

ORGANIZATION, MANAGEMENT AND CONTROL MODEL

GENERAL PART

• The System of Administrative Liability of Legal Persons

The Legislative Decree 8 June 2001, n. 231, introduced in Italy the "Regulation of the administrative liability of legal persons, companies and associations, even without legal personality" (hereinafter, for brevity, also "Legislative Decree 231/01" or the "Decree"), which is part of a broad legislative process to combat corruption.

The Decree establishes an administrative liability regime for legal persons (hereinafter referred to as body/bodies) which adds to the responsibility of the natural person who commits the crime.

The crime, however, must be committed in the interests or for the benefit of one or more bodies.

• Persons subject to Legislative Decree no. 231 of 2001

The subjects who, by committing a crime in the interest or for the benefit of the Entity, can determine their responsibility are:

- Apical subjects: they are the physical persons who hold top positions (representation, administration, management, control, etc.);
- Subordinated Subjects: are the natural persons subject to the Apical Subjects.

• Predicate Offenses

The Decree refers to the following types of crime:

- (i) Offenses against the Public Administration;
- (ii) Computer crimes and data processing;
- (iii) Organized crime offenses;
- (iv) Crimes relating to counterfeit currency, public credit cards, stamp duties and identification instruments or signs;
- (v) Crimes against industry and commerce;
- (vi) Corporate crimes;
- (vii) Crimes for the purpose of terrorism or subversion of the democratic order;
- (viii) Practices of mutilation of female genital organs;
- (ix) Crimes against the individual;
- (x) Crimes of market abuse;
- (xi) Crimes of manslaughter or serious or very serious injury;
- (xii) Crimes of receiving, laundering and using money, goods or utilities of illicit origin, self-laundering;
- (xiii) Crimes related to the infringement of copyright;
- (xiv) Offense of inducement not to make statements or to make false statements to the judicial authority;
- (xv) Environmental crimes;
- (xvi) Transnational offenses;
- (xvii) Crime of employment of third-country nationals whose stay is irregular;
- (xviii) Crime of racism and xenophobia;
- (xix) Fraud in sports competitions.
- (xx) Tax Offences.
- (xxi) Smuggling
- (xxii) Crime against cultural heritage
- (xxiii) Laundering of cultural property and devastation and looting of cultural and landscape property

• The penalties provided for in the Decree

The following types of penalties are provided:

- a) Administrative pecuniary sanctions;
- b) Disqualification penalties;
- c) Confiscation of the price or profit of the crime;
- d) Publication of the sentence.

• **Model 231 of C.I.A.P. Costruzione Italiana Apparecchi Precisione S.p.A.**

C.I.A.P. S.p.A., aware of the importance of company values, together with the fundamental principles of professional correctness and loyalty, as well as the transparent competition on the marketplace by all the subjects operating in it, considered it appropriate to equip itself with its own Organization, Management and Control Model pursuant to Legislative Decree 231/01.

Furthermore, C.I.A.P. S.p.A., in accordance with the provisions of the Decree, has set up a Supervisory Body (Supervisory Body), which has the task of supervising the functioning, effectiveness and observance of the Model itself, as well as taking care of updating it.

The prepared Model proposes the following purposes:

- prepare a prevention and control system, to reduce the risk of commission of crimes;
- make everyone aware of the possibility of incurring a criminal offense;
- also inform third parties, because the violation of the Model involves the termination of the contractual relationship.

The Model was constructed identifying, first of all, the areas at risk of crime or instrumental to the commission of crimes and, consequently, the behaviours to be applied to prevent their occurrence.

It consists of two parts, General and Special.

The General part contains the general, informational indications on the overall process implemented by the entry into force of Legislative Decree 231/01.

The Special section contains the list, specifically, of the crimes in which it is possible to incur, the areas at risk and the behaviours to be followed in order not to commit a crime.

Fundamental part of the Model is our Code of Conduct, aimed at enunciating the precepts to be respected in carrying out our business. The Company, the employees and all those who act in its name and on its behalf are inspired by the values of transparency, correctness and ethics.

The Code identifies the guiding principles and fundamental behavioural guidelines that the recipients of the same Code must observe in the performance of their duties and activities.

The recipients of the Code are all those who, directly or indirectly, have established relationships or links of any kind and duration with the Company.

Other components of the Model, in addition to the Code of Conduct, are the company procedures: the Organizational System, the organization of the Company in the field of Health and Safety at work and in the environmental field, the Procedural System, the System for managing financial resources, Outsourced processes, Authorization and signature powers, Communication and training.

• **The Supervisory Body**

It is a body with its own powers of initiative and verification. It has its own internal regulation which governs its operation. The members are autonomous and independent, they have technical-professional competences adequate to the functions they are called to perform. It is a point of reference for the Company.

The C.I.A.P. S.p.A. Board of Directors decides the number of members and appoints those who will hold the role of members of the SB. He remains in office, as a rule, 3 years.

The SB is therefore assigned specific tasks which, to be carried out, provide for a series of activities implemented through the powers conferred on the organization, without which it could not act, with a single purpose: to monitor the functioning and compliance with the Model, as well as updating it.

In order to carry out its tasks, the SB must be constantly informed of what is happening. The obligation of information flows is designed as a tool for the SB to:

- be able to concretely monitor the effectiveness and effectiveness of the Model;
- ascertain the causes that made possible or contributed to the occurrence of the crimes provided for by Legislative Decree 231/01;
- improve its control planning activities.

The Company has adopted specific information channels in order to guarantee confidentiality and facilitate the flow of information.

For communications, the e-mail address is as follows: CiapOdvComunicazione@ciapsa.com.

For reports of any violations or illegal conduct, the e-mail address is as follows:
CiapOdvSegnalazione@ciapspa.com.

The Company guarantees that there will be no retaliation, discrimination or, in any case, penalties against the reporting parties, ensuring the confidentiality of the person making the report, unless otherwise provided by law.

• **Sanctioning system**

Failure to comply with the rules and provisions contained in the Model, in the Code of Conduct and in the relative procedures affects, by itself, the relationship of trust existing with C.I.A.P. S.p.A. and involves actions of a disciplinary and disciplinary nature.

The penalty system complements the current national collective labour agreement, applied to the Company's workers. The violation therefore constitutes a breach of the obligations deriving from the employment relationship pursuant to the Civil Code.

The type and extent of the penalties will be applied in proportion to the seriousness of the violation.

• **Sanctions for Associates**

The behaviors of Associates in violation of the rules contained in the Model, in the Code of Conduct and in the procedures are defined as disciplinary offences. The Associate must observe both the provisions of a legal nature and those of a contractual nature.

For the purposes of this system of sanctions, the disciplinary measures that can be issued against the Associates of C.I.A.P. S.p.A. , pursuant to the National Collective Labor Agreement of the Metalworking Companies, may consist of:

- a) Verbal reprimand;
- b) Written reprimand;
- c) Fine, not exceeding the amount of 3 (three) hours of hourly wages;
- d) Suspension from pay for a period not exceeding 3 (three) days.

The proceeding starts following the communication with which the SB becomes aware of any violation of the Model, the Code of Conduct and the procedures. The SB has the obligation to carry out the investigations and checks falling within the scope of its activity and deemed necessary. At the end, the SB evaluates, on the basis of the elements collected, whether a punishable violation has actually occurred. If so, report the violation to the Chairman of the BoD and to the HR Division. If not, it sends the report to the BoD so that it can evaluate the possible relevance of the conduct with respect to other applicable laws or regulations.