the SB.

The Board of Directors revokes the nomination of the member of the SB who is no longer suitable, and after providing an appropriate motivation, proceeds to immediate replacement of the said member.

Incapacity or impossibility of exercising the role constitutes grounds for forfeiture of the role before the expiry of the term envisaged in section 9.2.

Each member of the SB may withdraw from their role at any time, using the methods that shall be established in the Regulations of the Body itself.

In the case of forfeiture or withdrawal by one of the members of the SB, the Board of Directors shall replace the member that has become unsuitable in a timely manner.

## **9.5. Activities and powers**

The Supervisory Body shall meet at least four times per year and any time that one of the members holds it appropriate. In addition, it can delegate specific functions to the President.

To carry out the responsibilities assigned to it, the SB is invested with all the initiative and control powers over all company activities and employee levels, and reports exclusively to the Board of Directors, with which it communicates through its President.

The responsibilities and the attributes of the SB's members cannot be controlled by any other company structure or body, without prejudice to the Board of Directors being able to verify that the actions of the Body are in line with internal company policies.

The SB, except for any other provision of the law which is applicable, prevailing and differing, has free access - without the necessity of any prior consent - to all the Company Functions to obtain information or data held to be necessary to carry out the responsibilities envisaged by Legislative Decree 231/2001.

The SB carries out its functions, coordinating with the other control Bodies or Functions already existing in the Company. In particular, the SB coordinates with the company Functions that carry out at risk activities for all the aspects relative to the implementation of the operating procedures to activate the Model.

The SB may make use of not only the assistance of all the Company's structures, but may also - under its own direct supervision and responsibility - use external consultants, with specific professional skills in the area, to execute technical operations necessary for the control function. These consultants must always provide the SB with the results of their work.

The SB, in supervising the effective activation of the Model, is provided with powers and responsibilities which it exercises in respect of the standards under the law and the individual rights of employees and other interested subjects, as follows:

- carry out or have carried out, under its direct supervision and responsibility, periodic inspections;
- access all the Company's information;
- request information or the exhibition of documents, from all the Company's employees, and, when necessary, from the Members of the Board, the Statutory Auditors, and from individuals assigned roles in accordance with that envisaged by the standards regarding protection of health and safety in the workplace;
- request information or the exhibition of documents from contract workers, consultants, partners, salespersons, and external representatives of the Company and in general all subjects of the Model, identified in accordance with that envisaged in section 8;
- make use of the assistance and help of employees;
- make use of external consultants in the case that problems arise which require assistance and specific technical knowledge;
- propose to the body or function which holds disciplinary power the adoption of any necessary sanctions, pursuant to section 11 below;
- periodically verify the Model and, when necessary, propose any changes or updates to the Board of Directors;

- define, in accordance with the Human Resources Director, the training programs for employees in the context of the issues in Legislative Decree 231/2001;
- periodically prepare, at least every half-year, a written report for the Board of Directors, with at least the contents indicated in section 9.6 below;
- in the case of serious and urgent issues arising during the course of their activities, immediately inform the Board of Directors;
- identify and periodically update, having heard the opinion of the directors/managers of dealings with counterparties, the types of subjects for the Model in relation to the legal relationship and activities carried out by the said counterparties with the Company.

The supervisory activities of the SB with regards to the efficacy of the Model are carried out through checks on the coherence between the concrete behaviour of the subjects and the Model itself, which includes sample checks on the main company actions and the largest contracts or deeds concluded or carried out by Dalmine in relation to the sensitive activities, and the conformance of the said activities to the rules pursuant to the present document.

The checks and their results shall be included in the report to the Board of Directors. In particular, in the case of inefficiencies identified in the Model, the SB shall outline the improvements to be enacted.

The Supervisory Body identifies its annual budget and submits it to the Board of Directors for approval.

#### **9.6. Flow of information to and from the organisation**

The Supervisory Body reports to the Board of Directors, including issues relevant to its own office and/or any urgent critical issues for the Model which are detected during its supervisory activities.

The SB has two reporting lines:

- the first, which is continuous, is direct through the Vice President and Managing Director;
- the second, half-yearly, is a written report submitted to the Board of Directors which outlines the following specific information:
  - a summary of the activities and checks carried out by the SB during the period;
  - any new types of offences envisaged under the Decree;
  - verification of any information received from external or internal individuals that regard possible violations of the Model and the results of the checks regarding the said information;
  - disciplinary procedures enacted based on proposal of the SB and any sanctions applied;
  - a general evaluation of the Model in terms of its actual functioning, with any proposals to add to or improve its form and content;
  - any changes to the legal framework of reference;
  - a statement of expenses sustained.

Minutes must be taken at meetings that the SB has with other bodies and a copy of the minutes must be filed by the SB and the individual corporate bodies involved.

The Board of Directors, the Chairman of the Board, Vice President and Managing Director and the Board of Statutory Auditors have the faculty to convene the SB at any time. Similarly, the SB has the faculty to request, through the competent functions or individuals, convening of the above mentioned Corporate Bodies for urgent reasons.

All the subjects pursuant to section 8 must inform the SB immediately upon becoming aware of facts, circumstances, or events which could create responsibility for Dalmine pursuant to Legislative Decree 231/2001.

Notifications can be carried out in accordance with one of the following methods:

- by e-mail: [complianceofficer231@dalmine.it](mailto:complianceofficer231@dalmine.it)
- by post: Supervisory Body

Dalmine SpA  
Piazza Caduti 6 luglio 1944, 1  
24044 Dalmine (BG)

- by telephone: +39.035.560.3541

If anonymous, indications must be specific, not generic, and must describe the acts and persons which are the subject of the indication in a detailed matter.

The above mentioned indications are required to be evaluated by the Supervisory Body which starts a process to ascertain the verity and legitimacy of the indications received.

The Supervisory Body undertakes to adopt appropriate measures to guarantee the privacy of the identify of the individual(s) who provide information,

The Company protects whistle-blowers in good faith against all forms of reprisal, discrimination, or penalisation, and ensures the privacy of their identities, without prejudice to obligations under the law and the protection of the rights of the Company and/or persons accused erroneously or in bad faith.

In addition to notifications relative to violations of a general nature and that have to do with actions or events relative to the SB's area of responsibility, the SB must also be informed of any information concerning:

- procedures and/or information coming from the police bodies or any other authority which indicates the carrying out of investigations, including of unknown persons, for offences in the case that the investigations involve Dalmine, its employees or members of Corporate Bodies;
- requests for legal assistance made to the Company by employees, in accordance with the National Collective Labour Contracts, in the case that legal proceedings are begun against the said employee;
- any reports that may be prepared by managers of other company functions in the context of their control activities and from which actions, events, or unperformed actions may be found with regards to the critical areas with respect to observance of the standards under Legislative Decree 231/2001;
- information relative to disciplinary procedures carried out and any sanctions imposed (including procedures against employees) or procedures regarding the filing of the said procedures with the related motivations, in the case that these are connected to the committing of offences or violations of the behavioural or procedural rules in the Model.

The Supervisory Body, through the definition of an operating procedure, establishes the additional types of information which managers involved in managing sensitive activities must report together with the schedule and methods by which the said communication shall be sent to the SB.

Each piece of information, notification, and report envisaged by the present Model shall be filed by the SB in a special database (either digital or paper) and kept for 10 years. Access to the database is allowed for members of the Board of Statutory Auditors and the Board of Directors, as long as it does not regard investigations of them, in which case it will be necessary to have authorisation from the Board of Directors, having heard the opinion of the Board of Statutory Auditors, and in any case as long as the said access is not nonetheless guaranteed under the standards of the laws in effect.

## 10. Provisions of service on the part of other companies

The provision of goods or services which may have to do with sensitive activities on the part of other companies, including those that are part of the Tenaris Group, must be governed by a written contract.

The contract between the parties must include the following clauses:

- the obligation on the part of the company providing the goods or services to attest the truthfulness and completeness of the product documentation and information provided to the Company in force of the obligations under the law;

- the commitment on the part of the company providing the goods or services to respect, during the duration of the contract, the fundamental principles of the Ethical Code and the Model, as well as the provisions under Legislative Decree 231/2001, and to operate in line with them;
- the obligation to fulfil any requests for information, data, or news on the part of the Company's SB.

The contract must also include the faculty for Dalmine to proceed to application of forms of self-protection (e.g. dissolution of the contract, application of penalties, etc.) in the case that a violation of the principles of the Ethical Code or the Model are discovered.

## **11. Sanction system**

### **11.1. General principles**

The Company condemns any type of behaviour that varies from the law or from the provisions of the Model, the procedures to enact the Model and the Ethical Code, including in the case that the behaviour is done in the interest of the Company or with the intention of obtaining an advantage for the Company.

All violations of the Model or the procedures established to activate the same, whoever may have committed them, must be immediately communicated in writing to the Supervisory Body, without prejudice to the procedures and provisions which are the responsibility of the person holding disciplinary powers.

The responsibility to inform the SB falls on all subjects of the Model.

After having received the information, the Supervisory Body must immediately begin the necessary verifications, while maintaining the privacy of the individuals against whom it is proceeding. Sanctions are adopted by the competent company bodies, in virtue of the powers conferred on them by the Company's internal statutes or regulations. After appropriate evaluation, SB informs the person holding disciplinary powers to begin the procedure with regards to the contentions and hypothetical application of sanctions.

The disciplinary system is subject to constant review and evaluation by the SB, the Legal Affairs Director, and the Human Resources Director. The HR Director is also responsible for the actual application of the disciplinary measures here outlined upon receiving indication from the SB, and having heard the information, if necessary, from the superior of the person who was responsible for the censured conduct.

In conformance with that established by the relevant standards and in observance of the principles of typical violations and typical sanctions, Dalmine intends to inform its employees of the behavioural provisions and rules contained in the Model, violation of which constitutes professional misconduct to be disciplined, as well as of the applicable sanctions, taking into account the gravity of the infraction.

### **11.2. Measures for middle managers, clerical workers, and labourers**

#### **11.2.1. Disciplinary system**

The violation of the individual behaviour rules pursuant to the present Model, on the part of employees subject to the National Collective Labour Contract used in Dalmine, constitutes professional misconduct. Disciplinary procedures which may be carried out in terms of the said employees, in respect of the procedures envisaged in article 7 of Law no. 300 of 30 May 1970 (known as 'Workers' Statute) and any special applicable standards, are those envisaged by the sanction framework of the said National Collective Labour Contract, specifically:

- verbal warning;
- written warning;
- fine;
- suspension from work and retribution up to a maximum of three days;
- dismissal.

This is without prejudice to, and they shall be considered to be cited here, all the provisions envisaged on the subject in the National Collective Labour Contract and the obligations to be observed in application of the sanctions, pursuant to Law 300/1970.

With regards to determining infractions, disciplinary procedures, and application of sanctions, the powers already conferred to company management shall remain unchanged, within the limits of the respective areas of responsibility.

### 11.2.2. Violations of the Model and associated sanctions

Without prejudice to the obligations resulting to the Company through the Workers' Statute and the applicable National Collective Labour Contract, behaviours which can be sanctioned are as follows:

- a. violation of internal procedures envisaged or indicated in the Model (e.g. non-observance of prescribed procedures, not communicating envisaged information to the SB, omission of controls, etc.) or adoption of, in carrying out operations connected with sensitive activities, behaviour that does not conform to the provisions of the Model or the procedures identified therein;
- b. violation of internal procedures envisaged or indicated in the Model or adoption of, in carrying out the operations connected to sensitive activities, behaviours that do not conform to the provisions of the Model or the procedures indicated therein that expose the Company to a situation objectively at risk for commission of one of the offences;
- c. adoption of, in carrying out the operations connected to sensitive activities, behaviour that does not conform to the provisions of the Model, or the procedures indicated therein, and unequivocally aimed at committing one or more offences;
- d. adoption of, in carrying out the operations connected to sensitive activities, behaviour that is clearly in violation of the provisions of the Model, or the procedures indicated therein, so as to determine the concrete application to the Company of the sanctions envisaged in Legislative Decree 231/2001.

Sanctions and any requests for payment for damages shall be commensurate with the level of responsibility and independence of the employee, as well as the existence of any previous disciplinary measures for the said employee, the degree of intention of the behaviour, as well as the seriousness of the same, meaning the level of risk which the Company could reasonably be considered to have been exposed to, pursuant to and in accordance with Legislative Decree 231/2001 – following the censured conduct and in any case within the limits imposed by the Collective National Labour Contract, General Regulations, third section, article 18 "Dealings in the Company".

Without prejudice to the obligations of Dalmine which derive from the Workers' Statute, behaviours which constitute a violation of the Model, combined with their relative sanctions, are as follows:

- 1) an employee who violates one of the internal procedures envisaged in the Model shall receive a "verbal warning" (e.g., one who does not observe the prescribed procedures, fails to communicate the envisaged information to the Supervisory Body, fails to carry out controls, etc.) or an employee who in carrying out operations in the context of sensitive activities adopts behaviours that do not conform to the provisions of the Model itself. Such behaviour constitutes a failure to observe the provisions established by the Company;
- 2) an employee who violates a procedure envisaged by the Model or adopts, in carrying out operations in the context of sensitive activities, a behaviour that does not conform to the provisions of the Model for the second time shall receive a "written warning." Such behaviour constitutes a repeated failure to observe the provisions established by the Company;
- 3) a worker who violates the internal procedures envisaged in the Model or who adopts in carrying out operations in the context of sensitive activities a behaviour that does not conform to the provisions of the Model and exposes the integrity of company resources to a situation of objective danger shall receive a "fine," which shall not exceed the amount the employee would receive for three normal hours of work. Said behaviours, carried out with a failure to observe the provisions issued by the Company create a situation of danger for the integrity of the Company's resources and/or constitutes actions that are contrary to the interests of the Company;
- 4) a worker who in violating the internal procedures envisaged in the Model or in adopting while carrying out operations in the context of sensitive activities behaviour that does not conform to the provisions of the

Model creates damages for the Company by carrying out actions that are contrary to the interests of the same, or a worker who repeats behaviour pursuant to points 1, 2, and 3 for the third time in a calendar year shall receive "suspension" of his/her service and retribution for a period that shall not exceed three days; Said behaviours, carried out with a failure to observe the provisions issued by the Company determine damage to the Company's resources and/or constitute actions that are contrary to the interests of the same;

- 5) a worker who adopts, in carrying out operations in the context of sensitive activities, behaviour that does not conform to the provisions of the Model and unequivocally directly commits an offence sanctioned under Legislative Decree 231/2001 shall be "dismissed with notice" (with the right of the employer to immediately exonerate the worker from their work activities seeing to liquidation of the relative payments). 231/2001. This behaviour constitutes a grave failure to observe the provisions issued by the Company and/or a grave violation of the worker's obligation to contribute to the prosperity of the same;
- 6) a worker who adopts, in carrying out operations in the context of sensitive activities, behaviour in violation of the provisions of the Model, such as to determine the concrete application of the measures envisaged under Legislative Decree 231/2001 to the Company shall be "dismissed without notice." As shall a worker who repeats the behaviour pursuant to point 4 more than three times in a calendar year. Such behaviour radically reduces the trust that the Company has in regards of the worker, constituting a serious moral and/or material injury for the same.

### **11.3. Measures for managers**

In the case of violation, on the part of managers, of the procedures envisaged in the Model or the adoption, in carrying out operations connected with sensitive activities, of behaviour that does not conform to the provisions of the Model, including violation of the obligation to supervise one's employees, the Company shall act to apply the most appropriate measures in conformance to that envisaged in the National Collective Labour Contract for managers of industrial companies for the said manager.

### **11.4. Measures for members of the Board of Directors**

In the case of violation of the Model on the part of one or more Members of the Board of Directors, the SB, in concert with the Director of Legal Affairs, informs the Board of Statutory Auditors and the entire Board of Directors so that they can take appropriate measures. Such measures may consist of, for example and not intended as an exhaustive list, revocation of powers and roles including dismissal in the case that the member of the Board of Directors who committed the violation is connected to the Company by a dependent employee contract. If necessary, that is to say in the case of Directors that are also managers at Dalmine, the SB and the Legal Affairs Director shall contact and involve the Human Resources Director for the aspects under his/her purview.

### **11.5. Measures for members of the Board of Statutory Auditors**

In the case of violation of the Model on the part of one or more Members of the Board of Statutory Auditors, the SB, together with the Director of Legal Affairs, informs the Board of Directors so that it can take appropriate measures.

## **12. Communication and training**

Communication and training relative to the Model is entrusted to the appropriate functions (Human Resources, Communications, etc.) which, coordinating with the Company's Supervisory Body, guarantee, through the methods held to be the most appropriate, distribution and effective informing of all the subjects pursuant to section 8.

Every significant change or updating of the present document shall be communicated to all company personnel through appropriate means (e.g. publication on the company intranet and/or special communications) under the responsibility of the competent functions.

Instead, new employees shall receive a set of information (Ethical Code, copy of the present document, etc.) which ensures that the said new employees shall have the knowledge considered to be of primary importance; at the same time the said new employees are requested to sign a form attesting that they have received the said information.

The SB determines the methods to distribute the Model to subjects external to the Company.

It is the responsibility of the Company to activate and formalise specific training programs, with the purpose of guaranteeing actual knowledge about the Decree, the Ethical Code, and the Model on the part of all company management and functions. Provision of the training must be differentiated based on whether the training is intended for general employees, employees working in specific at-risk areas, the Supervisory Body, the Directors, etc., on the basis of the analysis of the responsibilities and training needs prepared by Human Resources Management.

Training of personnel for the purposes of activating the Model is obligatory for all subjects and is managed by Human Resources Management in close cooperation with the Supervisory Body which shall take measures to ensure that the training programs are effectively carried out.

The Company guarantees establishment of means and methods to ensure that training initiatives and registration of the presence of participants remains traceable, as well as the possibility to evaluate the level of learning and appreciation of the course, for the purposes of developing new training initiatives and improving existing ones, including through comments and suggestions on content, material, instructors, etc.

The training and its content, which may also take place remotely or through the use of IT systems, is supervised by the Supervisory Body and is provided by experts in the provisions dictated by the Decree.