

Document Describing

Italferr S.p.A.'s Organisation, Management and Supervision Scheme Pursuant to Legislative Decree No. 231/2001

AS APPROVED BY THE BOARD OF DIRECTORS OF ITALFERR S.P.A.

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ABBREVIATIONS AND DEFINITIONS

"Italferr": Italferr S.p.A..

"C.C.N.L.": National Collective Labour Agreement as currently in force and applied by Italferr.

"Code of Ethics": The Code of Ethics of Ferrovie dello Stato Italiane Group as adopted by Italferr via a resolution of its Board of Directors.

"Supervisory Body" (or SB): The internal body tasked with supervising over operation of and compliance with the Scheme as well as with updating the Scheme.

"Parent Company": Ferrovie dello Stato Italiane S.p.A., in its capacity as Holding Company, or Rete Ferroviaria Italiana S.p.A., as Sector Parent Company, according to the respective fields of competence, as defined in the Governance Scheme of FS Italiane Group.

"Employees": All the staff working for Italferr whether on the basis of an employment contract, a time-limited contract, or a collaboration agreement (including project-related contracts) along with the staff seconded from other companies in the Group.

"Legislative decree no. 231/2001": Legislative decree no. 231 dated 8 June 2001 including subsequent amendments thereof.

"FSI": Ferrovie dello Stato Italiane S.p.A.; [Italian State Railway Company].

"Group": Ferrovie dello Stato Italiane Group.

"Guidelines": The Guidelines for laying down the organisation, management and control schemes pursuant to Legislative decree no. 231/2001 as approved by Confindustria [Italian Confederation of Industry] on 7 March 2002 including the relevant additions, with particular regard to the Supplementary Annex dated 3 October 2002 concerning the criminal offences set forth in legislative decree no. 61/2002 and the update of 10 September 2014 and, lastly, June 2021.

"Scheme(s)": the organisation, management and control scheme(s) referred to in Legislative decree no. 231/2001.

"PA": Italian or foreign public administrative bodies including officials, employees, collaborators, and representatives thereof; the concept of "public administration" was derived from sections 357 and 358 of Italy's Criminal Code, whereby a public official or a person tasked with a public service is any person carrying out activities that are regulated by public law and/or exercising public authority irrespective of whether that person is employed by the PA.

"External Partners and Collaborators": Italferr's contractual counterparts such as vendors including both natural and legal persons as well as entities that collaborate with the Company on whatever grounds pursuant to contractual agreements (agents, solicitors, entities that are parties to a joint venture and/or consortium with the company, etc.), providing they are meant to collaborate with the company within the framework of Sensitive Processes.

"Sensitive Processes": Italferr's operational areas that entail the risk of the commission of the Offences.

"Offences": The offences that are regulated by Legislative decree no. 231/2001.

"Company": Italferr S.p.A..

"OU": an Organisational Unit as per the corporate organisational structure.

GENERAL SECTION

1. LEGISLATIVE DECREE NO. 231/2001

1.1. Administrative Liability Vested in Legal Persons, Companies and Associations

Legislative decree no. 231 (hereinafter the "Decree") was issued on 8 June 2011 pursuant to the delegated powers set forth in section 11 of Law No. 300 dated 29 September 2000; the Decree came into force on 4 July 2001 and was meant to bring domestic legislation on legal persons' liability into line with some international Conventions Italy had acceded to since long, including

- Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests;
- the Convention signed in Brussels on 26 May 1991 on the fight against corruption involving officials from the European Community or Member States;
- OECD Convention of 17 December 1997 on fighting the corruption of foreign public officials in economic and international transactions.

The Decree in question, termed "Regulations on the Administrative Liability Vested in Legal Persons, Companies, and Associations with or without Legal Personality", introduced administrative liability (basically to be equated to criminal liability) into Italy's legal system as regards companies, associations, consortia etc, - hereinafter referred to as "Bodies" - in respect of certain offences committed for their sake and/or benefit by the following:

- natural persons acting in their capacity as representatives, managers or heads of the said Bodies or any organisational units of the said Bodies that is financially and functionally autonomous, as well as natural persons managing and controlling, also factually, the Bodies in question;
- natural persons that are subject to the authority or supervision of any of the aforementioned entities.

The liability in question exists in addition to the liability vested in the natural person that committed the acts amounting to a (criminal) offence.

Prior to the coming into force of Legislative decree no. 231/2001, companies and corporations were not affected by possible penalties on account of the principle whereby only individuals may be liable for crimes; this was without prejudice to the payment of damages, if any, and to the obligation under civil law to pay such fines as could be imposed on natural persons - exclusively if the actual offender was insolvent (under sections 196 and 197 of Italy's Criminal Code).

The expanded scope of liability is intended to affect, via the punishment of certain criminal offences, the assets of those Bodies that have benefited from the commission of such offences.

Pecuniary penalties - i.e. a fine ranging from Euro 25,800.00 to about Euro 1,549,000.00 - are envisaged in respect of all the offences at issue along with confiscation of the proceeds accruing from the offence to the given Body; disqualification measures are also provided for in especially serious cases such as disqualification from carrying out the specific activity - whether on a transitional (three months to 2 years) or on a permanent basis -, suspension or withdrawal of the relevant permits, licences or authorisations, the prohibition to enter into contractual agreements with public administrative bodies, the exclusion from facilitations, funding and contributions and the revocation of any benefits already granted, the prohibition to advertise goods and services for between three months and two years, and publication of the judgment convicting the Body of the given offence.

The liability set forth in the Decree in question also applies to offences committed abroad, (section 4), under the following conditions:

- a) the offence must be committed by a subject functionally linked to the body (alone or in concert with others) pursuant to section 5 of the Decree;
- b) the body's head office must be in Italy;
- c) the body only answers in the cases and under the conditions provided for by sections 7, 8, 9 and 10 of the criminal code;
- d) where the conditions exist pursuant to the letters hereinabove, the body shall answer providing the State having jurisdiction on the place where the offence was committed does not initiate prosecution against it.

In the case of an attempted offence, section 26 of the Decree foresees a reduction in sanctions in paragraph 1, and exclusion of the body's liability in paragraph 2 when the body voluntarily stops the action from being completed or the event from being realised.

As for the offences that give rise to the Bodies' administrative liability, the Decree referred in its original version (sections 24 and 25) to various offences against the public administration - namely:

- undue receipt of payments to the detriment of the State (sections 316 ter of the Criminal Code)
- fraud committed to the detriment of the State or another public body or the European Communities (section 640(1), no. 1, of the Criminal Code);
- aggravated fraud to obtain public funds (section 640-bis of the Criminal Code);
- IT fraud to the detriment of the State or another public body (section 640-ter of the Criminal Code);
- bribery in the performance of one's duties (section 318 of the Criminal Code);
- bribery to commit acts in breach of official duties (section 319 of the Criminal Code);
- aggravating circumstances (Article 319-bis of the Criminal Code);
- bribery in judicial proceedings (section 319-ter of the Criminal Code);
- bribery by a person in charge of a public service (Article 320 of the Criminal Code);
- penalties for the briber (Article 321 of the Criminal Code);
- incitement to corruption and bribery (section 322 of the Criminal Code);
- extortion (by colour of office) (section 317 of the Criminal Code);
- misappropriation of funds to the detriment of the State (section 316-bis of the Criminal Code).

Furthermore, section 23 of the Decree foresees punishment against the body due to the non-observance of the sanctions or prohibitive precautionary measures applied thereto.

Section 6 of Law No. 409 dated 23 November 2001, containing "Urgent Provisions with a view to Introducing the Euro", added section 25-bis to the Decree, which punishes the offence consisting in "forgery of coins, bills and stamp duties."

Section 3 of legislative decree no. 61 dated 11 April 2002, which has been in force since 16 April 2002, has also introduced a new text for section 25-ter of Decree 231/2001 as part of the new reformation of company law. In particular, it expanded the scope of the Bodies' administrative liability to also include so-called corporate offences as set forth in the said decree 61/2002, as subsequently amended by Law No. 69/2015 - namely:

- false statements by a corporation and minor offences (sections 2621 and 2621 bis of the Civil Code);
- false statements by a listed corporation (section 2622 of the Civil Code);
- preventing controls (section 2625, paragraph 2);
- returning corporate participating interest without justification (section 2626 of the Civil Code);
- unlawful distribution of profits and reserves (section 2627 of the Civil Code);
- unlawful operations on the company's and/or parent company's stock or participating interest (section 2628 of the Civil Code);
- performing operations to the creditors' detriment (section 2629 of the Civil Code);
- failure to disclose conflict of interest (Article 2629-bis of the Civil Code);
- fictitious capital setup (section 2632 of the Civil Code);
- unjustified distribution of corporate assets by liquidators/receivers (section 2633 of the Civil Code);
- bribery among private entities (Article 2635 of the Civil Code);
- incitement to bribery among private entities (Article 2635-bis of the Civil Code);
- unlawfully influencing the Assembly (section 2636 of the Civil Code);
- rigging (the market) (section 2637 of the Civil Code);
- hampering the activities of public supervisory bodies (section 2638, paragraphs 1 and 2, of the Civil Code).

Law No. 7/2003 added section 25-quater, whereby the Bodies' administrative liability was extended to the commission of offences for purposes of terrorism and subverting the democratic order.

Furthermore, Law No. 228 dated 11 August 2003 added section 25-quinquies, whereby the Bodies' liability was extended to the commission of offences consisting in reducing into or keeping in a state of slavery or subjection, trafficking in persons, and purchasing and selling slaves.

The 2004 European Communities' Law (section 9) transposed directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003, concerning insider trading and market manipulation, into immediately enforceable provisions. The new legislation on market abuses expanded the scope of application of decree no. 231/2001 by including insider trading and market manipulation among the "predicate" offences in respect of the Bodies' administrative liability.

In particular, the 2004 European Communities' Law amended both the Civil Code and the TUF (Consolidated Statute on Financial Activities). As to the former, the amendments made concerned section 2637 on rigging listed and unlisted financial instruments, so that currently the said section only applies to rigging with regard to unlisted financial instruments and/or financial instruments for which no request has been made for admission to trading on regulated markets; conversely, listed financial instruments are regulated by the provisions contained in the TUF regarding market manipulation. The new offence consisting in insider trading only applies to insider information relating to issuing companies that are regulated by the TUF.

Law No. 262/2005 on protecting savings expanded the scope of Bodies' liability to include the new offence consisting in failure to notify directors' conflicts of interests, which only applies to listed companies, and also amended the provisions on false corporate statements and false statements in prospectuses.

Law No. 7/2006 on preventing and banning so-called infibulation practices expanded the scope of application of decree no. 231/2001 to include the new offence consisting in mutilation of female genitals (section 583-bis of the Criminal Code).

Law No. 38 dated 6 February 2006, including "Provisions to Counter the Sexual Exploitation of Children and Child Pornography also by way of the Internet", amended the scope of application of child pornography and holding pornographic materials offences - as set forth in sections 600-ter and 600-quater of the Criminal Code, respectively; the Bodies' liability for those offences had been already set forth in the 231/2001 decree, but its scope was now expanded to include the cases where the pornographic materials at issue showed virtual images of children (i.e. the so-called "virtual child pornography" cases).

Law No. 146/2006 ratified and enforced the UN Convention against transnational organised crime by providing that decree no. 231/2001 applies to transnational organised crime offences. The new provisions envisage the Bodies' liability for any administrative wrongdoing arising from criminal association, money laundering, use of unlawfully obtained moneys and goods, smuggling of migrants, and obstructing justice.

The scope of application of Bodies' administrative liability was expanded further by Law No. 123 dated 3 August 2007, which added section 25-septies to decree no. 231/2001, whereby liability arises from manslaughter and negligently causing serious or very serious injuries in connection with the violation of provisions to prevent occupational injuries and/or relating to the protection of occupational health.

Legislative decree no. 231 dated 21 November 2007 transposed directive 2005/60/EC of the European Parliament and of the Council, of 26 October 2005, on preventing use of the financial system for the purpose of laundering the proceeds of crime and financing terrorism (so-called 3rd anti-money laundering directive). Accordingly, a Body is now punishable on account of the offences of handling stolen goods, money laundering and use of unlawful proceeds irrespective of whether such offences are committed in an exclusively "domestic" context, on condition the Body in question can benefit from those offences.

Law No. 48 dated 18 March 2008 ratified the Cybercrime Convention and expanded the scope of legal persons' administrative liability to "computer crimes" as from 5 April 2008.

Law No. 94 dated 15 July 2009 introduced section 24-ter into Legislative Decree No. 231/01, which laid down corporate administrative liability for offences of organised crime.

Some of these offences (criminal association, association of a mafia type nature and associated aimed at illegal drug trafficking) had already been associate to corporate administrative liability in 2006 with Law No. 146, however such liability was subordinated to the transnational connotations of the offences.

Alleged offences which can be considered as newly introduced are those regarding mafia related exchange of political electorate, personal seizure (for the purpose of kidnapping or extortion) and illegal manufacture, introduce into the State, sale, transfer, detention and carrying firearms.

Law No. 99 dated 23 July 2009 introduced the crimes of counterfeiting into the list of alleged offences (by means of adding section 25-bis of the Decree), as well as crimes against industry and commerce (by means of adding section 25-bis 1).

Such crimes sanction violent, threatening or fraudulent behaviour which hinder or negatively influence the normal progress of entrepreneurial activity and the free competition thereof.

By such act offences consisting in copyright violations were added, as per sections 171(1)a. and (3), 171-bis, 171-ter, 171-septies and 171-octies of Law No. 633/1941 to the predicate offences in respect of corporate administrative liability.

Law No. 116 dated 3 August 2009 expanded the scope of legal persons' administrative liability to include the offence of "inducing anyone to making no statements, or to making untrue statements" where such offence is committed in respect of individuals that were summoned to appear before judicial authorities to make statements that can be used in a criminal proceeding, providing the individual in question has the right to not make any statements (section 377-bis of the Criminal Code).

Thereafter, legislative decree no. 121/2001 came into force on 16 August 2001, whereby the Criminal Code and the Environmental Code were amended along with decree no. 231/2001; accordingly, criminal punishments may be imposed on account of wrongdoings that were not considered to be criminal offences until recently, whilst the scope of legal persons' liability was expanded to also include environmental offences.

By Legislative Decree No. 109 dated 16 July 2012, the administrative liability of bodies was extended to the offence of recruiting third country irregular immigrants, as foreseen by the Consolidated Law on immigration (section 22, paragraph 12-bis Legislative Decree No. 286/1998).

Law No. 190 dated 6 November 2012 (so-called anti-corruption act), as well as amending certain offences against the Public Administration as provided for by section 25 of the Decree, including Section 322-bis of the Criminal Code "Embezzlement, extortion, undue induction to give or promise benefits, bribery and incitement to bribery of members of international courts or bodies of the European Communities or of international parliamentary assemblies or of international organisations and of officials of the European Communities and of foreign states", also inserted the new offence of "undue incitement to give or promise gifts" (section 319-quater criminal code) into section 25 of Legislative Decree No. 231/01 and introduced the offence of "corruption between private parties" (section 2635 civil code) into section 25-ter.

Legislative Decree No. 39 of 4 March 2014 has included in the list of offences provided in section 25-quinquies of the Decree ("offences against an individual's personality") the crime of "solicitation of children" (section 609-undecies Criminal Code).

Law No. 186 of 15 December 2014 has introduced into the Criminal Code the new offence of "self-laundering" (section 648-ter 1), among the crimes referred to in section 25-octies of the Decree, which has been renamed "receiving, laundering and use of money, goods or benefits of unlawful origin and self-laundering".

Law No. 68 of 22 May 2015 has broadened the list of environmental offences, introducing into section 25-undecies of the Decree the offence of causing "environmental pollution" or "environmental disasters", as well as "unintentional environmental offences", "aggravated crimes of association" and "trafficking and dumping highly radioactive waste".

Law No. 69 of 27 May 2015 has amended the offences against the public administration, primarily with regard to the applicable penalties, and the "false statements by corporations" referred to in section 25-ter of the Decree.

Law No. 199 of 29 October 2016 containing "Provisions for opposing undeclared work, work exploitation in agriculture and salary realignment in the agricultural sector", amending section 603-bis of

the Criminal Code, with a specific reference to section 25-quinquies of Legislative Decree No. 231/01, and introducing – among the offences against an individual's personality – the offence of Illegal intermediation and exploitation of labour.

Law No. 167 of 20 November 2017 "Provisions for the fulfilment of obligations deriving from Italy's membership of the European Union - European Law 2017" provided for the introduction of Article 25 terdecies "Racism and xenophobia" in Legislative Decree No. 231/01.

Law No. 179 of 30 November 2017 "Provisions for the protection of authors of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship", provided for the introduction of paragraphs 2-bis, 2-ter, 2-quater in Article 6 of Legislative Decree No. 231/01 extending to the private sector the protection of authors of reports of crimes or irregularities of which they have become aware in the context of their employment relationship.

Law No. 3 of 9 January 2019 "Measures to combat crimes against the public administration, as well as on the prescription of the crime and on the transparency of political parties and movements", amended Article 25, paragraph 1, to introduce the crime of "Trafficking in illicit influences" into Legislative Decree No. 231/01.

Law No. 39 of 3 May 2019 "Ratification and implementation of the Council of Europe Convention on the manipulation of sporting competitions" introduced section 25-quaterdecies "Fraud in sporting competitions, illegal gambling or betting and gambling by means of prohibited devices" into Legislative Decree No. 231/01.

Law No. 157 of 19 December 2019, containing urgent provisions on tax matters and for non-deferrable needs, provides for the introduction of Article 25-quinquiesdecies "Tax offences" in Legislative Decree No. 231/01. In particular, this article, in its original wording, referred to the following offences provided for in Legislative Decree No. 74 of 10 March 2000, namely;

- submitting fraudulent tax returns through invoices or other documents for non-existent transactions (Article 2, Legislative Decree No. 74/2000);
- submitting fraudulent tax returns by means of other artifices (Article 3, Legislative Decree No. 74/2000);
- issuing invoices or other documents for non-existent transactions (Article 8, Legislative Decree No. 74/2000);
- concealing or destroying accounting records (Article 10, Legislative Decree No. 74/2000);
- fraudulent subtraction to the payment of taxes (Article 11 Legislative Decree No. 74/2000).

Legislative Decree No. 75/2020, implementing Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law, which entered into force on 30 July 2020, has amended Articles 24, 25 and 25-quinquiesdecies of Legislative Decree No. 231/01.

In particular, Article 24 of Legislative Decree No. 231/01 now also provides for the crimes of fraud in connection with public procurement (Article 356 of the Criminal Code) and fraud within the framework of the European Agricultural Fund (Article 2, Law No. 23/12/1986, no. 898).

Other offences have been introduced within Article 25 of Legislative Decree No. 231/01, namely, misappropriation, limitedly to paragraph one (Article 314 of the Criminal Code), misappropriation as a result of errors committed by other persons (Article 316 of the Criminal Code) and malfeasance in office (Article 323 of the Criminal Code). It should be specified, in respect of the above offences, that the entity

may be considered liable only if the conduct causes detriment to the financial interests of the European Union.

As anticipated, Legislative Decree No. 75/2020 has amended Article 25-quinquiesdecies of Legislative Decree No. 231/01 by introducing further crimes, as provided in Legislative Decree No. 74/2000, and specified below, which are of relevance only if committed within the framework of transnational fraudulent systems and for the purpose of evading value added tax for an overall amount of at least ten million euros, namely:

- untrue tax return (Article 4 Legislative Decree No. 74/2000);
- omitted tax return (Article 5 Legislative Decree No. 74/2000);
- undue compensation (Article 10-quater Legislative Decree No. 74/2000).

Legislative Decree No. 75/2020 has introduced Article 25-sexiesdecies of Legislative Decree No. 231/2001 "Smuggling" into Legislative Decree No. 231/01, which refers to the illegal actions provided for in DPR no. 43/1973 (Consolidation Customs Act).

Legislative Decree No. 195/2021, implementing EU Directive 2018/1673 on combating money laundering by criminal law, has amended Article 25-octies of Legislative Decree No. 231/2001 by extending the scope of the offences of receiving stolen goods (648 of the Criminal Code), money laundering (648-bis of the Criminal Code), reuse (648-ter of the Criminal Code) and self-money laundering (648-ter 1 of the Criminal Code). In particular, i) some contravention cases were also introduced in the list of predicate offenses, and ii) the conduct of money laundering and self-laundering was also extended to the proceeds of culpable crimes or specific cases of contravention.

By way of Legislative Decree No. 184/2021, lawmakers implemented EU Directive 2019/713 on combating fraud and counterfeiting of non-cash means of payment. It follows that, in light of the introduction of Article 25-octies.1 into the regulatory framework of Legislative Decree No. 231/2001, an entity may also be punished for the offences envisaged in the Criminal Code with regard to non-cash means of payment (493-ter of the Criminal Code, 493-quater of the Criminal Code and 640-ter of the Criminal Code).

With particular regard to the offence of computer fraud, Legislative Decree No. 184/2021 provides for the introduction of a new aggravating circumstance where the alteration of a computer system results in a transfer "of money, monetary value or virtual currency" (640-ter, paragraph 2, of the Criminal Code).

Law No. 238/2021 has amended Article 24-bis of Legislative Decree 231/01 by directly modifying on the following offences:

- unauthorized possession, dissemination and unlawful installation of equipment, codes and other means of access to computer or telematic systems (Article 615-quater of the Criminal Code);
- possession, dissemination and unlawful installation of equipment, devices or software aimed at damaging or interrupting the operation of a computer or telematic system (Article 615-quinquies of the Criminal Code);
- unlawful interception, obstruction or interruption of computer or telematic communications (Article 617-quater of the Criminal Code);
- unauthorized possession, dissemination and installation of equipment and other means designed to intercept, prevent or interrupt computer or telematic communications (Article 617-quinquies of the Criminal Code).

Law No. 238/2021 also amended Article 25-quinquies of Legislative Decree No. 231/01, by extending the scope of the punishable conduct referred to in Article 600-quater of the Criminal Code (possession of or access to pornographic material) to include mere intentional and unjustified access to pornographic material made using minors under the age of eighteen, as well as providing for increases in punishment in certain cases referred to in Article 609-undecies of the Criminal Code (solicitation of minors).

By way of Law 238/2021, lawmakers also amended Article 25-sexies of Legislative Decree No. 231/01, with specific regard to the offence of misuse or illegal communication of insider information. Recommending or inducing others to commit insider trading (Article 184 of the TUF) and the crime of market manipulation (Article 185 of the TUF).

Finally, Law No. 22/2022 provides for the introduction into Legislative Decree 231/01 of Articles 25-septiesdecies and 25-duodevices, which provide for corporate administrative liability for crimes against the cultural heritage (Article 518-bis of the Criminal Code, Article 518-ter of the Criminal Code, Article 518-quater of the Criminal Code, Article 518-sexies of the Criminal Code, Article 518-octies of the Criminal Code, Article 518-novies of the Criminal Code, Article 518-decies of the Criminal Code, Article 518-undecies of the Criminal Code, Article 518-duodecies of the Criminal Code, Article 518-terdecies of the Criminal Code, and Article 518-quaterdecies of the Criminal Code).

1.2. The Scheme as a possible ground for exemption from administrative liability

Section 6 of the Decree introduced the administrative liability regime but also envisaged specific exemption grounds from such liability if a Body can show that:

- a) the management of the Body had adopted and implemented, prior to commission of the event, organisational and management schemes such as to prevent the commission of offences like the one that actually took place;
- b) supervision over operation of and compliance with the said schemes along with their updating had been committed to an entity inside the Body with decision-making and control powers;
- c) the individuals committing the offence acted by fraudulently dodging the organisational and control schemes in question;
- d) the entity referred to under b. did not fail to discharge its supervisory functions or did not discharge them to an insufficient degree.

Additionally, the Decree provides that the schemes referred to under a. should meet the following requirements as for the scope of delegated authority and the risk that offences are committed:

1. The company's activities that may entail the risk of commission of any of the offences envisaged in the Decree should be identified (this is the so-called "risk mapping");
2. Specific protocols should be devised so as to plan the Body's decision-making and implementing activities by having regard to the offences to be prevented;
3. Financial resources should be managed in a manner that is appropriate to prevent the commission of any of the offences mentioned in the Decree;

4. Information obligations should be laid down vis-à-vis the entity tasked with supervising over operation of and compliance with the scheme;
5. An internal disciplinary framework should be set up that is suitable for punishing non-compliance with the measures set out in the scheme.

The Decree also provides that organisational and management schemes may be adopted - if the above preconditions are met - based on codes of practice to be drafted by trade or industry associations and notified to the Italian Ministry of Justice; the latter may submit remarks on the appropriateness of such schemes in order to prevent the offences at issue by a 30-day deadline, in agreement with the competent Ministries.

1.3 Confindustria's Guidelines

Confindustria drafted ad-hoc Guidelines that make up the reference "code of practice" to be used as the basis - under section 6 of the said decree - for adopting the organisational, management and supervision schemes all the bodies that are Confindustria members are expected to develop in accordance with the Decree.

As a company within the FSI Group, which is a Confindustria member, Italferr drew upon the Guidelines issued by Confindustria in drafting the present Scheme. The main features of Confindustria's Guidelines are reported below:

- identifying risk areas to determine in which corporate area/sector any of the Offences mentioned in the Decree may be possibly committed;
- setting up a supervision scheme that can prevent the said risk.

The basic components of the supervision scheme set up by Confindustria are as follows:

- A Code of Ethics;
- An organisational system;
- Manual and computerised procedures;
- Delegated authority and signing powers;
- Management control system;
- Personnel information and training

The supervision scheme should be based on the following principles:

- verifiability, documentability, consistency and coherence of all decision-making and operational activities;
- application of functional separation and task segregation principles (no one can manage an end-to-end process alone);
- logging of controls;
- availability of suitable penalties in case of breach of the provisions contained in the Code of Ethics and/or the procedures envisaged in the Scheme;
- setting up of a Supervisory Body in charge for supervising over operation of and compliance with the scheme along with its updates; the Body in question should show the following features:

- autonomy and independence;
- professionalism;
- continuity;
- providing for the managers of risk-prone activities to be obliged to inform the SB.

It shall be understood that the decision not to bring the Scheme fully into line with the Guidelines does not detract from the Scheme's effectiveness, providing the purposes and mechanisms underlying legislative decree no. 231/2001 are left unprejudiced in terms of their effectiveness. Indeed, any individual Scheme is drafted by having regard to a company's factual circumstances and cannot be merely a translation of the Guidelines, which are by nature general in scope.

2. ITALFERR'S SCHEME

2.1. Basic Principles and Objectives

Italferr works in an industrial context where the institutional, business, social and regulatory implications are continuously evolving at a fast pace.

In particular, Italferr provides project-designing services and manages procurement activities for companies in the FSI Group (especially RFI) and/or foreign public bodies; additionally, it provides project-designing and technical and engineering advisory services in the railway transportation sector to public and private entities both in Italy and abroad. Alongside typical business activities, the Company also carries out various activities that are instrumental to corporate objectives (expropriations, authorisations, provisioning, etc.) plus all the activities that are typically related to business and corporate management.

Taking account of the aforementioned business sectors and the supporting and ancillary activities described in the foregoing paragraphs, it appears that Italferr's contacts with public administrative bodies and publicly-owned companies in the FSI Group (mainly RFI) make up the core of the Company's business; accordingly, there is theoretically the risk that offences against public administrative bodies may be committed by corporate organs and representatives. The offences in question may be committed both by and against Italferr, in particular where the company's representatives act as public officials or persons tasked with public services as well as whenever the Company acts in its capacity as an entity regulated by public law.

Moreover, in light of the business activities carried out by Italferr also abroad, there is the abstract possibility of commissioning some of the corporate data provided for by the Decree. In particular, reference is made to the offences of Corruption between private entities and incitement to bribery between private entities, in consideration of the potential relationships with other private entities abroad, in the context of contracts awarded by public interlocutors.

Furthermore, there is the abstract possibility of committing further offences provided for in the Decree in corporate matters. On the one hand, the scope of most such offences is unrelated to the business activities that are actually performed and has to do more precisely with corporate law provisions that are applicable to all companies in general - such as the offence of false corporate reports, which in Italferr's case takes on peculiar features because of the accounting methods used for works in progress and the contracts planning and supervision system, or the offences of returning corporate participating interests without justification, unlawfully distributing profits and reserves, hampering controls on corporate management, etc. . On the other hand, the industry sector specifically applying to Italferr is subject to controls by public supervisory authorities and entails - theoretically - the risk that other corporate

offences may be committed, which are more closely related to Italferr's specific business such as hampering the functions performed by public supervisory authorities.

Accordingly, being aware that it operates in a peculiar market featuring stringent, restrictive regulations - especially those on public procurement - the Company decided to lay down a detailed set of protocols it will endorse as a commitment undertaken both externally and internally. In this connection, mindful of the need to ensure fairness and transparency in business and corporate activities and with a view to safeguarding its status and image along with its shareholders' expectations and the work contributed by its employees, Italferr considered that developing the organisation and management scheme referred to in Legislative decree no. 231/2001 (hereinafter, the "Scheme") was in accordance with its own corporate policies.

Indeed, the passing of legislative decree no. 231/2001 provided a major opportunity for revising corporate processes and assessing and evaluating its internal audit system.

Italferr is a company with a consolidated structure operating on the basis of a wide gamut of stringent procedures; partly this is the legacy of its being originally a publicly-owned company and partly it results from its drawing upon international best practices in Corporate Governance as transposed into Italy's legal system.

Corporate Governance means the set of rules, processes and mechanisms that relate to governance of a company, supervision of control processes, and handling the relationships with internal and external stakeholders.

A key, indispensable component of corporate governance is the internal audit system. The latter is made up by the rules, procedures and organisational structures aimed at pursuing the following objectives in compliance with corporate policies:

- effectiveness and efficacy of corporate processes;
- safeguarding of corporate assets;
- information reliability and integrity;
- operational compliance with legislative, regulatory and contractual provisions as well as with internal policies, plans, regulations and procedures.

Based on the above rationale, the internal audit system takes on ultimately the features of a process crossing through all corporate functions and involving all the company's staff, for which the Board of Directors is primarily responsible. The latter is tasked with determining objectives and guidelines and checking both its operation and its effectiveness.

The Scheme envisaged in decree no. 231/2001 is an integral part of the corporate internal audit system. In order to meet legal requirements, it was actually necessary to review the existing internal audit system as for those areas that were relevant under the terms of the decree, and to assess whether the system in place was suitable for the purposes set forth therein. This task was undertaken in the belief that adopting the Scheme in question could be an opportunity for enhancing Corporate Governance as well as providing a valuable awareness-raising tool in respect of all the entities operating for and on behalf of Italferr - apart from and beyond the requirements made in the Decree, whereby the Scheme is voluntary rather than mandatory in nature. In this manner, the entities in question will abide by transparent, fair rules of conduct in performing their respective duties such as to prevent the risk that any of the offences mentioned in the Decree is committed.

In developing the Scheme, account was taken of the requirements set forth in the Decree as well as of the guidelines issued in this area by the relevant trade and industry associations along with the available case law and national and international best practices.

Accordingly, the Scheme is aimed at setting up a structured, systematic, consistent system including

- organisational standards and relationships between the various corporate Organisational Units;
- a "regulatory package" made up of operational procedures and instructions;
- preventive and ex-post control activities;

in order to ultimately prevent committing any of the offences referred to in the Decree.

More specifically, the objectives pursued by the Scheme are as follows:

- Highlighting the principles that underlie Italferr's organisational and procedural system such as to pursue the objectives set forth in the Decree whilst ensuring the necessary support to the company's requirements in terms of operationality, agility and quick response along with ever-growing effectiveness of customer services;
- As regards any entities operating for or on behalf of Italferr (corporate bodies, staff and collaborators, partners) in at-risk areas, raising awareness of the risk of committing an offence for which penalties may be imposed under both criminal and administrative law, in case of a breach of the provisions contained in the Scheme, not only on the offender but also on the Company as such. Thus, the principles set forth in the Scheme are aimed at making the potential offender(s) fully aware of the fact that an offence is being committed;
- Factually punish all types of unlawful conduct by imposing disciplinary and/or contractual penalties;
- Re-affirming that all types of unlawful conduct are utterly condemned by Italferr on account of their being in breach not only of the law, but also of the ethical and social principles Italferr intends to abide by in performing its corporate mission, irrespective of whether the company is seemingly in a position to profit from such conduct or the offence at issue was committed in the company's interest;
- Enabling the Company to step in promptly in order to prevent and counter the commission of the offences at issue by monitoring at-risk areas of activity.

Along with the principles specified above, the following key components make up the Scheme:

- Mapping the company's at-risk areas of activity (i.e. the so-called sensitive processes), that is to say: the activities where the likelihood of the commission of offences is highest;
- Making a survey of the corporate procedures in place by having regard to the at-risk areas of activity; assessing to what extent such procedures have been scheduled thoroughly and appropriately and whether they are in need of being supplemented; more generally, assessing whether internal rules are in accordance with the principles of functional separation and the requirement that authority should be delegated in a way that is consistent with the tasks specifically allocated and the principles set out in the Scheme;
- Raising awareness of and disseminating the rules of conduct and procedures established as above among all corporate levels;
- Entrusting Italferr's Supervisory Body with fostering the effective, appropriate implementation of the Scheme partly by monitoring corporate conduct as well as by conferring on the said Body

the right to be continuously informed about all the activities that are relevant for the purposes of the Decree;

- Making available adequate resources to the Supervisory Body so as to support it in discharging the relevant tasks, both via specific budgetary allocations as well as whenever specific, urgent, unexpected requirements happen to arise;
- Assessing adequacy of the Scheme, i.e. whether it is factually (rather than theoretically) capable to prevent, generally speaking, the types of unwanted conduct;
- Monitoring effectiveness of the Scheme, i.e. checking whether the actual conduct is consistent with the Scheme;
- Continuously updating the mapping of both at-risk areas and the Scheme in general, by having regard to evolving and/or changing requirements as also related to corporate structure and the legislation in force;
- Managing financial resources in a way that is suitable for preventing the commission of the offences mentioned in the Decree;
- Providing for adequate penalties to be imposed in case of a breach of the Scheme.

The present Scheme was adopted originally by the Board of Directors via a resolution dated 26 February 2004; it was amended subsequently as appropriate.

2.2. Drafting and Structure of the Scheme

Having regard to the requirements arising out of the Decree, Italferr started an ad-hoc internal project in order to draft the Scheme; this was preceded by various activities including several steps, which were all aimed at evaluating and updating - where necessary - the risk management and prevention system in line with the provisions contained in the Decree. Additionally, account was taken of the Group's Guidelines and policies.

2.2.1. The Drafting Process of the Scheme

The steps taken in drafting this Scheme are summarised in the following paragraphs.

1) As-Is-Analysis (Identification of Sensitive Processes)

This step was aimed at analysing the corporate context to determine in what areas/sectors of activity the offences might be (theoretically) committed. This allowed outlining the Sensitive Processes along with the control mechanisms in place for such processes. Special attention was paid to those components aimed at ensuring compliance and supervision that could meet the requirements applying specifically to the Scheme.

The As-Is-Analysis was carried out by first considering corporate documents such as organisational charts, quality plans, main processes, POAs, organisational measures, etc.; additionally, the key stakeholders in the corporate structure were interviewed in order to map corporate processes and identify at-risk activities out of those processes. The existing internal controls for the activities in question were surveyed - including formal procedures and/or existing practices, verifiability documentability or "traceability" of operations and controls, functional separation/segregation, etc..

Furthermore, a survey was completed of past events that could be considered to fall under the scope of the offences mentioned in the Decree.

2) Gap Analysis

Based on the findings of the foregoing analysis as well as on a comparison with the principles set forth in the Decree, Confindustria's Guidelines, and national and international best practices, the Company identified possible areas of improvement along with the activities to be implemented as appropriate in order to do away with the relevant criticalities.

3) Drafting of the Scheme

The Company drafted this Scheme by taking account of the outcome of the foregoing activities. The structure of the Scheme is described in the next paragraph.

2.2.2. Structure of the Scheme

This Scheme is composed of a "General Introduction" and a "Special Part" - that is,

- the "General Introduction" lays down the general principles underlying adoption of the Scheme, the Supervisory Body, the Disciplinary System and the Communication and Training System; and
- the "Special Part" includes 10 Sections addressing the following issues:
 - "A" Section: Offences against public administrative bodies;
 - "B" Section: Corporate offences;
 - "C" Section: Offences concerning occupational safety and the environment;
 - "D" Section: "Recruitment of third country irregular immigrants" and Illegal intermediation and labour exploitation;
 - "E" Section: "Offences of organised crime";
 - "F" Section: Receiving, laundering and use of money, goods and benefits of unlawful origin and self-laundering;
 - "G" Section: Tax offences¹;
 - "H" Section: Other types of offence;
 - "I" Section: Offences involving non-cash payment instruments;
 - "L" Section: Offences against the cultural heritage.

2.3. Updating, Amending and Supplementing the Scheme

This Scheme is an "instrument issued by the management body" as per section 6(1)a. of the Decree; accordingly, any substantive amendments and/or additions to the Scheme fall under the competence of Italferr's Board of Directors.

The Company's Chair is empowered to make formal changes to the Scheme. Should any doubt arise as to whether the changes proposed are formal or substantive in nature, the Chair shall bring those changes to the attention of the Board of Directors. At all events, the Chair is required to report to the Board on

¹ The offenses referred to in Articles 4, 5 and 10 quater of Legislative Decree No. 74/2000 are relevant for the purposes of Legislative Decree No. 231/01 only if they are committed as part of cross-border fraudulent schemes (perpetrated in two or more member states) and for the purpose of evading value added tax for a total amount of not less than ten million euros (pursuant to the new paragraph 1 bis of Article 25 quinquiesdecies of Legislative Decree 231/01). Based on the interviews conducted with company contact persons, it was found that, at present, these requirements do not appear to be implemented at Italferr. Therefore, the same are considered to be applicable on a precautionary basis.

any formal changes made to the Scheme on the occasion of the first meeting after the making of the changes in question.

All corporate functions are responsible for implementing the Scheme by having regard to the activities they carry out. To that end, the SB is tasked primarily with fostering and coordinating, in general, the controls on application of the Scheme to all corporate functions so as to ensure that it is implemented appropriately and in a harmonised manner.

3. SENSITIVE PROCESSES AT ITALFERR

The findings of the As-Is analysis regarding at-risk areas showed, for the purposes of the Decree, that the Sensitive Processes currently have to do with the theoretical likelihood that the offences referred to in sections 24 ("receiving funds without justification; fraud against the State, a public body or the European Union to obtain public funding; IT fraud against the State or a public body; fraud in connection with public procurement"), 25 ("misappropriation, bribery, undue incitement to give or promise gifts, corruption and malfeasance in office") in relation to the crimes of misappropriation, misappropriation as a result of the errors committed by other persons and malfeasance in office it is specified that the entity may be considered liable only if the conduct causes detriment to the financial interests of the European Union, 25-ter ("corporate offences"), 25-octies¹ ("offences involving non-cash payment instruments"), 25-septiesdecies ("offences against cultural heritage") and 25-duodevicies ("laundering of cultural assets and devastation and looting of cultural and landscape heritage") of the Decree may be committed.

The analysis was carried out by having regard to the Company's specific nature, i.e. to its being a company regulated under private law that may discharge public tasks and/or deliver public services, whilst it may also be classed as an entity regulated by public law for the purpose of the legislation in force on public tendering procedures for the procurement of works and services. The above features impact on the offences that may be committed theoretically by Italferr's staff; unlike the other entities that are addressed by the Decree, here the scope of liability includes both passive and active corruption along with extortion.

Following the entry of the offences-presumption of "bribery among private entities" and "incitement to bribery among private entities", into the catalogue, also considered as potentially at risk were the relations held by Italferr with private companies in its capacity as a private body operating in an open market (non captive).

Offences involving national organised crime were also considered as alleageable, pursuant to section 24-ter of the Decree, as well as transnational, as foreseen by Law No. 146/2006, given their general range which could abstractly concern all the Company's activities.

Following an extension of the liability of legal persons to offences on the matter of safety at the workplace and environmental, the abstract possibility of committing offences foreseen by Law No. 123 dated 3 August 2007, by Legislative Decree 121/2011 and by Law No. 68 of 22 May 2015 was also considered.

The investigation also concerned the offence of "recruiting third country irregular immigrants" as referred to in section 25-duodevicies foreseen by Legislative Decree No. 109/2012, and the offence of "Illegal intermediation and exploitation of labour", as referred to in section 25-quinquies foreseen by Law No. 29/2016, which could potentially involve the Company.

Furthermore, the offences of receiving, laundering and use of money, goods and benefits of unlawful origin and self-laundering, referred to in section 25-octies of the Decree, provided for in Legislative

Decree 231/2007 and, with reference to self-laundering, in Law 186/2014, are considered theoretically conceivable.

The analysis also focused on establishing whether commission of the offences mentioned in sections 25-bis ("forgery of coins, bills and stamp duties"), 25-quater ("offences for purposes of terrorism or subversion of democratic order") and 25-quinquies ("offences against an individual's personality") of the Decree was theoretically conceivable as well in specific areas of the company's activity. Based on the consideration of the corporate activities as a whole at the time this Scheme was approved, it was determined that it was currently unlikely for corporate staff to commit such offences in the Company's interest and/or for the Company's benefit (except in relation to the offence of "Illegal intermediation and exploitation of labour", as mentioned above).

Furthermore, the offence of inducing people not to make statements or to make false statements to the Judicial Authority referred to in Article 25-decies of the Decree has been considered abstractly conceivable.

The analysis also revealed the existence of areas of company activity in which it is abstractly possible to commit the offences referred to in Section 24-bis concerning computer crimes and unlawful processing of data and 25-novies concerning crimes of violation of copyright.

The tax offences referred to in Article 25-quinquedecies of the Decree are also considered as potentially capable of being committed.

Offences relating to non-cash payment instruments under Article 25-octies.1 were also considered as capable of being committed, in abstract at least.

Finally, the analysis was also directed at verifying the existence of areas of corporate activity in which it is possible, in abstract, to commit the offenses referred to in Articles 25-septiesdecies ("crimes against the cultural heritage") and 25-duodevicies ("laundering of cultural assets and devastation and looting of cultural and landscape heritage).

It should also be pointed out that specific principles have been set forth in the Group's Code of Ethics with regard to the offences in question so as to provide guidance on the conduct to be held in this connection. At all events, the Company will undertake to make such amendments and additions as may prove necessary if the background applying to this Scheme changes in any manner.

At-risk areas of activity were considered to also include those that might ultimately prove instrumental to the commission of offences. In particular, instrumental activities are those activities that might give rise to factual circumstances such as to allow committing offences within the framework of the areas that are directly responsible for performing the activities specifically mentioned in the statutory definitions of the relevant offences.

More specifically, potentially Sensitive Processes include the following by taking account of Italferr's complex corporate structure and the different types of offence mentioned above:

a) Sensitive Processes As Related to Offences against Public Administrative Bodies (Article 24 and 25)

- project management activities to carry out works on behalf of and for FSI Group company;
- development, control and verification of projects;

- publicly regulated procedures for contracting works and services, also out on behalf of and for FSI Group company;
- Site Supervision activities and the delivery of other services;
- Works Supervision (High-Level Supervision) activities;
- activities aimed at expropriating land or buildings and applying for/issuing authorisations, licences, and permits;
- preliminary activities relating to changes in progress, and preliminary activities relating to reservations;
 - provisioning of goods and services;
- participation in publicly regulated procedures (calls) issued by public administrative bodies whether in Italy or abroad;
- handling relationships with public administrative bodies as for communications, declarations and investigations/inspections;
- handling litigations;
- handling institutional relations;
- handling subsidiary companies and branch offices abroad;
- handling PR costs;
- selecting staff and granting allowances/benefits.

b) Sensitive Processes As Related to Corporate offences (Article 25-ter)

- drawing up the year's statement of accounts and other corporate reports as per the law to be provided to partners and the general public;
- corporate transactions that may impact on the corporate capital;
- relationships with supervisory bodies and the audit company;
- handling activities subject to supervision by public Authorities based on sector-specific legislation.
- handling commercial activities;
- procurement of goods and services;
- handling costs of representation, gifts and sponsorships;
- administrative management;
- handling of the treasury and finances;
- handling relationships with credit and insurance institutes;
- handling extraordinary transactions;
- handling litigation;
- selection, recruitment and development of personnel;
- handling relations with partners.

c) Sensitive Processes As Related to Occupational Safety Offences (Article 25-septies)

- handling occupational safety in the premises where Italferr acts as an employer (headquarters, local units, corporate offices);
- handling occupational safety in the works areas where Italferr has the roles defined in Legislative Decree No. 81 of 9 April 2008.

d) Sensitive Processes As Related to Environmental Offences (Article 25-undecies)

- drawing up projects consistently with environmental protection requirements;

- verifying compliance with environmental rules and requirements in the performance of contracts;
 - environmental monitoring.
- e) Sensitive Processes As Related to the Offence of employment of irregular migrants from third countries (Article 25-duodecies) and to the offence of Illegal intermediation and exploitation of labour (Article 25-quinquies)
- selecting, hiring and managing the personnel;
 - procuring works and services.
- f) Sensitive Processes As Related to National and Transnational Organised Crime (Article 24-ter and act no. 146/2006)
- The associative offences (national or transnational) potentially involve all corporate activities.
- g) Sensitive Processes As Related to the Offences of Receiving, Laundering and Use of Money, Goods and Benefits of Unlawful Origin and Self-laundering (Article 25-octies)
- administration and financial reporting;
 - financial management;
 - tax management;
 - managing business transactions;
 - procurement;
 - managing extraordinary operations;
- h) Sensitive Processes as Related to Tax Offences (Article 25 quinquiesdecies)
- preparing the financial statements and other company disclosures to shareholders and the general public that are required by law;
 - tax management;
 - administrative management (accounts payable and receivable and credit management);
 - treasury and cash management;
 - management of representation expenses, gifts and sponsorships;
 - HR management.
- i) Sensitive Processes As Related to Other Statutory Offences (Article 24-bis, 25-bis 1, 25-novies, 25-decies)
- handling data, software and IT systems;
 - performance of the activities falling within the scope of the corporate object;
 - handling and using copyrighted goods;
 - statements and/or declarations made by corporate staff that may be used in judicial proceedings.
- j) Sensitive processes As Related to Offences involving Non-Cash Instruments of Payment (Article 25-octies.1)
- management of treasury and finance;

- administrative management (asset cycle, liability cycle and credit management);
- management of representation expenses, gifts and sponsorships;

k) Sensitive processes As Related to Offences against the Cultural Heritage (Article 25-septiesdecies and Article 25 duodevicies)

- Site Supervision activities and supply of other services;
- Work Oversight activities (so-called “High Supervision”);
- preliminary examination of project variations during the performance of works;
- management of institutional relations.

The organisational, management and supervision principles applying to the aforementioned Sensitive Processes are described in the relevant sections of the Special Part of this Scheme.

4. THE SUPERVISORY SYSTEM IN GENERAL

All the activities related to Sensitive Processes must be carried out in accordance with the legislation in force, the Group's values and policies as set out in the Code of Ethics and/or Group's Provisions, and the principles and rules of conduct described in this Scheme.

Having regard to the government of cross-group processes, Italferr maintains its decision-making autonomy and control over the process phases for which the Company is responsible, also with regard to the prevention of the risks of offence referred to in Legislative Decree No. 231/2001, therefore acknowledging and implementing, within its regulatory system, and with its own corporate procedures, the Group's Governance rules, policies, guidelines and operating procedures and common methods, as defined and issued by the Parent Company, adapting them to its corporate situation, consistently with its prerogatives as an autonomous and independent company.

Based on the guidance contained in Confindustria's Guidelines, the components (protocols) of the preventive controls system to be implemented at corporate level in order to ensure effectiveness of the Scheme are as follows:

1. Organisational system;
2. Operational procedures to regulate activities in at-risk corporate areas;
3. Mechanisms for delegating authority;
4. Management control system;
5. Structured ethical principles aimed at preventing the offences that are referred to in the Decree;
6. Awareness-raising and training mechanisms for staff;
7. Disciplinary measures.

Furthermore, the Company holds and must periodically confirm the following certifications and accreditations acquired over the years, aimed at certifying the regulatory system adopted by Italferr:

- ISO 9001 in 1998 (Quality)
- ISO 14001 in 2006 (Environment)
- ISO 17020 in 2006 (Project Validation)
- ISO 45001 in 2020 (Health and Safety)
- ISO 14064 in 2010 (Climatic Footprint in Projects)

- UNI SRP 74:2019 in 2020 (BIM Management System).

Such certifications/attestations as a whole established the Italferr Integrated Management System (Quality, Safety and Environment), a further supervision of safeguarding corporate processes.

The paragraphs below will detail the specific requirements and principles applying to some control protocols (mechanisms for delegating authority; management control system; disciplinary measures) featuring shared elements vis-à-vis all the statutory offences covered by this Scheme; conversely, reference will have to be made to the "A", "B", "C", "D", "E", "F", "G" and "H" special parts - subject to the guidance contained herein - as for the protocols that show specific features with regard to each category of statutory offence (e.g. as for procedures or other specific protocols).

Finally, as for the Company's Organisational System, the latter has to comply - generally speaking - with some fundamental requirements, i.e. it must envisage formalised, clear-cut, publicly notified and separate roles with particular regard to the allocation of representation powers and operational functions.

The Company must be equipped with organisational tools (organisational charters, organisational communications and procedures, etc.) that should be based on the following general principles:

- a. The powers allocated both within the Company and vis-à-vis third parties should be made known, transparent and publicized;
- b. Roles should be laid out clearly and formally including a thorough description of the tasks applying to each function along with the respective powers and responsibilities;
- c. Reporting obligations should be laid out clearly by having regard both to hierarchical and to functional positioning.

Internal procedures should feature the following:

- i. separation, on a per-process basis, of the entity making a decision (decision-maker), the entity authorising such decision, the entity implementing the decision, and the entity tasked with supervising over the whole process (so-called functional segregation);
- ii. logging of each substantial step in the process, including supervision (so-called "traceability");
- iii. adequate formalization.

5. MECHANISMS FOR DELEGATING AUTHORITY

The mechanisms for delegating authority must include "unambiguousness" features as for the powers allocated to the individual entities so as to enable, in all cases, the effective management of corporate activities.

The essential requirements of any mechanisms for delegating authority are as follows:

- a. delegated authority and powers of attorney must be such as to establish a link between each power and the respective responsibility along with the appropriate position in the organisational charter;

- b. each instance of delegated authority/each power of attorney must lay down the following specifically and unambiguously:
- the authority vested in the delegated entity along with the relevant limitations;
 - the entity/body the delegated entity is to report to;
- c. the management powers allocated via delegated authority and the implementation of such powers must be consistent with corporate objectives;
- d. whoever acts on behalf and in the name of Italferr vis-à-vis public administrative bodies must be equipped with specific delegated authority for that purpose and/or a document formally empowering them to represent the Company in any activities involving public administrative bodies;
- e. whoever:
- i)* may put forward, draft or render legally mandatory opinions with regard to equity transactions, extraordinary transactions, returning of participating interest, distribution of profits or reserves and/or any transactions that may be prejudicial to creditors;
 - ii)* participates in drafting the year's statement of accounts and any other reports provided for by law as addressed to partners and/or the general public;
 - iii)* is tasked with handling relationships with supervisory bodies and the audit company;
 - iv)* is tasked with handling relationships with public supervisory Authorities;
 - v)* is involved in any activity that may amount and/or give rise to the conduct described in the statutory corporate offences as per the Decree, must be equipped with specific delegated authority for the given activity and/or a document formally empowering them to represent the Company in any activities producing effects on third parties and/or public supervisory Authorities;
- f. any instance of delegated authority/any power of attorney must explicitly refer to the cases in which one is disqualified from the given powers (revocation/withdrawal, assignment to tasks that are incompatible with those for which the POA/delegated authority had been granted, dismissal, etc.);
- g. the Eurosap corporate information system is geared up to the mechanisms for delegating authority in order to ensure operational control over the appropriate use of delegated authority.

Consistently with the above and implementing the Group's Organisational Communications, Italferr has adopted a dedicated Organisational Communication to which reference should be made for more details.

The SB will perform regular checks on the mechanisms for delegating authority and granting POAs, with the help of the other competent functions, as well as on their consistency with organisational communications mechanisms; recommendations will be made in case the management powers and/or the individual positions do not correspond to the representation powers conferred on the delegated entities as well as whenever other shortcomings are detected.

6. MANAGEMENT CONTROLS AND FINANCIAL FLOWS

The management control system implemented by Italferr is made up of several components relating to multi-annual planning; annual budgeting; analysis of interim statements of accounts; and new forecasts concerning both the Company as a whole and the individual contracts.

The system is to ensure (i) that several entities are involved in terms of functional segregation to work out and transmit information; and (ii) that the occurrence and/or existence of criticalities are reported timely via appropriate information flows and reporting systems.

The management of financial resources must be outlined in an ad-hoc procedure, whose principles must be modeled after the stringent segregation of functions/entities so as to ensure that all payments are requested, performed and checked by independent functions and/or different entities; furthermore, no additional tasks should be committed to the latter functions and/or entities such as to give rise to potential conflicts of interests.

Additionally, the relevant procedure should determine the types of contract and payment that are not permitted along with those requiring top-management authorisation.

7. THE INTERNAL SUPERVISORY BODY (SB)

7.1. Features of the Internal Supervisory Body

Based on the Decree and the Guidelines, the entity to be tasked with supervising over operation of and compliance with the Scheme as well as with ensuring that the Scheme is updated as appropriate should consist of a structure inside the company having autonomous decision-making and control powers (see Section 6(1)b.). Professionalism and operational continuity should be additional features of the structure in question.

Autonomy and independence requirements entail that

- the SB should be positioned at a high level within the organisational structure and report to the top corporate levels; and
- the SB should not discharge operational tasks such as to condition its impartial judgment.

Professionalism should be construed as the set of theoretical and practical skills of a technical and specialised nature that are required in order to effectively discharge supervisory and control tasks as per the Decree. The technical skills in question can be used:

- on a preventive basis, at the time the Scheme is designed and/or subsequently amended, in order to take such measures as are most appropriate to prevent commission of the offences in question with a reasonable degree of certainty;
- on an ongoing basis, in order to check that the Addressees of the Scheme do comply factually with the rules set out therein; and
- on an ex-post basis, in order to establish how any of the offences at issue may have been committed and by whom.

Operational continuity makes it necessary that an internal structure is set up to exclusively work, on a full-time basis, on supervising over the Scheme; as already pointed out, such structure should not be in charge of operational tasks that may require it to make decisions producing economic or financial effects. On the other hand, this does not rule out that the structure in question may also provide advice on building up / updating the Scheme.

Based on the above premises and pursuant to Section 6b. of the Decree, Italferr's Board of Directors had set up a Supervisory Body (SB) via its resolution dated 22 December 2002 in accordance with the

guidelines contained in the "Group's Provision no. 209/P dated 9 June 2016", implemented via the CO/I no. 2 P of 21 January 2021. The Manager of the Audit Organisational Unit had been appointed as SB.

The above decision resulted from the circumstance that the function in question met the autonomy, independence, professionalism and operational continuity requirements that are applicable to the activities at issue.

In order to ensure consistency with Confindustria's more recent guidance, given that the relevant Guidelines served as the model for Italferr's 231 Scheme, and in line with the operational mechanisms already implemented in other companies of the Ferrovie dello Stato Italiane Group, Italferr's Board of Directors considered it appropriate afterwards to set up a collegiate SB with mixed membership, governed by specific Bylaws.

In line with the principles set forth in Legislative decree no. 231/2991, SB functions may not be outsourced; only technical tasks may be committed to external (third party) entities having the specific know-how required to ensure that such tasks are performed more effectively. At all events, the overall responsibility for supervising over the Scheme lies with the SB.

Upon request, the SB can be provided by the Board of Directors with adequate resources to support it in discharging the relevant tasks. Such resources may be used to obtain professional advice, specific tools and/or such items as may prove necessary and/or appropriate to perform the tasks pertaining to the SB - subject to the obligation to report to the Board of Directors at the time the annual statements of accounts are submitted - or else to meet special, urgent needs that could not be planned beforehand.

The members of the SB are appointed by the Board of Directors for a three-year term of office as from their appointment; they may be re-elected.

At all events, every member stays in office until the new member is appointed.

In order to protect SB members against the risk that

- (i) they may be removed without justification from the respective positions in the organisational chart;
or
- (ii) the duties pertaining to the SB are committed without justification to a corporate entity other than the one specified in this Scheme,

the authority conferred on any member of the SB may only be revoked by a specific resolution of the Board of Directors to be approved by the Board of Auditors.

Where the authority of all the SB members is revoked, the Board of Directors will appoint a new SB.

The function of the Body is governed by specific "Statute" approved by the Board of Directors.

7.2. Tasks and Powers Applying to the Supervisory Body (SB)

From a general standpoint, Italferr's SB is tasked with the following:

- supervising over compliance with the requirements made in this Scheme;

- checking on effectiveness of the Scheme by having regard to the corporate structure and the capability to prevent commission of the offences mentioned in the Decree;
- updating the Mapping of at-risk areas (Sensitive Processes) as well as the Scheme and submitting possible updates to the competent corporate units, with particular regard to the evolution/changes in the organisational structure, corporate operations and/or the legislation in force.
- more specifically, in compliance with Group instructions (Group Provision no. 209/P of 9 June 2016, transposed by CO/I no. 2 P of 21 January 2021), the SB shall do the following in order to discharge the respective duties in operational terms: it shall carry out a survey of corporate activities in order to identify at-risk areas for the commission of offences under Legislative decree no. 231/2001, and it shall propose that such survey be updated and supplemented as necessary;
- it shall seek the involvement of the competent corporate structures based on the findings of the said survey so as to develop operational and control procedures that can adequately regulate performance of the activities in question in order to ultimately set out and implement a suitable organisation, management and supervision scheme;
- it shall check actual effectiveness of the Scheme, partly following the additions made to the list of at-risk areas, by having regard to corporate structure and the Scheme's actual capability to prevent commission of the offences mentioned in legislative decree no. 231/2001; in this connection, it shall propose - where this is found to be necessary - updates to the Scheme by having regard, in particular, to the evolution and changes in organisational structure and/or corporate operations and/or the legislation in force;
- it shall ensure that the Scheme remains viable over time by taking such steps as may be necessary in order for the Scheme to always effectively prevent the offences at issue, also by consulting with the corporate structures concerned. This task should be construed to entail the duty of directly putting forward upgrading/adjustment proposals to the competent corporate structures as well as to the top management, in especially important and/or urgent cases, and of checking that the proposed solutions are implemented and workable;
- it shall outline, in pursuance of the Scheme, an effective information flow to enable the SB to be updated regularly by the relevant corporate structures on the activities considered to be at-risk as for the commission of offences, and it shall lay out suitable communication channels and mechanisms in order to be informed promptly of any breaches of the Scheme and/or procedures;
- it shall implement, in pursuance of the Scheme, an effective information flow to enable the SB to report to the competent corporate organs;
- it shall initiate, at the competent corporate structure, the process relating to imposition of the disciplinary penalties that are applicable in case of breaches of the Scheme, and it shall check that the said process is implemented;
- it shall perform checks at the corporate structures considered to be at-risk in order to verify that the relevant activities are performed in line with the organisation, management and supervision scheme; to that end, it shall also co-ordinate the competent corporate structures;

- it shall foster, at the competent corporate structure, a suitable staff training process via appropriate initiatives aimed at raising awareness and understanding of the scheme; it shall also check that the said process is implemented;
- it shall draft the internal organisational documents including instructions, explanations and updates as necessary in order to implement the Scheme.

The SB shall avail of the *Internal Auditing* function and have the right to access any and all relevant corporate documents in order to discharge the aforementioned tasks.

7.3 Reporting by the SB to Corporate Organs

The SB shall report on implementing the Scheme and the arising of possible criticalities related to the latter.

The SB:

- 1) shall report on its activities to the Chair of the Board of Directors and the CEO;
- 2) shall meet – at least once a year – with the Board of Statutory Auditors, the Compliance Officer and the Administration Officer for exchanging information on matters of mutual interest.

The Board of Directors - by the agency of their Chairs - are empowered to at any time summon the SB. The SB may, in turn, submit a request to that effect in order to report on operation of the Scheme and/or any specific situations. Minutes will be drafted of such meetings and copies of those minutes will have to be kept by the SB.

Should the SB, in discharging the relevant tasks, detect situations that entail major risks to the Company, it shall immediately inform the Chair of the Board of Directors and the Chair of the Board of Auditors in order for them to take such steps as are considered to be appropriate in order to safeguard the Company.

Additionally, the SB shall seek co-ordination with the competent corporate functions as for the specific implementing issues related to the Scheme; more specifically, it shall seek co-ordination

- with the Legal Affairs Department as regards, for instance, interpretation of the relevant legislation, setting forth the contents of contractual clauses, and fulfilment of corporate obligations that may be relevant vis-à-vis the commission of corporate offences;
- with the Human Resources & Organization Management as for training of staff and disciplinary proceedings;
- with the Administration, Planning and Control Operational Unit as regards, for instance, the controls over financial flows;
- with the units in charge of supervising over compliance with all the legal requirements applying to occupational safety and health;
- with such entities as are tasked by the Group's Code of Ethics with implementing and supervising over effectiveness of and compliance with the Code of Ethics.

7.4. Information Flows to the SB: General Information and Mandatory Specific Information

The SB will have to receive the documents required as per the individual Special Parts of the Scheme, on the basis of the procedures relating to at-risk activity areas. Additionally, the SB will have to receive such other items of information, of whatever nature, including information provided by third parties, as may concern implementation of the Scheme in at-risk activity areas and/or any events that might give rise to Italferr's liability under the Decree; this will require ad-hoc reporting by corporate bodies, staff and collaborators, the audit company and the company's partners.

The following requirements shall be applicable:

- Information obligations shall apply, generally speaking, to any staff members that become apprised with whatever item of information concerning commission of offences within Italferr and/or any conduct that is not in line with the principles and requirements set out herein as well as with the rules of practice adopted by the Company;
- The SB shall have reasonable discretion in assessing, under its own responsibility, the reports it receives along with the measures it may decide to take accordingly; it may hear the entity reporting the relevant information (whistleblower) and/or the alleged offender and shall have to provide reasons in writing for any decision not to initiate internal investigations;
- All reports shall be in writing; Reports shall concern any (suspected) breach of the Scheme. The SB shall act in such a way as to protect whistleblowers against any type of retaliation, discrimination and/or prejudice and shall also ensure that the whistleblower's identity remains confidential subject to legal obligations and the protection of the rights vested in the Company and/or any individual that is accused wrongly and/or maliciously;
- "Dedicated information channels" shall be set up by the SB for a two-fold purpose, i.e. to facilitate the flows of reports and information to the SB and expedite the settlement of questionable cases;
- In case offences are committed by the SB and/or any other instances of non-compliance with the requirements made in the Scheme may be traced back to the SB, the relevant information shall be notified to the manager higher in rank, or else to the Board of Directors, via its Chair.

Where appropriate, the SB shall regularly propose to the Chair amendments to the list of the information items to be provided.

7.4.1 Reporting potential violations of the Scheme - Whistleblowing

Section 6, paragraph 2-bis, of the Decree requires that the Scheme of organisation, management and control of the Company provides for:

- one or more channels that allow the persons indicated in section 5, paragraph 1, letters a) and b), to submit, for the protection of the integrity of the entity, detailed reports of unlawful conduct, relevant under the Decree and based on precise and consistent facts, or of violations of the entity's Organisation and Management Scheme, of which they have become aware due to the functions performed; these channels guarantee the confidentiality of the identity of the reporter in the report management activities;

- at least one alternative reporting channel suitable for guaranteeing, by computerised means, the confidentiality of the reporter's identity;
- the prohibition of acts of retaliation or discrimination, direct or indirect, against the reporter for reasons directly or indirectly related to the report.

To this end, dedicated channels of communication have been set up with the Supervisory Body, which must be promptly informed, by means of a special reporting system, by the Recipients of Scheme 231 of any conduct, act or event that could lead to a violation or circumvention of Scheme 231 or the related procedures and therefore that could give rise to liability on the part of Italferr pursuant to the Decree.

The obligations to provide information on any conduct contrary to the provisions contained in the 231 Scheme fall within the broader duty of care and duty of loyalty of the employee as per sections 2104 and 2105 of the Italian Civil Code.

In this regard, the following general provisions apply:

- employees have the duty to transmit to the Supervisory Body any reports relating to the commission, or reasonable belief in the commission, of the offences referred to in the Decree;
- Employees with the status of manager are obliged to report to the Supervisory Body any violations committed by employees, collaborators, consultants and contractual counterparts, of which they have become aware;
- bona fide whistleblowers must be guaranteed against any form of retaliation, discrimination or penalisation and, in any case, the confidentiality of the identity of the whistleblower must be ensured, without prejudice to legal obligations and the protection of the rights of the Company or of persons accused wrongly and/or in bad faith.

The report submitted must:

- be detailed;
- relate to facts that are directly known to the complainant and not reported by other parties;
- contain a clear description of the facts, times and ways in which the alleged illegal conduct was carried out.

The Supervisory Body evaluates the reports received.

Italferr has adopted a whistleblowing management process, including anonymous whistleblowing, capable of contributing to the prevention of wrongdoing, irregularities or conduct carried out in violation of Scheme 231.

The whistleblowing management process is an integral part of the 231 Scheme in implementation of Law No. 179/2017 (so-called “Whistleblowing Law”).

The Company provides a plurality of channels for the transmission of reports, including anonymously, and hopes that the identity of the whistleblower is made explicit in the reports, as in this way it is easier to verify the reported facts, it is possible to ensure the protection of the whistleblower and inform him or her of the outcome of the investigations carried out.

To this end, Italferr ensures the confidentiality of the identity of the whistleblower and prohibits any form of retaliation or discrimination against anyone making a whistleblowing report.

Italferr also adopts measures aimed at protecting the rights of the persons against which reports are made.

Whistleblowers may transmit their reports of potential violations of the 231 Scheme through one of the following channels:

- *IT platform*: accessible from Italferr's website – www.italferr.it – or via the company intranet. This channel constitutes a preferential tool for sending and managing reports as it is more suitable for immediately guaranteeing, by means of computer methods, the confidentiality of the whistleblower's identity and adequate information security measures.

The platform makes it possible to:

- i. separate the identification data of the whistleblower from the content of the report, providing for the adoption of codes replacing the identification data, so that the report can be processed anonymously;
 - ii. keep the content of the report confidential throughout the entire report handling phase, allowing access only to authorized individuals;
 - iii. adopt secure protocols for transporting data over the network as well as the use of encryption tools for the content of the report and any attached documentation;
 - iv. interact with the whistleblower, ensuring his or her anonymity.
- *ordinary post*: Italferr SpA, Segreteria Organismo di Vigilanza, Via Vito Giuseppe Galati, 71, 00155 Rome;
 -
 - *e-mail*: organismodivigilanza@italferr.it;
 -
 - *verbally*, by means of a statement issued by the whistleblower, at a special hearing, to the Supervisory Board of Italferr SpA, reported in the minutes and signed by the whistleblower.

All correspondence addressed to the Supervisory Board must not be opened by other parties. In the event that the report is submitted through the postal service, to ensure confidentiality, regarding the the identity of the whistleblower, the report should be placed in two sealed envelopes:

- (I) the first with the identity data of the whistleblower;
- (II) the second with the report, so as to separate the identity data of the whistleblower from the report.

Both must then be placed in a third sealed envelope bearing on the outside the words "Confidential for the Italferr SpA Supervisory Board". The report will be kept and recorded (directly by the Supervisory Board) in the technical ways that guarantee maximum security.

The Company undertakes to protect the reporters against any form of retaliation, discrimination or penalisation, and in any case the confidentiality of the identity of the reporter will be ensured, without prejudice to legal obligations and the protection of the rights of the Company or of persons accused erroneously and/or in bad faith.

Penalties are provided for against those who violate the measures to protect the reporter, as well as against those who intentionally or grossly negligently make reports that prove to be unfounded, in line with the penalty system contained in paragraph 9 of the General Part of the Scheme, applicable in the event of violation of the provisions of the Scheme itself.

Italferr has implemented a “Procedure for the Management of Whistleblowing Reports received by Italferr S.p.A.”, to which reference should be made for more details.

7.5. Collecting and Keeping the Information

Any and all information, reports and notifications mentioned in this Scheme shall be kept by the SB in an ad-hoc database (in both electronic and paper format) for the periods specified in the Treatments register of Italferr.

The said database may only be accessed by the SB and the members of the Board of Auditors along with the Board of Directors.

8. TRAINING OF STAFF AND DISSEMINATION OF THE SCHEME

8.1. Training of Staff and Dissemination of the Scheme in the Corporate Context

In line with the provisions made in the Decree, Italferr developed an ad-hoc dissemination (information) and training plan aimed at disseminating and explaining the Scheme once adopted.

The dissemination plan is implemented by the corporate Organisational Units co-ordination with the SB; it includes the following steps.

As for dissemination, the following actions are envisaged:

- Posting of the scheme along with all the information required to understand and implement it on the corporate billboard and/or Intranet;
- Communication to all personnel on the contents of the Decree and on the information/training methods provided for within the Company.

Training of the staff in order to implement the Scheme is managed by the Human Resources & Organization Management and envisages the following steps by having regard to the different risk areas and the staff working in such areas:

- a) Natural persons holding representation, management and/or leading functions within the Company and/or any Organisational Unit that is financially and functionally autonomous: initial workshop addressed from time to time to newly recruited staff; seminars to be held whenever necessary for the purpose of updates; access to an Intranet site dedicated to this topic; information notice in the letter sent to all newly employed staff.
- b) All other staff members: in-house information notice; information notice in the letter sent to all newly employed staff; access to corporate Intranet.

At all events, specific information and training initiatives will have to be undertaken on the occasion of amendments to the legislation in force that may impact on administrative liability by having regard to the Company's business.

The corporate training and information management plans for this Scheme as described above will be reviewed by the SB and any suggestions made by the latter to achieve the objectives set forth in the Scheme will be duly taken on board.

8.2. Information to Collaborators and Partners and Relevant Notices

Italferr's internal and external collaborators and partners will have to be informed of both the contents of this Scheme and Italferr's requirement that their conduct should be compliant with the provisions made in the Decree. To that end, ad-hoc information notices will have to be provided to them regarding Italferr's policies and procedures as based on this Scheme.

9. DISCIPLINARY SYSTEM

Laying down a set of penalties - which should be proportional to the individual breaches and deterrent in nature - to be applied in case of any breach of the rules set forth in this Scheme is aimed at ensuring that the Scheme is truly effective. Indeed, under section 6(1)e. of the Decree the establishment of such a disciplinary system is a fundamental requirement for the Scheme to work as a ground for exemption from corporate liability.

Imposition of the penalties envisaged under such a disciplinary system is independent of the (outcome of any) criminal proceeding that may be instituted by judicial authorities whenever the conduct to be censured also amounts to a statutory offence under the Decree.

Taking account of the severity of the consequences resulting to the Company from any instance of unlawful conduct on the staff's part, non-compliance with the Scheme amounts to a breach of the diligence and loyalty duties vested in employees; in especially serious cases, it should be regarded as prejudicial to the trust relationship established with the given employee(s). Accordingly, the breaches in question will be subject to the disciplinary measures referred to below irrespective of whatever criminal proceeding.

9.1. Disciplinary Measures Imposed on Staff Other than Executives

This Scheme shall be made known to Italferr's staff other than executives by posting it publicly as well as via ad-hoc training courses. Any instance of conduct held by the said staff in breach of the procedures and rules of conduct specified in the Scheme shall be a disciplinary wrongdoing. Accordingly, any employee violating the Scheme may be the subject of the penalties set forth in the disciplinary provisions of the CCNL [National General Labour Agreement] in force, pursuant to the principle that penalties should be imposed in a stepwise fashion and proportionate to the severity of the breaches. More specifically,

- If the violation of one or more rules of procedure or conduct as set forth in the Scheme amounts to a minor irregularity, the employee will receive a verbal or written reprimand as per section 58 of the CCNL;
- In the violation is repeated within one year as from the written reprimand and concerns the same shortcomings as per the above paragraph, or if the violation is more serious and concerns one or more rules of procedure or conduct as set forth in the Scheme, the employee will be fined as per section 59 of the CCNL unless the violation is prejudicial to the Company's standard course of business;
- If the violation of one or more rules of procedure or conduct as set forth in the Scheme is detrimental to the Company's assets and liabilities or exposes the Company to a factually dangerous situation regarding corporate assets, the employee will be suspended from work and wages for between one and four days in pursuance of section 60 of the CCNL;
- If the violation of one or more rules of procedure or conduct as set forth in the Scheme is more severe than any of the foregoing and falls within the scope of sections 61 and 62 of the CCNL, the employee will be suspended from work and wages for between five and ten days in pursuance of the aforementioned sections;
- If the violation of one or more requirements as per the Scheme amounts to a shortcoming whose severity is equivalent to that of the wrongdoings mentioned in section 63 of the CCNL, the employee shall be dismissed following prior notice thereof;
- If the violation of one or more requirements as per the Scheme is so severe as to irreparably damage the trust relationship with the Company and not to allow continuing in the employer-employee relationship even on a transitional basis, the employee shall be dismissed without any prior notice thereof.

The above penalties will be imposed in compliance with section 7 of Law No. 300 dated 20 May 1970 as well as in pursuance of the provisions made both in the CCNL and in corporate procedures.

9.2. Disciplinary Measures Imposed on Executives

This Scheme will be made known to Italferr's executives by way of specific communications and training courses. Should executives violate the internal procedures as set forth in the Scheme, or should their conduct fail to be compliant with the requirements made in the Scheme as regards the discharge of their duties in at-risk areas, the following measures will be applicable:

- In case of a non-severe violation of one or more of the rules of procedure or conduct set forth in the Scheme, the executive will receive a written warning to comply with the Scheme as such compliance is a precondition for the trust relationship with the Company to continue;
- In case of a severe violation of one or more of the requirements made in the Scheme such as to give rise to a severe instance of non-compliance, the executive will be dismissed following prior notice thereof;

- If the violation of one or more requirements as per the Scheme is so severe as to irreparably damage the trust relationship with the Company and not to allow continuing in the employer-employee relationship even on a transitional basis, the executive shall be dismissed without any prior notice thereof.

The above penalties will be imposed in compliance with section 7 of Law No. 300 dated 20 May 1970.

10. ADDITIONAL MEASURES AGAINST NON-COMPLIANCE WITH THE SCHEME

10.1. Measures Applying to Directors and Auditors

In case of a violation of the Scheme committed by Directors and/or Auditors, the SB will promptly notify the whole Board of Directors and the whole Board of Auditors in order for each director or auditor - or each body as a whole - to take such measures as are deemed to be most appropriate and adequate by having regard to the respective scope of competence as well as to the severity of the violation and the powers conferred on them by the laws and/or by-laws (statements made in the minutes of assemblies; request for convening a meeting or convening of a meeting of the Board of Directors; request for convening meetings or convening of meetings including the issuing of adequate measures against the offenders on the relevant agendas, etc.).

10.2. Measures Applying to External Collaborators and Partners

The letters contracting out specific tasks and/or any partnership agreements will have to include specific contractual clauses providing for termination of the contract, or for the right to withdraw from the contract, in case the conduct held by external collaborators and/or partners is in conflict with the rules of conduct set out in this Scheme and such as to entail the risk of committing any of the offences that are punishable under the Decree. This will be without prejudice to any claims for damages in case the conduct at issue proves to be factually harmful to the Company - e.g. if a judge decides to impose any of the measures envisaged in the Decree.

11. CHECKS ON ADEQUACY OF THE SCHEME

This Scheme will undergo two-fold checks:

- Checks on instruments: the main corporate deeds/instruments and the main contracts as entered into by the Company in at-risk areas will be checked yearly.
- Checks on procedures: the actual operation of the Scheme will be checked regularly in accordance with the arrangements made by the SB. Additionally, all the reports submitted every year along with the steps taken by the SB and all the other entities concerned, the events considered to be at risk, and the staff's awareness of the offences envisaged in the Decree will be reviewed by means of sample-based interviews. The outcome of this review will be a report to be submitted

to Italferr S.p.A.'s Board of Directors jointly with the annual report by the SB, so as to highlight possible shortcomings and suggest the measures to be taken.

12. SCHEME AND CODE OF ETHICS

The rules of conduct set forth in this Scheme have been devised in order to specify those contained in the Code of Ethics of the FSI Group by having regard to Italferr's specific business, since this Scheme pursues specific objectives in accordance with the Decree.

From this standpoint,

- the Group's Code of Ethics is a tool to be adopted by all Group's companies in order to foster the "corporate ethics" principles the Group endorses in full, calling for compliance with these principles by all the members of the Board of Directors and the Board of Auditors, employees, collaborators, and partners;
- the Scheme is conversely a tool with a specific scope of application and is aimed at specific objectives, since it is devised as a description of the organisation and governance system developed by the Company to prevent commission of the offences referred to in the Decree - i.e. offences that, albeit committed seemingly in the Company's interest and/or for the Company's benefit, may give rise to administrative liability under the said Decree. The Scheme lays down rules and sets forth procedures that must be complied with in order to exempt the Company from the liability envisaged in the Decree.