



ETHICAL CODE

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A ETHICAL CODE

A.1 INTRODUCTION

Owing to the complexity of the situations where Acciai Speciali Terni¹ is working, the need is felt to define in the clearest possible way the values that are recognised, accepted and applied at Acciai Speciali Terni and the responsibilities that are assumed towards personnel and third parties. This Ethical Code (hereinafter the Code) has been worked out for this reason, and its compliance by administrators, employees and collaborators plays a basic role to guarantee reliability to our company in a market where a positive image is a pre-requisite for competition.

As a result, this Code expresses the ethical commitments and responsibilities that are undertaken by all employees of the Acciai Speciali Terni group, including the administrators and collaborators of the member companies, in the fulfilment of their company duties.

A.1.1 The mission of Acciai Speciali Terni

Acciai Speciali Terni is one of the leading European makers and traders of special steels, mainly flat of stainless steel products, whose principal mission is to create value for its stakeholders, pursue customer satisfaction and seek the professional growth of its human resources.

A.1.2 Ethical principles – Relationships with Acciai Speciali Terni stakeholders

Acciai Speciali Terni must fulfil the lawful expectations of its stakeholders, that is of those subjects (meaning people, groups or organisations) that maintain significant relations with the company and who are interested in the conduct of its business to a varied extent and consistently with the corporate scope.

In particular, stakeholders include shareholders, employees, contractual parties, customers, suppliers and business partners. In a wider sense, stakeholders are all those individuals or groups, organisations and institutions whose interests are affected directly or indirectly by the activities of Acciai Speciali Terni either because they exchange services or goods with the company or because they are affected by those exchanges, namely: local and national communities, environmental associations, future generations, etc.

In summary, the stakeholders of Acciai Speciali Terni are:

- Shareholders
- Administrators
- Employees and collaborators
- Customers
- Suppliers
- The Public Administration
- Environmental associations
- The community

Acciai Speciali Terni wishes to maintain and develop that trustful relationship that is existing with its shareholders in the first place and then with its administrators, employees, collaborators, customers, suppliers, business partners and third parties.

This Code mirrors the ideal of cooperation that goes to the mutual benefit of the involved parties, in compliance with each one's role. Acciai Speciali Terni therefore requests that every one of the above subjects behaves in compliance with those standards and rules that express similar ethical principles.

¹ In the following paragraphs, " Acciai Speciali Terni" shall mean all group companies. The group is composed of Acciai Speciali Terni S.p.A. and its subsidiaries.

A.1.3 Ethical commitments of the company

As this Ethical Code defines the commitments of Acciai Speciali Terni towards its stakeholders, its real compliance is a benchmark to assess the reliability of Acciai Speciali Terni.

This Ethical Code is composed of:

- General principles for relationships with stakeholders, defining the generic reference values of Acciai Speciali Terni;
- Criteria for business conduct (with customers, suppliers, the Public Administration and other stakeholders, like environmental associations and the community), providing detailed guidelines and standards which the administrators, employees and collaborators of Acciai Speciali Terni must comply with according to the above general principles to avoid the risk of unethical behaviours;
- Relationships with employees and collaborators;
- Controls, that is the system that checks compliance with the Ethical Code and assures its continuous improvement.

A.1.4. Scope and term of the Code

The rules contained in this Code:

- supplement the guidelines on the conduct that each employee must keep according to laws in force and the prescriptions of their labour contracts. Compliance with the Code is an essential part of the contract they have entered under art. 2104 of the Civil Code²;
- are in line with the prescriptions of law 231/2001 and law 61/2002 on the “Administrative Liability of Corporations”, concerning crimes against the Public Administration and “corporate offences”.

The administrators, employees and collaborators must be familiar and compliant with the Code, contribute to its application and report any imperfection. Acciai Speciali Terni undertakes to foster and promote the knowledge of the Code by its recipients. Any behaviour that is contrary to the text and spirit of the Code shall be punished as provided in the company disciplinary system.

Taking into consideration that, as described in Chapter A.3 of this Ethical Code, Acciai Speciali Terni has adopted a Policy for the Prevention of Corruption in compliance with the UNI ISO 37001: 2016 Standard, any infringements of the same will be equally sanctioned according to the above mentioned Disciplinary System.

This Ethical Code applies to all companies of the Acciai Speciali Terni group and it governs the behaviours of all its administrators, employees or collaborators³. Furthermore, Acciai Speciali Terni requests that all subsidiaries or affiliates or any involved subject behave in line with the general principles contained in this Code.

The Ethical Code shall be applicable in Italy and abroad, while taking account of the different cultures, societies and economies of the countries where Acciai Speciali Terni has business.

A.2 GENERAL PRINCIPLES

A.2.1 Honesty

Honesty is the basic principle governing all actions, reports, communications and operations by Acciai Speciali Terni.

Relations with the stakeholders at any level must be inspired to the criteria of correctness, cooperation, loyalty and respectful behaviour.

² “Art. 2104: Employee’s Diligence. The employee must apply as much diligence as required by the nature of the performance rendered, to the benefit of the company and in the higher interest of the national profit. The employee must also stick to the regulations on work execution and discipline as prescribed by the employer or the employer’s collaborators the employee is subordinate to”.

³ To this purpose, the Board of Directors of each company belonging to the group must apply this Code (subject to any amendment thereto as required) and pass the decision giving way to its application.

A.2.2 Compliance with laws

Within their scope of action, the employees and collaborators of Acciai Speciali Terni are required to comply with the laws, this Ethical Code and with company regulations. In no case can the pursuance of Acciai Speciali Terni profit justify any misconduct or a conduct involving obstruction of justice or that however induces someone to deliver false statement or representation to the judicial authority.

A.2.3 Confidentiality

Acciai Speciali Terni must guarantee confidentiality of information, unless an explicit and grounded authorization is given to their disclosure under the current laws and regulations.

Moreover, the employees and collaborators of Acciai Speciali Terni must not use confidential information for a purpose that is different from the purposes of their job performance.

A.2.4 Correct behavior in the case of conflicts of interests

Any situations must be avoided where the parties involved in a transaction fall or may seem to fall in a conflict of interests. That means that no employee or collaborator may pursue an interest other than the company mission or the stakeholders' benefit balancing, or make profit either "personally" or through an intermediary person of a business opportunity provided by the company, or where the representatives of customers, suppliers, public institutions or EC authorities act in collision with the corporate scope in the performance of their activity.

A.2.5 Relations with partners and value creation

Acciai Speciali Terni must create the conditions that are necessary to diffuse a conscious involvement of partners in the making of decisions involving them, promote equality among partners, provide them with exhaustive information and protect their interests.

Acciai Speciali Terni must make any effort so that the general management of resources is such to protect and possibly increase the value of our organisation.

A.2.6 Focus on people

Acciai Speciali Terni must protect the physical and moral integrity of people and guarantee working conditions that are respectful of personal dignity. No demands or challenges will be permissible that induce people to act against the law or this Ethical Code or to keep conducts that are in collision with the personal and moral beliefs of everyone. In particular, Acciai Speciali Terni is committed to protect and promote the worth of human resources, in order to improve and increase the wealth and knowledge of each collaborator.

Acciai Speciali Terni is supportive of human rights in conformity with the Universal Declaration of Human Rights of the UN Organisation, with the European Convention for the Protection of Human Rights and Fundamental Freedoms and with the Charter of Fundamental Rights of the European Union (CDFUE).

A.2.7 Health, safety and the environment

Acciai Speciali Terni is committed to provide employees and collaborators with safe and healthy working conditions that ensure their physical and moral integrity, are respectful of their personal dignity and provide a safe and healthy working environment.

Acciai Speciali Terni applies and maintains appropriate management systems aimed to identify, anticipate and react against possible hazardous situations, in order to guarantee the health and safety of all collaborators.

Acciai Speciali Terni pays special attention to verify that all safety and health regulations regarding the working environments under its responsibility are consistently implemented and complied with. This is especially important because the working activities that are developed inside any steelmaking unit are potentially dangerous due to the characteristics of the working places and the operations that are developed inside them.

The risks to which steel workers are potentially exposed (heat, chemical, noise, squeezing, cutting, etc.) must be carefully identified and monitored, as there is practically no department where they can be excluded, at least partly.

For this purpose, a Risk Assessment Paper has been worked out according to art. 28 of legislative decree 81/08, where every possible risk (electric, mechanic, chemical, fire, microclimate, computer screen etc.) which the collaborators of Acciai Speciali Terni S.p.A. may have to face has been analysed. This Paper will be updated from time to time, whenever the experience accrued suggests the need to increase the current safety standards of the company.

A fundamentally important step has been the preparation of an Organisation Chart, where all company roles are arranged into a strict hierarchical structure. Moreover, special safety and health mandates and powers are assigned whereby a responsible person is identified in every department to whom the responsibilities and duties connected to a correct and capillary handling of this important issue are assigned.

A special internal structure has been set up in a staff position with respect to the Factory Department – Employer which is named EAS – Ecology, Environment and Safety. Its purpose is to provide consultancy and assistance, including on occupational safety and health matters and the protection of working environments to whomever is involved in the working operations of Acciai Speciali Terni S.p.A.; in addition, whenever the needs arises, the company can rely on the help of external consultants in order to improve the results of what is done to comply with the prescriptions of this section.

Great importance is attached to personnel training and information, which is arranged and developed continually by Acciai Speciali Terni S.p.A. to assure that occupational safety and health rules and environmental regulations are applied as correctly and completely as possible. Training is provided to newly-recruited employees or whenever personnel are relocated to a different site or moved to a different position or when new equipment or technologies are introduced or potentially harmful substances or products are used. Moreover, employees are made to attend refresher courses from time to time.

Jobs are regulated by means of specific internal documentation (e.g. Procedures, Standard Operating Practices), an actual guide through the development of all operations with an explanation of the individual steps that may prevent injuries or the exposure of collaborators to harmful substances, heat, noise etc. or other events able to provoke a disease.

Acciai Speciali Terni S.p.A. is especially careful to the use of personal protection equipment (PPE) by every collaborator according to law. In this respect, all employees are provided with their own protection means as soon as they start working for the company and after that they are trained on the correct and efficient use of injury prevention means.

The works carried out by external contractors inside the company's production sites are strictly monitored. All contractors – either individuals or companies – are only selected if they prove to own the required working capabilities and not only based on their economic profitability. After contract award, contractors are made aware of the obligation to comply with the company's safety rules and regulations, as specified in this section.

A.2.8 Impartiality

In making any decisions that may impact the relationships with stakeholders, Acciai Speciali Terni avoids any discrimination based on the age, sex, health, race, nationality, political opinions and religious beliefs of its partners.

A.2.9 Environment protection

The environment is a primary asset that Acciai Speciali Terni is committed to protect; to this end, the company must carry out its activities trying to balance economic profit and environmental protection and avoid hazards for the people and nature in compliance with environmental regulations.

A.2.10 Responsibility to the community

Acciai Speciali Terni is aware of the impact that its activities can even indirectly have on living conditions, economic and social development and the general welfare and of the importance of receiving acceptance from the community where it belongs. For this reason, Acciai Speciali Terni intends to invest in an environmentally sustainable manner while respecting local and national communities.

As evidence that sustainability is a fundamental value for Acciai Speciali Terni S.p.A., in 2019 it has been drafted and published its first Sustainability Report: a choice of transparency and social responsibility towards stakeholders and the community.

A.3 BUSINESS CONDUCT

In doing business, the conduct of Acciai Speciali Terni is inspired to the principles of loyalty, fairness, accountability, efficiency and trade openness.

The employees of Acciai Speciali Terni and any collaborators whose actions may be referred to its activities in any way, are required to behave correctly in their dealings with Acciai Speciali Terni as well as with the Public Administration and the EC institutions, independently from the competitiveness requirements imposed by the market or the importance of the business carried out.

FIGHT AGAINST CORRUPTION

Aware of the negative impacts that the corruption phenomenon is able to entail not only on social and economic progress, but also on business, Acciai Speciali Terni allows no form of corruption.

In particular, any conduct that consists in offering, promising, paying, receiving, claiming, authorizing - directly or indirectly - undue advantages of any kind (such as, for example, goods, money or other benefits) that can be considered suitable to illicitly influence the relations between Acciai Speciali Terni and its counterparties whether public or private is prohibited.

With the aim to harmonizing the anticorruption measures already implemented, as well as increasing awareness in their own stakeholders about the rules and behaviours to be complied with, Acciai Speciali Terni S.p.A. has implemented a Management System for the Prevention of Corruption compliant with the UNI ISO 37001: 2016 standard and has consequently adopted its own Policy for the Prevention of Corruption. Therefore, Acciai Speciali Terni S.p.A. makes the above mentioned Policy available to all its stakeholders and requires to be compliant with it.

CONFLICTS OF INTERESTS

The employees and collaborators of Acciai Speciali Terni must avoid all those situations and actions where interests can be conflicting with the company profit or that may interfere with their ability to be impartial in making decisions to the best interest of the company in full compliance with the Code. Any situation which might create a conflict of interests must be immediately reported to the appropriate manager. In particular, all employees and collaborators of Acciai Speciali Terni must avoid conflicts between their personal and familiar economic interests and their contractual responsibilities with the company. This includes, although is not limited to, the following conditions:

- Economic and financial interests which the employees or their families hold in the assets of suppliers, customers or competitors;
- Use of their position in the company or the information received in office in a way that can create a conflict of their personal interests with company profit;
- Any kind of performance rendered to the customers, suppliers or competitors of the company; or
- Acceptance of money, favours or benefits from people or companies that are or would like to enter into business relationship with Acciai Speciali Terni.

PRESENTS, GIFTS AND OTHER BENEFITS

The employees and collaborators of Acciai Speciali Terni cannot give or offer money or material benefits of any type or size, either directly or indirectly, to third parties, public officers and civil servants, EC officers or individuals in order to steer or reward their behaviors.

Commercial courtesy, like compliments or hospitality, can only be allowed if their commercial value is small (approximately no more than 50 €, threshold even lower in case of invitations if the recipient is a public official) and however if they do not compromise the integrity or reputation of either party and provided they cannot be seen by an impartial observer as a way to gain benefits improperly. However, recreational costs must always be authorised by the appropriate function according to company procedures and be properly documented.

Any employee or collaborator receiving gifts or special favors that go beyond pure commercial courtesy must inform their superior.

CHARITIES / DONATIONS TOWARDS ASSOCIATIONS AND NO PROFIT ORGANIZATIONS

In case of charities, such as donations and contributions, to organization operating in the social utility or non-profit area, when choosing the project to which adhere, particular attention will be paid to any possible conflict of personal or corporate interests. The transparency of each donation / contribution must be

guaranteed. It's therefore necessary to know the recipient of the donation / contribution and it's always advisable to guarantee in a transparent manner the reason for the donation / contribution, as well as to trace how it is used.

Some donations / contributions are in any case prohibited, including:

1. to individuals or profit-oriented organizations;
2. on private bank accounts;
3. to organizations whose scopes are not aligned with Acciai Speciali Terni values.

A.3.1 Relations with the shareholder

A.3.1.1 Governance sharing

The shareholders' meetings are the best occasion for establishing a profitable dialogue between the shareholders and the company directors.

A.3.1.2 Compliance with reference standards

Acciai Speciali Terni applies a corporate governance system that is conforming to the law and is mainly directed to:

- o guarantee the maximum accountability to the company stakeholders;
- o control management risks; and
- o fulfil the shareholder's reasonable expectations.

A.3.2 Relations with customers

Acciai Speciali Terni pursues its mission by supplying quality products at competitive terms in compliance with fair competition rules.

Acciai Speciali Terni acknowledges that the appreciation of its products by customers is fundamental to its success. All employees and collaborators of Acciai Speciali Terni must:

- o fulfil the company procedures on the conduct of customer relations;
- o deliver high-quality products in an efficient, polite and timely way, as provided contractually, in order to meet the reasonable expectations and requirements of customers;
- o provide accurate and exhaustive information on products and services, so to help customers to make decisions in full awareness; and
- o deliver truthful information when advertising its products on in different types of communication.

A.3.3 Relations with suppliers

In tendering for contracts, purchasing or providing goods and services, all employees and collaborators of Acciai Speciali Terni must:

- o comply with company procedures on selection of and relations with suppliers;
- o accordingly / compatibly to internal selection process adopted, never bar any qualified supplier from the opportunity of competing for the award of a contract by Acciai Speciali Terni; apply objective evaluation criteria in supplier selection according to well-established and transparent criteria;
- o fulfil all contractual prescriptions; and
- o maintain a sincere and open dialogue with suppliers, in line with fair trade customs.

All suppliers are obliged to comply with the current labour laws with special attention to:

- o the employment of minors and women, immigrants and in general the so-called weak and/or protected categories of people;
- o hygiene, health and safety conditions in the workplace, union rights and association and representation rights.

A.3.4 Public Administration

A.3.4.1 Relations with the Public Administration

Any relations with Public Authorities, the EC organs, public officials and civil servants are reserved exclusively to those company functions who are expressly delegated to these contacts.

The employees and collaborators of Acciai Speciali Terni cannot give, promise or offer any public officials, civil servants or employees in general either working for the Public Administration or any other Public Authority money, assets or benefits in order to promote or foster their own interests.

As a result, it is forbidden to offer public officials or civil servants of any kind, whether national or foreign, and their family members either directly or through an intermediary person, any type of gift or benefit which may affect their free decision or induce them to guarantee an advantage to Acciai Speciali Terni. This rule admits no exception, including in those countries where offering valuable gifts to trade partners is customary. Any employee or collaborator being proposed an advantage either directly or indirectly, under the bestowal or promised bestowal of money, assets or other benefits from public officials or civil servants or employees of any kind of the Public Administration or other Public Authorities according to this section must report the case immediately to a member of the Supervisory Authority, if an employee, or to their contact person, if a third party.

A.3.4.2 Correct information to the Public Administration

Any relations of Acciai Speciali Terni with the government or with national, EC or international bodies is only referred to a type of communication needed for the explication of business, a response to informal requests or acts by the inspecting authorities or, however, to publicise the company attitude on significant topics.

Furthermore, company administrators, employees and collaborators as well as third parties cannot:

- falsify and/or alter reports in order to obtain an illicit advantage or a benefit of any kind on the company's behalf;
- falsify and/or alter documental data in order to obtain the favour of or approval to a project that is not compliant with the relevant regulations; or
- allocate public funds to uses other than those for which they were issued.

A.3.4.3 Antitrust and regulatory authorities

Acciai Speciali Terni is fully and strictly compliant with the rules issued by market regulatory Authorities, so it must not retain, hide or defer any information which may be requested by antitrust or other authorities in the course of any audit.

A.3.5 Relations with the community

A.3.5.1 Relations with the unions

Acciai Speciali Terni cannot grant funds of any type, either directly or indirectly, to political parties, associations, committees, organisations or unions, to their representatives or candidates, with the exception of those contributions that are due under special laws.

A.3.5.2 Relations with mass media

Any information delivered outside the company must be truthful and accountable. Relations with the mass media are the exclusive responsibility of the delegated company functions and any relevant action must be agreed upon beforehand with the corresponding function at AG.

Employees and collaborators can deliver information to the mass media, having been authorised to do so by the appropriate company functions.

In no way can employees or collaborators offer or promise money, gifts or benefits as may affect the professional conduct of mass media representatives or be reasonably considered as such.

A.3.6. Health Safety and the Environment

In conducting its business, Acciai Speciali Terni is committed to the development and welfare of the surrounding community, and it pursues the safety and health of its employees, collaborators, customers, suppliers and the community involved at the same time as it tries to reduce the environmental impact of its workings.

Any industrial operation must be executed in full compliance with the current regulations on injury prevention and personal protection and on environmental safeguard.

Working management must make reference to advanced criteria of environmental safeguard and energy saving, while striving to improve the collaborators' safety and health.

Technological research and innovation must be aimed to promote those products and processes that are more compatible with the environment as well with the workers' safety and health.

Employees and collaborators must, in their scope of action, join in the process of risk prevention, environmental safeguard, health protection and safety for themselves, their colleagues and third parties. All employees are obliged to strictly apply any work safety and health prescriptions governing their activity and coexistence in the workplace.

A.3.7. Transparency of bookkeeping and budgets

A.3.7.1. Bookkeeping

To be transparent, bookkeeping must be based on a truthful, accurate and complete information for each book entry. Every involved subject must cooperate to represent management facts correctly and timely in the books.

Each accounting movement must be supported by appropriate documentation for:

- easy bookkeeping;
- identification of responsibilities, and
- precise traceability of movements, also as a way to reduce the risk of mistaken interpretation.

Each book entry must mirror exactly the contents of the supporting documentation. Every employee and collaborator is responsible for the traceability of papers and for listing them according to logical criteria.

Any employee or collaborator being aware of omissions, counterfeits or negligence either in bookkeeping or in the supporting documentation must report them to their manager or the supervisory authority.

A.3.7.2. Budgets

Special care must be devoted to the transparency, accuracy and completeness of balance-sheet information. The employees and collaborators of Acciai Speciali Terni who are aware of omissions, counterfeits or negligence either in the balance-sheet or the supporting documentation must report them to their manager or the Supervisory Authority.

A.4 RELATIONS WITH EMPLOYEES AND COLLABORATORS

A.4.1. HR policies

Human resources are a key factor for company existence. The commitment and professionalism of employees are both assets and prerequisites for the pursuance of the objectives put forward by Acciai Speciali Terni.

Acciai Speciali Terni is committed to the develop the skills and knowledge of each employee and collaborator and to offer them equal work opportunities, by making sure that everybody can enjoy a similar treatment based on merit and without any discrimination. The appropriate functions must:

- apply merit criteria based on skills and professional performance when making any decision concerning a collaborator;
- select, hire, train, pay and supervise employees and collaborators without any discrimination; and
- create a working environment where the personal characteristics of everyone will be no cause for discrimination.

Acciai Speciali Terni plays its entrepreneurial role by ensuring safe working conditions and protecting the physical and psychological integrity of every collaborator, in compliance with their moral personality, and by avoiding that any worker is subject to illicit conditioning or uneasiness. Acciai Speciali Terni is committed to compliance with the current labour laws, especially regarding the employment of minors and women and of the so-called weak and/or protected categories of people, and to the respect of union rights and association or representation rights. In addition, it has undertaken to comply with the laws on clandestine immigration and foreign-people conditions.

Acciai Speciali Terni expects that all employees and collaborators at any level will cooperate in maintaining a climate of mutual respect of everyone's dignity, integrity and reputation. Acciai Speciali Terni will take action whenever required in order to stop any interpersonal relations that may be injurious or defamatory or however prejudicial to somebody else's personality.

A.4.2 Privacy

Subject to the current laws and in particular to the principles of lawfulness, fairness and transparency pursuant to EU Regulation 2016/679, the right of employees and collaborators to protect their privacy is governed by a set of working standards specifying how to process and maintain any information received from them.

Any survey on the ideas, likes and dislikes, preferences and in general on the private life of employees and collaborators is forbidden. The standards also prescribe the prohibition to spread and/or disclose anyone's personal information, without the involved subject's prior authorisation, subject to any lawful exceptions.

The personal data of employees and collaborators are collected for specific, explicit and legitimate purposes.

A.4.3. Safety and health

Acciai Speciali Terni is committed to the improvement and diffusion of the awareness of safe behaviours, increasing the workers' awareness of risks, promoting their a responsible behaviour from all collaborators in order to preserve their own safety and health.

A.4.4. Promotion and training of employees and collaborators

All the existing skills in the organisation are promoted through the leverages for the development and growth of human resources. To this end, the corporate policies of Acciai Speciali Terni are aimed to create and maintain the necessary conditions so that the skills and expertise of every employee and collaborator are emphasised and improved.

A.4.5. Obligations of employees and collaborators

Every employee or collaborator must act loyally in compliance with their contractual obligations and the prescriptions of this Code while rendering the requested performance.

Handling of information

Each employee or collaborator must be familiar with and apply the company policy concerning security of information in order to guarantee data integrity, confidentiality and availability.

Use of company assets

Any employee or collaborator must behave diligently in treating the company assets and apply a responsible behavior in compliance with the working procedures that deal with their use. Every employee or collaborator must be responsible for safeguarding the company assets. In particular, they shall:

- use the assets they are responsible for in a careful and diligent way; and
- avoid any improper use which may cause damage or loss of efficiency or that however may be contrasting with the company profit.

When dealing with IT devices, each employee or collaborator must:

- apply company policies and procedures scrupulously in order not to endanger the function and security of IT systems;
- refrain from sending e-mail messages that can cause personal offence and/or endanger the company image outside; and
- use only those web sites that are pertaining and useful to the execution of their tasks, with specific reference to the crimes related to law 48/08.

A.4.6. Relations with collaborators

Every collaborator (including consultants, dealers, brokers, agents, etc.) must respect the principles set forth in the Code. To this purpose every collaborator, with respect to the performance of their tasks, must:

- comply with company principles and procedures when selecting collaborators and handling their relations with them;
- only select those people or companies that are qualified to fulfil requirements;
- keep any information in due consideration when deciding to use given collaborators;
- report immediately any suspected breach of the Code by collaborators; and

- when provided in the procedures, complete the text of contracts with the explicit obligation to comply with the Code prescriptions.

In any case, any service from a collaborator must be paid for proportionately with their contractual performance and no payment can be granted to subjects other than those provided in the contract or in a country other than where the parties reside or where the contract is carried out.

A.5 INTERNAL CONTROL SYSTEM AND APPLICATION OF THE ETHICAL CODE

A.5.1. Internal control system

It is the policy of Acciai Speciali Terni to spread at any level the awareness that controls are in place and that a control-oriented mentality is required. Attitude towards controls must be factual, for the useful contribution that controls provide to improvement of efficiency.

Internal controls mean all those tools that are necessary or useful to direct, manage and check the company operation in order to ensure compliance with the law and the corporate procedures, protect the company assets, manage the business efficiently and provide accurate and complete accounting and financial information.

As a whole, the internal control system must guarantee as far as possible:

- compliance with laws, procedures and the Ethical Code;
- compliance with corporate strategies and policies;
- pursuance of company objectives;
- protection of company tangible and intangible assets;
- efficiency and effectiveness of company management; and
- reliability of accountancy and management information from inside and outside the company.

Every hierarchical level of the company is responsible for exercising an efficient control system. As a result, all employees and collaborators of Acciai Speciali Terni, as restricted to their own tasks, are responsible for defining and implementing the control system properly.

The functions that are responsible for checking the availability, efficiency and effectiveness of the internal control system are.

- the Supervisory Authority
- the Risk Manager
- the Board of Statutory Auditors
- the Internal Audit function
- the Governance dept
- the Quality Assurance function.

A.5.2. The tasks of the Supervisory authority on application and control of the Ethical Code

Concerning the application of the Ethical Code, the Supervisory authority must:

- report to the Board of Directors from time to time on the progress of their work, by stressing any significant breach of the Code;
- express opinions on the consistency of the most significant company policies and procedures with the Ethical Code; and
- revise, with the support of the company relevant functions, the Ethical Code periodically (the check regarding the opportunity to update the Ethical Code is carried out at least annually).

To this end, the Supervisory authority must consider:

- ethical communication and training plans for the involved subjects; and
- any criticalities found during the audit of the Code application.

Besides, the Supervisory authority is charged with the following tasks:

- check the Code for application and compliance by means of ethical auditing, which shall consist in verifying and promoting continuous improvement of ethical behaviours by the group companies through analysis and assessment of ethical risk controls;

- monitor any action for the diffusion of the Ethical Code knowledge and awareness. In particular: guarantee the development of ethical communication and training; analyse any proposal for revision of company policies and procedures having significant impact on company ethics and work out solutions to be submitted to the internal control body for assessment;
- receive and examine any reported breach of the Code;
- suggest the internal control body any modification of or addition to the Ethical Code.

These actions are supported by the functions of every group company in charge with internal inspections and by the involved company functions and are carried out based on the permission to freely access any information which may be required.

A.5.3. Communication and training

The Ethical Code must be spread to the stakeholders by means of special communication actions. In order to make sure that all employees and collaborators in the group understand the Ethical Code correctly, the HR dept. of Acciai Speciali Terni must arrange and carry out a yearly training plan to promote the knowledge of ethical principles and rules, taking account of the recommendations by the Supervisory authority. Training actions must be differentiated according to the roles and responsibilities of employees and collaborators. New employees must receive an appropriate training program, explaining the prescriptions of the Code they must abide by.

A.5.4. Stakeholders' reporting

Acciai Speciali Terni must establish communication channels which the stakeholders can use to send in their remarks.

As an alternative, stakeholders can notify the Supervisory authority of Acciai Speciali Terni of any breach or suspected breach of the Ethical Code in writing and by undersigning the relevant report. The company must review all reports, and possibly hear their authors and the subjects indicted for Code breach.

The Supervisory authority of Acciai Speciali Terni must act in such a way as to protect the accusers against any retaliation, that is any action that may even be viewed as attempted discrimination or detraction (for example, for suppliers: trade break off, for employees: rejected promotion, etc.). Moreover, the company must keep the reporting subject's identity confidential, subject to the law.



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