

# DIS-510

## ISO 37001 DISCIPLINARY SYSTEM

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### DIRECTIVE

#### IDENTIFICATION

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|------------------|---|---------------|------------|
| <b>Category:</b> | AC – Anti-Corruption                    |               |            |
| <b>Procedure</b> | DIS-510 - ISO 37001 Disciplinary System |               |            |
| <b>Version</b>   | 00                                      | <b>Dated:</b> | 04/11/2022 |

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#### RESPONSIBILITY

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|                      | Name   | Department                       |
|----------------------|--|----------------------------------|
| <b>Processed by:</b> | Cristina Rossato<br>Iva Borgonovi<br>Mariacristina Palavezzati | Anti-Bribery Compliance Function |
| <b>Verified by:</b>  | Francesca Merella  | Chief Human Resources Officer    |
| <b>Approved by:</b>  | -  | Board of Directors               |

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## CLASSIFICATION

Public

## SUMMARY OF CHANGES

| Ver. | Date       | Description of Changes |
|------|------------|------------------------|
| 00   | 04/11/2022 | Initial issue          |

## CONTENTS

|    |  |    |
|----|--|----|
| 1  | PURPOSE AND SCOPE OF APPLICATION .....   | 3  |
| 2  | CRITERIA FOR THE APPLICATION OF PENALTIES .....  | 4  |
| 3  | PENALTIES APPLICABLE TO DIRECTORS AND THE CHIEF EXECUTIVE OFFICER .....  | 5  |
| 4  | PENALTIES APPLICABLE TO EMPLOYEES (OFFICE WORKERS AND MIDDLE MANAGERS) .....   | 5  |
| 5  | PENALTIES APPLICABLE TO EXECUTIVES .....   | 7  |
| 6  | PENALTIES APPLICABLE TO STATUTORY AUDITORS AND AUDITORS.....   | 9  |
| 7  | PENALTIES APPLICABLE TO MEMBERS OF THE SUPERVISORY BOARD .....   | 9  |
| 8  | PENALTIES APPLICABLE TO MEMBERS OF THE ANTI-BRIBERY COMPLIANCE FUNCTION .....  | 9  |
| 9  | PENALTIES APPLICABLE TO BUSINESS PARTNERS, SUBSIDIARY ORGANIZATIONS AND THIRD PARTIES ACTING ON BEHALF OF LUTECH ..... | 10 |
| 10 | PENALTIES FOR BREACH OF THE REQUIREMENTS FOR THE PROTECTION OF THE WHISTLEBLOWERS .....                                | 10 |
| 11 | DISSEMINATION .....  | 10 |
|    | REFERENCES AND SUPPORTING DOCUMENTS .....  | 12 |

## **1 PURPOSE AND SCOPE OF APPLICATION**

- 1.1. Lutech S.p.A. (hereinafter also referred to as the "**Company**" or "**Lutech**") has implemented an Anti-Bribery Management System, which complies with the Standard UNI ISO 37001:2016 (Anti-Bribery Management System) (hereinafter also referred to as "ISO 37001") and the Anti-Bribery Policy (**PSQ-500**).
- 1.2. This document, "ISO 37001 Disciplinary System" (hereinafter also referred to as the "**Disciplinary System**"), has been drawn up to enable the discipline of any conduct in violation of the principles, rules of conduct, operating procedures, instructions and the Anti-Bribery Policy, to ensure the effective implementation of the Anti-Bribery Management System of Lutech S.p.A.
- 1.3. In fact, the provision of penalties duly commensurate with the transgression detected, and functional to a deterrent purpose, is intended to contribute, on the one hand, to the effective application of the Lutech Anti-Bribery Management System and, on the other hand, to allow for effective control activity by the Anti-Bribery Compliance Function.
- 1.4. The penalties set out in this Disciplinary System are to be considered as an additional element, without replacing, in any way whatsoever, the legal provisions applied to the matter of corruption, and shall be implemented regardless of the outcome of any proceedings initiated for the application of criminal penalties.
- 1.5. Pursuant to this Disciplinary System, therefore, the Company applies the reported penalties if violations are found:
  - of the Anti-Bribery Policy;
  - of the operational procedures and instructions related to the Anti-Bribery Management System;
  - of the Anti- Bribery Management System as a whole;
  - of all anti-corruption laws.
- 1.6. This Disciplinary System applies:
  - to Directors;
  - to the Chief Executive Officer;
  - to Statutory Auditors;
  - to the auditors of the Auditing Company;
  - to Lutech personnel (employees, middle management, staff or temporary workers or volunteers of the organization);
  - to executives;
  - to Employees;
  - to business associates (i.e. external parties with whom Lutech establishes a business relationship, such as, but not limited to, clients, joint venture partners, partners in consortia or temporary consortia, suppliers, contractors and subcontractors, consultants, agents, intermediaries), hereinafter also referred to as "Business Partners";
  - organizations controlled by Lutech (hereinafter also referred to as "Subsidiary Organizations");
  - agents, suppliers, partners or other external parties acting in name and on behalf of Lutech (hereinafter also referred to as "Third Parties acting on behalf of Lutech");
  - to the Supervisory Board;

- to the Anti-Bribery Compliance Function.

1.7. This Disciplinary System has been approved by the Lutech S.p.A. Board of Directors.

## **2 CRITERIA FOR THE APPLICATION OF PENALTIES**

- 2.1 Under this Disciplinary System, conduct liable for penalties includes not only actions and behaviors (commission and/or omission) in breach of the Anti-Bribery Policy, of the Anti-Bribery Management System, or of the operating procedures and operating instructions relating thereto, or of anti-corruption laws, but also conduct, even omission, that is contrary to the indications and/or requirements set out by the Anti-Bribery Compliance Function.
- 2.2 Penalties are also applicable not only to the parties materially committing violations but also to those who, by their action or omission, with full knowledge and intent or through negligence, imprudence and inexperience, colluded in the violation.
- 2.3 The seriousness of the violation committed shall be assessed, for the purposes of applying the penalty, on the basis of the following criteria:
- the concrete time and manner in which the violation was committed;
  - the extent of the damage or the seriousness of the danger to the Company and all its employees or stakeholders;
  - the intensity of the intent where this is a deliberate infringement;
  - the degree of fault where infringements are caused by negligence, imprudence or inexperience;
  - the degree of disloyalty to the Company demonstrated by the perpetrator in committing the offense;
  - the conduct of the perpetrator of the violation before and after the infringement took place;
  - the financial conditions of the perpetrator;
  - whether or not the perpetrator is a repeat offender.
- 2.4 The identification and application of penalties must take into account the principles of proportionality and appropriateness with respect to the alleged violation.
- 2.5 In any case, no penalty may be imposed without first hearing from the person concerned, accurately stating the charge to him/her in writing, and providing him/her with a reasonable time limit within which to state his/her arguments in writing.
- 2.6 No penalty may be imposed on any person who has refused to take part in any activity or has declined any activity which has been assessed as having a risk of corruption against which the Company has failed to take appropriate precautions.
- 2.7 No penalty may be imposed on any person who, in good faith or on the basis of a reasonable belief, has expressed or reported suspicion of attempted, certain or alleged acts of corruption, or violations of the Anti-Bribery Policy, the Anti-Bribery Management System, or of operating procedures and operating instructions relating thereto.
- 2.8 No penalties may be imposed on anyone who has reported dangers, accidents, risks or opportunities.

### **3 PENALTIES APPLICABLE TO DIRECTORS AND THE CHIEF EXECUTIVE OFFICER**

- 3.1 The Anti-Bribery Compliance Function reports to the Board of Statutory Auditors and to the Board of Directors of Lutech any breach of the Anti-Bribery Policy, of the Anti-Bribery Management System, or of the operating procedures or operating instructions referable to it, or of the anti-corruption laws, committed by one or more members of the Board of Directors, including the Chief Executive Officer.
- 3.2 The Board of Directors, with the abstention of the person(s) involved, shall carry out the necessary investigations and, having consulted the Board of Statutory Auditors, take all appropriate measures to impose the following disciplinary penalties, to be commensurate and proportionate to the seriousness of the wrongdoing alleged:
- fine (2-5 times one month's salary);
  - revocation of any powers of attorney/delegations conferred;
  - removal from office (for the most serious cases).
- 3.3 Moreover, if a Director linked to the Company by an employment relationship is accused of the violation, the penalties provided for executives or employees will be applied. In such a case, if the penalty of dismissal for just reason or just cause is applied, dismissal from the office of director must also be ordered.

### **4 PENALTIES APPLICABLE TO EMPLOYEES (OFFICE WORKERS AND MIDDLE MANAGERS)**

- 4.1 Conduct by employees in violation of the individual rules of conduct set out in the Anti-Bribery Policy, the Anti-Bribery Management System, or of the operational procedures or instructions referring thereto, or of anti-corruption laws, are defined as disciplinary offenses.
- 4.2 Obstructing the activity of the Anti-Bribery Compliance Function (e.g. not providing requested information, concealing documents) constitutes a serious disciplinary offense. The penalties applicable to employees and middle managers are defined in national collective labor agreement, in compliance with the procedures laid down in Article 7 of the Workers' Bill of Rights and any applicable special regulations. In particular, due to the various product sectors in which it operates as well as the different tasks assigned to its employees, Lutech adheres to multiple national collective labor agreements.
- 4.3 A **verbal or written warning**, as well as a **fine** to the extent and in the manner laid down in the collective labor agreement applicable to the employment, shall be applied to any employee who commits the following violations, including by omissive conduct, for the first time and without causing appreciable consequences:
- non-compliance with the Anti-Bribery Policy
  - non-compliance with the Anti-Bribery Management System, or with the operational procedures and instructions relating thereto;
  - unjustified omission of control measures implemented for the management of processes at risk;
  - non-compliance with the provisions concerning the obligation to keep records of the work performed;

- failure to supervise the conduct of the workers assigned to the area for which he/he is responsible for the correct and effective application of the principles contained in the Anti-Bribery Policy, in the Anti-Bribery Management System, or in the operating procedures or operating instructions referring thereto;
- non-compliance with the provisions on signatory powers and the delegation system;
- failure to transmit significant information to the Anti-Bribery Compliance Function;
- undue disclosure of the identity of the whistleblower, without causing appreciable repercussions for the whistleblower personally and/or professionally;
- unfounded reports, made with malice or gross negligence, of offenses or violations of the Anti-Bribery Policy, the Anti-Bribery Management System, or of the operating procedures or operating instructions referring thereto.

4.4 An employee who knowingly violates the principles laid down in the Anti-Bribery Policy, in the internal procedures provided for by the Anti-Bribery Management System, or whose conduct does not comply with the requirements of the Anti-Bribery Management System or the Anti-Bribery Policy, shall be subject to **suspension from service and pay**, in the measure and manner provided for by the National Collective Labor Agreement applicable to the employment relationship, in particular in cases where he/she has committed repeated disciplinary violations over time, and if:

- in the preceding two years, he/she has been repeatedly reprimanded, either verbally or in writing, for the same violations among those set out in section 4.3, albeit minor;
- in the performance of his/her work in processes considered to be at risk, he/she has repeatedly engaged in conduct that does not comply with the requirements relating to the Anti-Bribery Policy, the Anti-Bribery Management System or with the operational procedures and instructions referring thereto, even before such conduct was ascertained and challenged.

Such conduct, committed as a result of a failure to comply with the provisions issued by the Company, constitutes acts contrary to the interests of the Company.

4.5 An employee shall be subject to **dismissal for justified reason or just cause** if he/she:

- engages in conduct grossly inconsistent with the provisions set out in the Anti-Bribery Policy, in the Anti-Bribery Management System, or in the operating procedures and operating instructions referring thereto;
- engages in serious conduct that has already been previously reprimanded;
- violates and/or circumvents the internal control system, including by removing, destroying or altering the documentation required in the operating procedures or operating instructions;
- carries out serious discriminatory acts against an employee who has reported wrongdoing;
- makes unfounded reports, with malice or gross negligence, of offenses or violations of the Anti-Bribery Policy, of the Anti-Bribery Management System, or of the operating procedures or operating instructions referring thereto, by third parties leading to the application of a precautionary measure or conviction against them;
- carries out actions unequivocally directed towards the commission of a corruption offense;
- attempts or carries out actions aimed at committing acts of corruption or violation of the Anti-Bribery Policy, the Anti-Bribery Management System, or of the operating procedures or operating instructions referring thereto.

Such failures are of such seriousness as to undermine the trust on which the employment relationship is based and make it impossible for the relationship to continue, even provisionally, (in which case any precautionary suspensions provided for in the National Collective Labor Agreement may be applied).

- 4.6 The conduct described must potentially or actually lead to the application against the Company of the measures laid down in ISO 37001, resulting in serious damage to Lutech's assets and image.
- 4.7 The penalties described above shall be applied taking into account the criteria set out in Article 2 "Criteria for the application of penalties".
- 4.8 The Anti-Bribery Compliance Function will monitor the application and effectiveness of the disciplinary system described herein.

## **5 PENALTIES APPLICABLE TO EXECUTIVES**

- 5.1 Conduct by an Executive in violation of the individual rules of conduct set out in the Anti-Bribery Policy, the Anti-Bribery Management System, or of the operational procedures or instructions referring thereto, or of anti-corruption laws, are defined as disciplinary offenses.
- 5.2 Conduct by an Executive in violation of the individual rules of conduct set out in the Anti-Bribery Policy, the Anti-Bribery Management System, or of the operational procedures or instructions referring thereto, or of anti-corruption laws, are defined as disciplinary offenses.
- 5.3 Obstructing the activity of the Anti-Bribery Compliance Function (e.g. not providing requested information, concealing documents) constitutes a serious disciplinary offense. With reference to the penalties that may be imposed on Executives, since the various national collective labor agreements applied to the employment relationship with the executive by the Company do not provide for disciplinary penalties, such penalties may be applied in compliance with the provisions of the Italian Civil Code.
- 5.4 **Verbal warning** in case of:
- minor non-compliance with the provisions of the Anti-Bribery Policy, the Anti-Bribery Management System, or the operating procedures or operating instructions referring thereto committed by their subordinates;
- 5.5 **Written warning** (with a reminder to comply with the rule violated) in the case of:
- repeat offenses punishable by verbal warning;
  - non-compliance with the provisions of the Anti-Bribery Policy, the Anti-Bribery Management System, or the operating procedures or operating instructions referring thereto;
  - tolerance of or failure to report violations referred to in the preceding paragraph committed by their subordinates;
  - infringement of other internal procedures laid down in the Anti-Bribery Management System (violation of the process authorization flow, unjustified failure to participate in anti-corruption training activities, omission of controls entrusted to their responsibility, etc.);
  - refusal to cooperate with the Anti-Bribery Compliance Function (failure to send information flows, unjustified blocking of access by members of the Anti-Bribery Compliance Function to company information and/or documentation, etc.).
- 5.6 **Revocation of any powers conferred by power of attorney** in the event of:

- repeat offenses beyond the second time for any of the offenses referred to in the preceding paragraphs;
- conscious non-compliance with the provisions of the Anti-Bribery Policy, the Anti-Bribery Management System, or the operating procedures or operating instructions referring thereto;
- conscious violation of a procedure and instruction set out in the Anti-Bribery Management System that also involves a breach of a regulatory obligation;
- conscious violation of other internal procedures and instructions set out in the Anti-Bribery Management System - in performing activities in sensitive areas - or conduct that does not comply with the requirements of the Anti-Bribery Policy and the Anti-Bribery Management System;
- failure to report or tolerance of irregularities referred to in this point committed by their subordinates.

Such conduct, committed as a result of a failure to comply with the provisions issued by the Company, constitutes acts contrary to the interests of the Company and shall result in the revocation of the powers related to the violation.

5.7 **Dismissal (for just cause/justified reason)** in the event of:

- verified violation of the prohibition of retaliatory or discriminatory acts against the whistleblower, committed by the executive for reasons directly or indirectly linked to the report;
- established lack of grounds of the report made by the executive with malice or gross negligence;
- conduct obstructing or circumventing the controls of the Anti-Bribery Compliance Function (failure to produce the requested documentation or false information/data provided, etc.);
- fraudulent evasion of the control procedures of the Anti-Bribery Management System or, in any case, adoption of conduct in serious breach of the requires that constitutes - even potentially - an offense under Legislative Decree 231/01;
- conduct that is absolutely contrary to the company's ethical principles and that violates the internal procedures set out in the Anti-Bribery Management System by engaging in conduct unequivocally aimed at the commission of any offense;
- failure to report or tolerance of irregularities referred to in this point committed by their subordinates.

It should be noted that, for executives, the following are also serious violations of the requirements of the Anti-Bribery Policy, the Anti-Bribery Management System, or of the operating procedures or operating instructions referring to it, for the purposes of identifying the penalty:

- non-compliance with the obligation to manage or supervise subordinate workers as to the correct and effective application of the Anti-Bribery Policy, the Anti-Bribery Management System, or of the operating procedures or operating instructions referring thereto;
- failure to comply with the obligation to manage and supervise third parties who, although not linked to the Company by subordinate employment (e.g. consultants, external collaborators), are nevertheless subject to the management and supervision of the executive.

Such failures are of such seriousness as to undermine the trust on which the employment relationship is based and make it impossible for the relationship to continue, even provisionally.



## **6 PENALTIES APPLICABLE TO STATUTORY AUDITORS AND AUDITORS**

- 6.1 In the event of a violation of the Anti-Bribery Policy, of the Anti-Bribery Management System, or of the operating procedures or operating instructions referring thereto, as well as of the anti-corruption laws by one or more members of the Board of Statutory Auditors, or by one or more members of the Lutech Auditing Firm, the Anti-Bribery Compliance Function shall inform the Board of Directors of the Company, which shall take the initiatives deemed most appropriate, including convening the Shareholders' Meeting, if deemed necessary, for the appropriate measures. In this regard, reference is made to the applicable provisions of the Italian Civil Code and, in particular, Article 2400(2) of the Italian Civil Code.
- 6.2 The same penalties shall also apply where, by failing to perform their duties with the professionalism and diligence required by the nature of their office, the members of the Board of Statutory Auditors or the members of the Auditing Company prevented or failed to facilitate the discovery of the violations referred to in point (1.5), or in the most serious cases, the commission of corruption offenses.

## **7 PENALTIES APPLICABLE TO MEMBERS OF THE SUPERVISORY BOARD**

- 7.1 The commission of a violation of the Anti-Bribery Policy, of the Anti-Bribery Management System, or of the operating procedures or operating instructions referring thereto, or of the anti-corruption laws by the Supervisory Board of Lutech S.p.A. constitutes just cause for revocation of the appointment by the Board of Directors of the Company. In this case, the provisions set out in the Organization, Management and Control Model pursuant to Legislative Decree 231/2001 - General Part(MOG-000A), to be considered herein fully implemented, shall apply.

## **8 PENALTIES APPLICABLE TO MEMBERS OF THE ANTI-BRIBERY COMPLIANCE FUNCTION**

- 8.1 Any violation of the Anti-Bribery Policy, of the Anti-Bribery Management System, or of the operating procedures or operating instructions referring thereto, or of the anti-corruption laws by the one or more members of the Anti-Bribery Compliance Function of Lutech S.p.A. constitutes just cause for revocation of the appointment by the Board of Directors of the Company.

## **9 PENALTIES APPLICABLE TO BUSINESS PARTNERS, SUBSIDIARY ORGANIZATIONS AND THIRD PARTIES ACTING ON BEHALF OF LUTECH**

9.1 Any conduct in violation of the Anti-Bribery Policy and Corruption, the Anti-Bribery Management System, the operating procedures and operating instructions referring thereto, or the anti-corruption laws implemented by Lutech's Business Partners, Subsidiary Organizations and Third Parties acting on behalf of Lutech, constitutes a breach of contractual obligations undertaken, resulting in all the consequences provided for by law, pursuant to Article 1453 *et seq.* of the Italian Civil Code, and in particular:

- the temporary suspension of the supply, assignment or collaboration, intercompany service or business partnership, with the activation of investigative procedures aimed at ascertaining whether the violation is founded;
- compensation for any damage suffered by Lutech;
- termination of the contract and/or revocation of the engagement in the event of proven violations.

## **10 PENALTIES FOR BREACH OF THE REQUIREMENTS FOR THE PROTECTION OF THE WHISTLEBLOWERS**

10.1 In the event that the measures to protect whistleblowers are violated and/or in the event that unfounded reports are made with malice or gross negligence by:

- employees: the penalties provided for in Article 4 shall apply;
- Executives: the penalties provided for in Article 5 shall apply;
- Directors and the Chief Executive Officer: the penalties provided for in Article 3 shall apply;
- the Board of Auditors and the auditors of the Auditing Company: the penalties provided for in Article 6 shall apply;
- the Supervisory Board: the penalties provided for in Article 7 shall apply;
- the Anti-Bribery Compliance Function: the penalties provided for in Article 8 shall apply;
- of Business Partners, Subsidiary Organizations and Third Parties acting on behalf of Lutech: the penalties set out in Article 9 shall apply.

## **11 DISSEMINATION**

11.1 This Disciplinary System shall be brought to the attention of Lutech's employees through publication on the Company's intranet.

11.2 This Disciplinary System shall be brought to the attention of Lutech's executives through publication on the Company's intranet.

- 11.3 This Disciplinary System must also be brought to the attention of the directors, Statutory Auditors and Auditors of the Auditing Company.
- 11.4 Specific reference must be made to this Disciplinary System in the acts or contracts that give rise to contractual relationships with Business Partners, Subsidiary Organizations or third parties acting on behalf of Lutech.
- 11.5 Specific reference must be made to this Disciplinary System in the assignments to the Supervisory Board and Anti-Bribery Compliance Function.
- 11.6 The Company will also promote awareness of this Disciplinary System by setting up a special section on its website ([www.lutech.it](http://www.lutech.it)), from which the system can be freely downloaded.

## **REFERENCES AND SUPPORTING DOCUMENTS**

### **REFERENCES**

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|----------|---|
| MOG-000A | Organization, Management and Control Model pursuant to Legislative Decree 231/01 - General Part |
| PSQ-500  | Anti-Bribery Policy   |

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