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PENALTY SYSTEM

Special Section D

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GENERAL SECTION

PURPOSE AND RECIPIENTS

Art. 6 paragraph 2 lett. e) and art. 7 paragraph 4 lett. b) of Italian Legislative Decree no. 231 of 2001 establish the requirement to set up an «appropriate disciplinary system to punish non-compliance with the measures specified in the model».

This penalty system, an integral part of the OMCM, is adopted with the resolution of the Sicer (hereafter Company) Board of Directors (hereafter BoD) on 15/09/2017.

The purpose of the penalties set out herein - proportionate to the breach and used as a deterrent - is to make the actions of the Supervisory Body binding and establish an essential requirement of the OMCM for

the purposes of exemption in relation to any liability of the Company. To perform this activity, the Supervisory Body will use the relevant company functions.

This penalty system is regulated according to the employment category of the Recipients, as well as any autonomous or freelance status of the relationship between the Recipients and the Company.

In particular, the Penalty System, within the limits and according to the requirements set out therein, is aimed at:

1. Employees (manual workers, office workers, managers), hereafter Employees;
2. Corporate Bodies and their members (BoD; Board of Statutory Auditors; Supervisory Body; auditing company);
3. Auditing Company; Consultants (Consultants, Lawyers); Collaborators [co-workers, agents (e.g. promoters ...), interns ...]; Suppliers; other Third Parties that have contractual relationships with the Company (for example, outsourcing companies, temping agencies) - hereafter Third Parties.

The application of the penalty system is independent from the execution and outcome of criminal proceedings that may be initiated with the competent judicial authority in relation to the subjects cited above for the commission of one of the offences set out in Italian Legislative Decree no. 231/2001 and subsequent integrations.

In accordance with art. 2106 of the Italian Civil Code, this penalty system supplements, for matters not covered and limited to the cases herein considered, the National Collective Bargaining Agreement (hereafter NCBA) for the category related to employees, notwithstanding its application for the situations set out therein.

SCOPE

Under the combined provisions of art. 6 paragraph 2 lett. e) and art. 7 paragraph 4 lett. b) of Italian Legislative Decree no. 231 of 2001, the penalties provided for in this System are applicable only to the disciplinary offences deriving from a breach of the Model and/or Code of Ethics within the limits and according to what is set out therein.

CRITERIA FOR CHOOSING PENALTIES

When imposing penalties, the specific suitability of each one in the relation to the nature and degree of needs to be met should be taken into account for the actual case.

In particular, the following should be taken into account:

- a) the voluntary or involuntary nature of the conduct;
- b) the significance of the breached obligations;
- c) the seriousness of the risk created for the Company;
- d) the extent of the damage to the Company from any application of the penalties set out in Italian Legislative Decree no. 231 of 2001 and subsequent amendments and integrations;
- e) the level of hierarchical and/or specialist responsibility;
- f) aggravating or mitigating circumstances with particular reference to previous work performance and previous disciplinary actions in the last five years;
- g) any shared responsibility with other workers who have contributed to the breach.

INFORMATION AND TRAINING

In order to ensure optimum effectiveness, this penalty system is: a) published, in its entirety, on the company intranet and posted at the company's registered office as well as at the other local branches, in a place which is accessible to everyone; b) distributed, in its entirety, to Employees, Directors, Auditors and the Supervisory Body, including through specific company regulations (Circulars, Notices, etc.); c) brought to the attention, in various ways, of Third Parties.

In any case, it will be the responsibility of the Company to inform all employees - by means of an information notice - of the approval of the penalty system and of the possibility of viewing it within the premises.

Employees, freelancers, interns and members of the Corporate Bodies are also provided with training on the penalty system through targeted and specific sessions.

ATTEMPTED DISCIPLINARY OFFENCES

Penalties are also imposed for conduct or direct omissions which unequivocally breach the rules of conduct set by the Model and by the Code of Ethics as well as, in general, Internal Protocols which supplement the Model, even if the action is not performed or the event does not occur.

IMPLEMENTATION OF THE PENALTY SYSTEM

Any changes or supplementation of this penalty system are introduced through a resolution adopted by the BoD, including at the suggestion of the Supervisory Body.

SPECIAL SECTION - I

EMPLOYEE CONDUCT SUBJECT TO PENALTIES

Without prejudice to the precautionary notification and the procedure laid down in article 7 of Italian Law of 20 May 1970 no. 300 (hereafter Workers' Statute), the penalties provided for in the following article shall apply in relation to employees of the Company who commit offences which can be classified as a breach of the Model (general section; special parts; annexes) or of the Code of Ethics or of internal company regulations for the management of employees and company assets.

The following constitute a breach of the Model:

- a) the performance of actions or conduct which do not comply with the provisions or procedures set out or referred to in the Model, or the omission of actions or conduct set out or referred to in the Model, in carrying out activities in areas where there is a risk of committing the offences covered by Italian Legislative Decree no. 231 of 2001 (hereafter "Sensitive Processes");
- b) the performance of actions or conduct which do not comply with the provisions and procedures set out or referred to in the Model, or the omission of actions and conduct set out or referred to in the Model, in carrying out activities connected to Sensitive Processes which:
 - expose the Company to an objective situation of risk of the commission of one of the offences set out in Italian Legislative Decree no. 231 of 2001;
 - are intended solely for the commission of one or more of the offences set out in Italian Legislative Decree no. 231 of 2001;
 - result in the application of penalties by the company as set out in Italian Legislative Decree no. 231 of 2001;
 - The following constitute a breach of the Code of Ethics and internal company regulations:
 - the performance of actions or conduct which do not comply with the principles contained or referred to in the Code of Ethics and/or internal company regulations, or the omission of actions or conduct set out or referred to in the Code of Ethics and/or internal company regulations, in carrying out Sensitive Processes or activities connected to Sensitive Processes.

Each breach of the above mentioned principles, measures and procedures represents, if verified: in the case of employees, a breach of contract in relation to the obligations that derive from the employment relationship in accordance with articles 2104 and 2106 of the Italian Civil Code.

PENALTIES FOR MANAGERS, OFFICE WORKERS AND MANUAL WORKERS

Non-compliance with the provisions contained in the section concerning "Employee conduct subject to penalties" is punished, according to the seriousness of the infringement, with the disciplinary measures provided for in the penalty system referred to in the NCBA applied by the Company, and more precisely:

- a) written warning;

- b) fine not exceeding the pay for 3 hours of work;
- c) suspension from work and remuneration for a period not exceeding 5 days;
- d) dismissal for significant non-compliance with the contractual obligations of the employee (subjective justification);
- e) dismissal for such a serious failure to prevent the provisional continuation of the employment (just cause);

APPLICATION OF PENALTIES TO MANAGERS, OFFICE WORKERS AND MANUAL WORKERS

On reporting of the non-compliance with the provisions contained in the section concerning "Employee conduct subject to penalties" by the Supervisory Body, the verification procedure established by the applied NCBA is initiated.

Accordingly:

- a) for each report of non-compliance with the provisions contained in the section concerning "Employee conduct subject to penalties" communicated by the Supervisory Body, the Chairman of the Supervisory Body initiates the verification procedure;
- b) if, at the end of the procedure, non-compliance with the provisions contained in the section concerning "Employee conduct subject to penalties" is confirmed, the disciplinary penalty established under this penalty system is identified by the Director in charge of personnel and applied by the latter to the person that was responsible for the reprimanded conduct. The Director in charge of personnel reports the application of the penalty to the Supervisory Body.

With reference to the penalties that can be applied, regard will be given to the penalties referred to above and set out in the NCBA applicable to the employee.

The specific provisions are as follows:

- a) an employee who carries out the following will fall under the WRITTEN WARNING measures: breaches company procedures and/or adopts conduct which is inconsistent with the Model or Code of Ethics or internal company regulations (e.g. non-compliance with prescribed procedures, lack of communication to the Supervisory Authority of the prescribed information, checks not carried out where required, etc.) or adopts, during the performance of activities in high-risk areas, behaviour that does not comply with the requirements and provisions contained or referred to in the Model or Code of Ethics or internal company regulations, recognising in this behaviour that the work has not been carried out according to the instructions received.

These are cases of minor irregularities/negligence in fulfilling his or her duties or in the performance of his or her tasks.

- b) an employee who carries out the following will fall under the FINES measure: breaches company procedures more than once and/or adopts behaviour that does not comply with the provisions or procedures set out or referred to in the Model or Code of Ethics or internal company regulations on more than one occasion, recognising in this behaviour that the work has repeatedly not been carried out according to the instructions received.

These are cases of irregularities/negligence in fulfilling his or her duties or in the performance of his or her tasks or the recurrence of behaviour referred to in point a).

- c) an employee who carries out the following will fall under the SUSPENSION FROM SERVICE AND REMUNERATION measure: breaches company procedures and/or adopts behaviour that does not comply with the Model or Code of Ethics or internal company regulations, performing acts which cause or may cause damage to the company, exposing it to an objective situation of risk regarding the integrity of assets.

These are cases of serious irregularities/negligence in fulfilling his or her duties or in the performance of his or her tasks or the recurrence of behaviour referred to in point b).

- d) an employee who carries out the following will fall under the DISMISSAL FOR JUSTIFIED REASON measure: adopts, during the performance of activities in high-risk areas, behaviour that does not comply with the requirements and provisions contained or referred to in the Model or Code of Ethics or internal company regulations and is intended solely for the commission of a punishable offence under Italian Legislative Decree no. 231 of 2001.

These are cases of very serious irregularities in fulfilling his or her duties or in the performance of his or her tasks or the serious recurrence of behaviour referred to in point c).

- e) an employee who carries out the following will fall under the DISMISSAL FOR JUST CAUSE measure: adopts, during the performance of activities in high-risk areas, behaviour which is clearly in breach of the provisions and procedures set out or referred to in the Model or Code of Ethics or internal company regulations and results in the risk of concrete application of measures by the Company as set out in Italian Legislative Decree no. 231 of 2001, as well as compromising the relationship of trust between the company and the employee.

These are cases which, due to the seriousness of the behaviour, require the immediate termination of the employment relationship without prior notice.

An employee who adopts, during the performance of activities in high-risk areas, behaviour that does not comply with the provisions and procedures contained or referred to in the Model or Code of Ethics or in internal company regulations able to determine an objective situation of risk of the commission of one of the offences set out by Italian Legislative Decree no. 231 of 2001, may be temporarily distanced from the service, with continued remuneration, up to the end of the objective situation of risk.

All legal and contractual obligations relating to the application of the disciplinary penalty must be complied with.

DIRECTOR CONDUCT SUBJECT TO PENALTIES

The following constitute a breach of the Model by Directors:

- a) the performance of actions or conduct which do not comply with the provisions or procedures set out or referred to in the Model, or the omission of actions or conduct set out or referred to in the Model, in carrying out activities in areas where there is a risk of committing the offences covered by Italian Legislative Decree no. 231 of 2001 (hereafter "Sensitive Processes");
- b) the performance of actions or conduct which do not comply with the provisions and procedures set out or referred to in the Model, or the omission of actions and conduct set out or referred to in the Model, in carrying out activities connected to Sensitive Processes which:
- expose the Company to an objective situation of risk of the commission of one of the offences set out in Italian Legislative Decree no. 231 of 2001;
 - are intended solely for the commission of one or more of the offences set out in Italian Legislative Decree no. 231 of 2001;
 - result in the application of penalties by the company as set out in Italian Legislative Decree no. 231 of 2001;
 - The following constitute a breach of the Code of Ethics:
 - the performance of actions or conduct which do not comply with the principles contained or referred to in the Code of Ethics or the omission of actions or conduct set out or referred to in the Code of Ethics, in carrying out Sensitive Processes or activities connected to Sensitive Processes.

Each breach of the above mentioned principles, measures and procedures represents, if verified: in the case of directors, the non-compliance with duties imposed upon them by law or by statute in accordance with art. 2392 of the Italian Civil Code

PENALTIES FOR DIRECTORS

Non-compliance with the provisions contained in the section concerning “Director conduct subject to penalties” is punished, according to the seriousness of the infringement and in consideration of the specific nature of the relationship, with the following disciplinary measures:

- a) formal notice to strictly comply with the provisions;
- b) revocation of powers and resulting reduction in compensation;
- c) reduction in compensation;
- d) convening of the Shareholders' Meeting for the adoption of the revocation order referred to in art. 2383 of the Italian Civil Code (revocation).

The application of the above disciplinary penalties does not exclude the right of the Company to initiate liability action *pursuant to* art. 2393 of the Italian Civil Code.

APPLICATION OF PENALTIES TO DIRECTORS

On reporting of the non-compliance with the provisions contained in the section concerning “Director conduct subject to penalties” by the Supervisory Body, the verification procedure is initiated.

Accordingly:

- a) for each report of non-compliance with the provisions contained in the section concerning “Director conduct subject to penalties” communicated by the Supervisory Body, the Board of Directors initiates the verification procedure;
- b) if, at the end of the procedure, non-compliance with the provisions contained in the section concerning “Director conduct subject to penalties” is confirmed, the disciplinary penalty established under this penalty system is identified by the Board of Directors and applied by the latter to the person that was responsible for the reprimanded conduct.

The specific provisions are as follows:

- a) a director who carries out the following will fall under the FORMAL NOTICE TO STRICTLY COMPLY WITH THE PROVISIONS measure: breaches company procedures and/or adopts behaviour that does not comply with the Model or Code of Ethics, performing acts which cause or may cause damage to the company, exposing it to an objective situation of risk regarding the integrity of assets;
- b) the Chief Executive Officer who carries out the following will fall under the REVOCATION OF POWERS AND RESULTING REDUCTION IN COMPENSATION measure: adopts, during the performance of activities in high-risk areas, behaviour that does not comply with the provisions and procedures contained or referred to in the Model or Code of Ethics and is intended solely for the commission of a punishable offence under Italian Legislative Decree no. 231 of 2001;
- c) a non-executive director who carries out the following will fall under the REDUCTION IN COMPENSATION measure: adopts, during the performance of activities in high-risk areas, behaviour that does not comply with the provisions and procedures contained or referred to in the Model or Code of Ethics and is intended solely for the commission of a punishable offence under Italian Legislative Decree no. 231 of 2001;
- d) a director who carries out the following results in the adoption of the REVOCATION ORDER referred to in art. 2383 of the Italian Civil Code, by the Shareholders' Meeting: adopts, during the performance of activities in high-risk areas, behaviour that is clearly in breach of the requirements or provisions contained or referred to in the Model or Code of Ethics and results in the risk of concrete application of measures by the Company as set out in Italian Legislative Decree no. 231 of 2001.

Wherever the director has power of attorney with the power to represent the Company externally, the application of the disciplinary penalty also includes the automatic revocation of the power of attorney itself.

A director who adopts, during the performance of activities in high-risk areas, behaviour that does not comply with the provisions and procedures contained or referred to in the Model or Code of Ethics able to determine

an objective situation of risk of the commission of one of the offences set out by Italian Legislative Decree no. 231 of 2001, may be temporarily distanced from the role, with continued remuneration, up to the end of the objective situation of risk.

AUDITOR CONDUCT SUBJECT TO PENALTIES

The following constitute a breach of the Model by Auditors:

- a) the performance of actions or conduct which do not comply with the provisions and procedures contained or referred to in the Model, or the omission of actions or conduct set out or referred to in the Model, in carrying out activities in areas where there is a risk of committing the offences covered by Italian Legislative Decree no. 231 of 2001 (hereafter “Sensitive Processes”);
- b) the performance of actions or conduct which do not comply with the provisions and procedures contained or referred to in the Model, or the omission of actions and conduct set out or referred to in the Model, in carrying out activities connected to Sensitive Processes which:
 - expose the Company to an objective situation of risk of the commission of one of the offences set out in Italian Legislative Decree no. 231 of 2001;
 - are intended solely for the commission of one or more of the offences set out in Italian Legislative Decree no. 231 of 2001;
 - result in the application of penalties by the company as set out in Italian Legislative Decree no. 231 of 2001;
 - The following constitute a breach of the Code of Ethics:
 - the performance of actions or conduct which do not comply with the principles contained or referred to in the Code of Ethics or the omission of actions or conduct set out or referred to in the Code of Ethics, in carrying out Sensitive Processes or activities connected to Sensitive Processes.

PENALTIES FOR AUDITORS

Non-compliance with the provisions contained in the section concerning “Auditor conduct subject to penalties” is punished, according to the seriousness of the infringement and in consideration of the specific nature of the relationship, with the following disciplinary measures:

- a) formal notice to strictly comply with the provisions;
- b) convening of the Shareholders' Meeting for the adoption of the revocation order referred to in art. 2400 of the Italian Civil Code (revocation), which must be subsequently approved with a court decree, having consulted the auditor himself/herself.

The application of the above disciplinary penalties does not exclude the right of the Company to initiate liability action *pursuant to* art. 2407 paragraph 3 of the Italian Civil Code.

APPLICATION OF PENALTIES TO AUDITORS

On reporting of the non-compliance with the provisions contained in the section concerning “Auditor conduct subject to penalties” by the Supervisory Body, the verification procedure is initiated.

Accordingly:

- a) for each report of non-compliance with the provisions contained in the section concerning “Auditor conduct subject to penalties” communicated by the Supervisory Body, the Board of Directors initiates the verification procedure;
- b) if, at the end of the procedure, non-compliance with the provisions contained in the section concerning “Auditor conduct subject to penalties” is confirmed, the disciplinary penalty established under this penalty system is identified by the Board of Directors and applied by the latter to the person that was responsible for the reprimanded conduct.

The specific provisions are as follows:

- a) an auditor who carries out the following will fall under the FORMAL NOTICE TO STRICTLY COMPLY WITH THE PROVISIONS measure: breaches the company procedures and/or adopts

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- behaviour that does not comply with the Model or the Code of Ethics, performing acts which cause or may cause damage to the company, exposing it to an objective situation of risk regarding the integrity of assets;
- b) an auditor who carries out the following results in the adoption of the REVOCATION ORDER referred to in art. 2400 of the Italian Civil Code (revocation):
- adopts, during the performance of activities in high-risk areas, behaviour that does not comply with the provisions and procedures contained or referred to in the Model or Code of Ethics and is intended solely for the commission of a punishable offence under Italian Legislative Decree no. 231 of 2001;
 - adopts, during the performance of activities in high-risk areas, behaviour that is clearly in breach of the requirements and procedures contained or referred to in the Model or Code of Ethics and results in the risk of concrete application of measures by the Company as set out in Italian Legislative Decree no. 231 of 2001.

SPECIAL SECTION - II

PENALTIES FOR MEMBERS OF THE SUPERVISORY BODY

In the event of breach of the Model (general section; special section; annexes), of the Code of Ethics and internal company regulations by one or more members of the Supervisory Body, the Board of Directors takes the appropriate measures in relation to what is set out in this Penalty System for the respective membership category of the different members and in compliance with the rules set out by the Supervisory Body Regulation.

More specifically, in the case of breach of one of the provisions contained in the Supervisory Body Regulation, the members will be punished, according to the seriousness of the infringement, with the following disciplinary measures:

- a) formal notice to strictly comply with the provisions;
- b) reduction in compensation;
- c) convening of the Board of Directors for the adoption of the revocation order.

APPLICATION OF PENALTIES TO MEMBERS OF THE SUPERVISORY BODY

On notification of the non-compliance with the provisions contained in the previous section by the BoD, the verification procedure is initiated.

Accordingly:

- a) for every notification of non-compliance with the provisions contained in the previous section communicated by the BoD, the Board itself initiates the verification procedure;
- b) if, at the end of the procedure, non-compliance with the provisions contained in the previous section is confirmed, the disciplinary penalty is identified by the Board of Directors and applied by the latter to the person that was responsible for the reprimanded conduct.

In particular, regarding the breach of one of the provisions contained in the Supervisory Body Regulation, the following applies:

- a) a member of the Supervisory Body who carries out the following will fall under the FORMAL NOTICE TO STRICTLY COMPLY WITH THE PROVISIONS measure: in breach of the Regulation, puts into place acts which cause or may cause damage to the company, exposing it to an objective situation of risk regarding the integrity of assets;
- b) a member of the Supervisory Body who carries out the following will fall under the REDUCTION IN COMPENSATION measure: in breach of the Regulation, puts into place acts which are solely intended for the commission of a punishable offence under Italian Legislative Decree no. 231 of 2001;
- a) a member of the Supervisory Body who carries out the following will fall under the REVOCATION ORDER measure: in breach of the Regulation, puts into place acts which result in the risk of

concrete application of measures by the Company as set out in Italian Legislative Decree no. 231 of 2001.

PENALTIES FOR THIRD PARTIES

Non-compliance with the provisions and procedures set out in the Code of Ethics by Third Parties may result in the following penalties against them and in accordance with what is regulated in the specific contractual relationship:

- a) formal notice to strictly comply with the provisions and principles established in the Code of Ethics whenever the breach of one or more rules of conduct set out therein constitutes a slight irregularity;
- b) contract termination, notwithstanding the right to ask for compensation for damage caused as a result of said conduct, including damage caused by the application by the judge of the measures provided for by Italian Legislative Decree no. 231 of 2001 whenever the breach of one or more rules of conduct set out in the Code of Ethics causes material damage to the Company, or exposes the Company to an objective situation of risk in relation to the integrity of company assets.

APPLICATION OF PENALTIES TO THIRD PARTIES

The procedure starts with the identification/reporting of the actual or presumed breach of the provisions and/or principles set out by the Code of Ethics. The Supervisory Body carries out all the necessary checks to verify if there has been a breach of the Code of Ethics. This phase is conducted by the Supervisory Body in the shortest time possible after the discovery or report of the breach and also includes document checks.

The Supervisory Body can, during the assessment of the discovered or reported breaches, involve the internal structures of the Company to conduct inquiries into the facts of the case, according to the nature of the breaches; can also consult directly with the person that reported the breach or the subjects mentioned in the report.

Whenever the reporting or detection of the infringement is shown to be unfounded, the Supervisory Body archives the procedure with reasons, outlined in the periodic reports.

In other cases, the Supervisory Body communicates in a written report the results of the preliminary investigation to the Chief Executive Officer with responsibility according to Italian Legislative Decree no. 231/2001 who, as quickly as possible after the receipt of the report from the Supervisory Body, shall rule on the determination and actual application of the measure.

Then, the Board of Directors sends written communication to the interested party, containing an indication of the disputed conduct and of the provisions of the Code of Ethics that have been breached, as well as the applicable contractual remedy.

The definitive order of the application of the penalty is communicated in writing to the interested party by the Board of Directors, which also ensures the effective application of the penalty in compliance with the statutory provisions in force.

SPECIAL SECTION - III

PROCEDURE FOR THE APPLICATION OF PENALTIES TO EMPLOYEES, DIRECTORS, AUDITORS, AND REPRESENTATIVES OF THE SUPERVISORY BODY

The procedure starts with the identification/reporting of the actual or presumed breach of the provisions and/or principles set out by the Model and/or the rules and principles of the Code of Ethics and/or of internal company regulations. The stages of the procedure are as follows:

- **preliminary assessment phase** aimed at checking the existence of the breach.
This phase is conducted by the Supervisory Body in the shortest time possible after the discovery or report of the infringement and also includes document checks.

The Supervisory Body can, during the assessment of the discovered or reported breaches, involve the internal structures of the Company to conduct inquiries into the facts of the case, according to the nature of the breaches; can also consult directly with the person that reported the breach or the subjects mentioned in the report.

Whenever the reporting or detection of the infringement is shown to be unfounded, the Supervisory Body archives the procedure with reasons, outlined in the periodic reports. In other cases, the Supervisory Body communicates the results of the preliminary assessment to the Company through a written report, asking the Company to assess the findings for disciplinary and penalty purposes. Specifically, the Supervisory Body consults with:

- the Chief Executive Officer in charge of personnel for employee breaches;
 - the Board of Directors for breaches by members of Corporate Bodies.
- **Preliminary assessment phase** aimed at verifying the validity of the breach on the basis of the results of Supervisory Body activities.
This is carried out in the shortest time possible:

- By the Chief Executive Officer in charge of personnel for employee breaches;
- by the Board of Directors or Board of Statutory Auditors, with possible subsequent assessment by the Shareholders' Meeting, for breaches committed by Directors, Auditors or by members of the Supervisory Body, as set out in this Penalty System.

If the breach turns out to be unfounded, the bodies involved in the assessment, according to their respective competences, archive it stating their reasons, to be stored at the Company headquarters.

- **Objection stage and any application of the penalty**
This stage is conducted, in compliance with the regulations in force (Workers' Statute and NCBA):
 - By the Chief Executive Officer in charge of personnel for employee breaches;
 - by the Board of Directors and/or Shareholders' Meeting for breaches by members of the Board of Directors, Board of Statutory Auditors or representatives of the Supervisory Body, as set out in this Penalty System.