

ANNEX PG/III

CODE OF CONDUCT

Baosteel Tailored Blanks S.r.l.

PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

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1. Introduction

The Code of conduct reflects the values as well as the rights, duties and responsibilities of Baosteel Tailored Blanks S.r.l. (hereinafter the “Company”) vis-à-vis all those who operate with it to achieve its business object.

The references to ethics as the means to direct the conduct of all those who operate with the Company, through general principles, should be seen as the rule to be applied well beyond the areas already governed by the law.

For Baosteel Tailored Blanks S.r.l., ethics in business is a necessary condition for its success. Accordingly, Baosteel Tailored Blanks S.r.l. obtained the ISO 14001:2004 environmental certification. This major result confirms the Company’s ongoing commitment to quality and its success in implementing a reliable structure which has always focused on satisfying stakeholders, specifically Customers.

The Code of conduct is also part of the implementation of the provisions of Legislative decree no. 231 of 8 June 2001, setting out the general principles of organisation, management and control to which the Organisation models shall comply with.

Adopting the rules of conduct set out in this Code, which are necessary for the prevention of the crimes covered by Legislative decree no. 231/01, is a pillar of the Company’s preventive control system.

Baosteel Tailored Blanks S.r.l. is committed to making all its internal and external parties aware of the Code of conduct, using appropriate communication channels.

Baosteel Tailored Blanks S.r.l. is also committed to ensuring that the Code of conduct is effectively implemented in its business activities.

Article 1 - Purpose and content of the Code

This Code of conduct (hereinafter the “Code”) sets out the rules and general principles associated with a positive ethical value.

Complying with the laws and regulations applicable in all the countries in which it operates is Baosteel Tailored Blanks S.r.l.’s fundamental principle.

This commitment applies to all the Company’s stakeholders (i.e., those parties making any type of investment in the Company’s business, hence, collaborators, employees, customers, suppliers and business partners). Therefore, sharing this basic principle is the paramount condition in choosing and maintaining relations with internal and external players.

Article 2 - Recipients and dissemination of the Code

The code provisions are binding for all the Company’s Directors, as well as its Managers, Area Managers, employees, consultants and any party who establishes a direct or indirect, permanent or temporary, collaborative or partnership relationship, in Italy or abroad, with the company.

The Company is committed to enforcing compliance with the provisions of this Code in all established business relationships and to promoting its widest possible dissemination.

To this end, the Code is available to all the Company’s stakeholders.

Article 3 - Code implementation and updates

The Company adopted the Code through a Board of Directors' resolution. The Code may be amended and supplemented also following the suggestions, observations and proposals to be put forward by the Company's Consultants and the Supervisory body pursuant to Legislative decree no. 231/01.

2. General principles

The principles of legality, transparency, correctness, compliance, efficiency, fairness, collaboration among colleagues and professional enhancement are the Company's general ethical principles.

Article 4 - Legality

The principle of legality requires that all the Recipients of this Code act in full compliance with the laws and regulations applicable in Italy and the countries in which it operates.

Article 5 - Transparency

The principle of transparency is based on true, clear and complete information.

Complying with this principle requires clear and exhaustive provision of the necessary information both outside and within the Company, verbally or in writing, easily and immediately understandable.

Article 6 - Work relationships and spirit of service

The Company supports the principle of correctness and mutual respect in individual relationships.

Therefore, all company players shall perform their working and professional activities and fulfil the duty of mutual collaboration and respect for individual rights, including in terms of privacy, beyond the requirements of the Law and the Employment contract.

Each recipient of this Code shall act with high professional quality and work efficiency standards, with no arbitrary discrimination.

Article 7 - Professional enhancement

Human resources are essential to the development and growth of the business. Therefore, the Company protects and supports professional development, including through specific training, aimed at increasing employees' skills.

3. Principles of conduct

Article 8 - General principles

The Company requires that the Code's recipients (*see article 2*):

- comply with current regulations as well as the relevant principles and procedures;
- act correctly to avoid undermining moral and professional reliability.

Article 9 - Relations with customers and contractors

9.1 Fairness and impartiality

The Company is committed to building customer and contractor relationships with the utmost professionalism, availability, respect, courtesy, research and offer of the best cooperation.

9.2 Contracts and communications

Contracts and communications shall:

- be clear and simple, written in a language that is as close as possible to that normally used by the parties;
- comply with current regulations, without resorting to elusive or unfair practices;
- exhaustive, so as not to avoid any detail which may be relevant to the customer's decisions.

9.3 Quality and customer satisfaction

The Company is committed to ensuring the achievement of the established quality standards and to periodically monitor the quality of the products supplied.

9.4 Services

The Company carefully evaluates the appropriateness and feasibility of the services requested, paying particular attention to the regulatory, technical and economic conditions in order to promptly identify any irregularities. It never takes on contractual commitments which could lead to inadmissible cuts in service quality, personnel expenses or safety at work. In its relations with the customers, the Company ensures correctness and clarity in commercial negotiations and in the acceptance of the contractual constraints, as well as in faithfully and diligently meeting them.

Article 10 - Relations with suppliers

Baosteel Tailored Blanks S.r.l. manages its relations with suppliers with loyalty, fairness and professionalism, while promoting ongoing collaboration and strong and lasting relations based on trust.

The commitments undertaken with suppliers and management of the relations therewith shall comply with the principles of this Code governing the prevention of conflicts of interest (*see article 11 of the Code*).

10.1 Choosing suppliers

Choosing suppliers and purchasing tangible and intangible goods and services shall comply with the principle of transparency, based on objective evaluations of competitiveness, quality, usefulness and price of the supply.

10.2 Obligations for the procurement staff

10.2.1 Impartiality

Employees shall ensure equal treatment of the businesses coming into contact with the Company.

10.2.2 Confidentiality

In order to protect the confidentiality of the information provided by the businesses which come into contact with the Company, employees shall refrain from using or disseminating for personal purposes the confidential information they became aware of as part of their professional activity.

10.2.3 Independence and abstention obligation

Employees shall not carry out any activity in contrast with the correct fulfilment of their professional tasks and avoid being involved in any transaction which could harm the interests or image of the Company.

10.2.4 Gifts and other benefits

Employees shall not request or accept gifts or other benefits of a significant value, for themselves or for others, from suppliers, contractors or competitors or companies however interested in becoming suppliers.

Article 11 - Preventing conflicts of interest

While carrying out their activities, the recipients of this Code shall avoid those situations posing a conflict of interest, either personally or through actions carried out by their relatives or parties with whom they share interests.

Conflict of interest shall mean the situation when a recipient of this Code pursues interests different from those of Company's mission, or engages in activities which may, otherwise, interfere with their ability to decide in the Company's exclusive interest, or takes personal advantage of the business opportunities of the Company, either personally or through actions carried out by their relatives or parties with whom they share interests.

Article 12 - Personnel policies**12.1 Obligations for employees**

Each employee shall be aware of the general principles of the Code and the reference regulations which govern the activities as part of their individual roles.

The Company's employees shall refrain from any behaviour contrary to such regulations, shall contact their superiors if in doubt, to receive clarifications on how to apply the regulations and promptly notify the superiors or the Supervisory body of any received reports on possible violations or requested violations of these regulations. Where required by the party concerned, those receiving this information shall keep the identity of the whistle-blower confidential.

12.2 Obligations of company managers / heads

Similarly to all employees, company managers (or heads) shall comply with the ruling regulations and this Code.

They shall also monitor employees' compliance with the regulations and the Code, adopting the necessary measures and controls.

12.3 Personnel selection and hiring

Personnel selection shall be based on matching the profiles of the candidates to the needs of the Company in compliance with equal opportunities for all individuals.

Personnel is hired under a regular employment contract. No form of illegal employment is tolerated or any particular types of collaboration.

12.4 Personnel management

The Company shall avoid all forms of discrimination against its employees.

Access to roles and assignments is established based on skills and abilities; moreover, in line with general work efficiency, work organisation flexibility promoting the management of maternity and, in general, the care of children is supported.

12.5 Enhancing and training resources

The Company is committed to promoting the development and growth of its employees by providing them with adequate training and information tools in order to enhance their specific skills and professionalism.

12.6 Health and safety

The Company is committed to disseminating and consolidating a culture of safety, developing risk awareness and promoting responsible behaviour among all employees. It also works to preserve the health and safety of its employees as well as all its stakeholders, above all through preventive actions.

To this end, a widespread internal structure, which focuses on the evolution of the reference scenarios and the related changes in threats, implements technical and organisational measures by:

- introducing a risk and safety management and procedure framework;
- conducting an ongoing analysis of risks, the critical nature of processes and the resources to be protected;
- adopting the best technologies;
- checking and updating work methodologies;
- promoting training and communication.

12.7 Protecting the individual

Also in accordance with the general obligation for employers set out in article 2087 of the Italian Civil Code, the Company protects the moral integrity of its employees by guaranteeing the right to working conditions that respect the individual's dignity.

All forms of labour exploitation are prohibited, including through contract works or using personnel recruited by means of third parties, focusing, in particular, on those situations where workers are in need, and preventing that these situations result in the violation of remuneration policies, shift and/or work hour organisation and surveillance methods or, more in general, work conditions.

All forms of harassment are prohibited and behaviour or remarks that might offend the feelings of the individual must be avoided.

Discrimination on the grounds of age, gender, sexual orientation, personal and social condition, ethnic origin, language, nationality, political opinions and religious beliefs shall not be tolerated.

12.8 Information management

Each employee shall be aware of and implement the internal policies on information management and security in order to ensure the integrity, confidentiality and availability of information.

The Company also protects the privacy of each employee in accordance with the law.

12.9 Use of company assets

Employees shall work diligently to protect the company assets, by adopting responsible behaviour and acting in line with the operating procedures governing the use of these assets.

Article 13 - Relations with quotaholders

The Company is aware of the importance of its quotaholders and consequently, provides them with accurate, true and prompt information.

As part of this commitment, top priority is given to accounting transparency. This principle is implemented through types of behaviour which are based on the truthfulness, accuracy and completeness of the basic information underlying the corresponding accounting records. Each employee shall collaborate to ensure that the Company's transactions are properly and promptly reflected in the accounting records.

Each transaction is accompanied by adequate supporting documentation which is kept for the records. Each record shall exactly reflect that set out in the supporting documentation. Each employee shall ensure that the documentation can be easily traced and ordered on a logical basis.

Employees who become aware of omissions or falsifications or carelessness in accounting records or in supporting documentation shall immediately inform their superiors or the Supervisory board.

Article 14 - Relations with institutions and the public administration

The Company contributes to economic welfare and the growth of the community in which it operates. To this end, it operates respecting local and national communities.

In order to ensure the utmost transparency of its relations with local or national institutions, contacts with the relevant stakeholders take place exclusively through top managers or contact persons that are expressly authorised by the latter.

Commitments to the public administration and public institutions are reserved exclusively to the relevant company departments and authorised in accordance with the general principles of honesty, integrity and transparency as well as based on the strictest conformity with laws and regulations, so as to avoid damaging the Company's integrity and reputation.

The following applies to public administration employees or officers acting on behalf of the public administration:

- active or passive corruption practices or collusive conduct of any form or nature are prohibited;
- offering money or commercial favours (such as gifts or hospitality) to public administration managers, officers or employees or their relatives, is prohibited, unless of a modest value or which can by no means be construed as instruments to secure illegitimate favours and, however, always without prejudice for the Company's relevant procedures.

Article 15 - Environment

The Company cares about the environment and is aware of the strategic role of the environment as a tool to enhance its value.

It is committed to adopting strategies which constantly improve environmental protection and management results and focuses its efforts on pollution prevention and environmental risk minimisation.

4. Implementing and monitoring the Code of conduct

Article 16 – Implementing the Code of conduct

As part of the management tasks assigned to it, the Board of directors implements the Code of conduct passed by resolution by adopting any and all measures which:

- promote knowledge of the Code of conduct;
- increase the awareness of managers (or department heads) and employees of ethical issues;
- enable the correct application of the principles and rules of conduct set out in the Code;
- monitor the company climate and assess the extent of implementation of the principles set out in the Code of conduct;
- develop and disseminate procedures which ensure the effective achievements of targets and compliance with the principles of the Code of conduct;
- ascertain the violation of the principles and rules of conduct set out in the Code;
- punish – in compliance with the labour contracts – the violations caused by any member of the Company who behaved contrary to the principles of the Code of conduct.

Article 17 - Internal Control bodies

The Code of conduct is mainly monitored by the Supervisory body (SB), which oversees the operation and compliance of the Organisation, management and control model adopted by Baosteel Tailored Blanks S.r.l. pursuant to Legislative decree no. 231/2001 as subsequently amended, entrusted with independent powers of initiative and control.

The Supervisory body acts with impartiality, authority, continuity, professionalism and independence, and to this end:

- a) can access all information sources of Baosteel Tailored Blanks S.r.l.;
- b) can read documents and analyse data;
- c) suggest updates to the Code of conduct, including based on the observations reported by employees;
- d) can perform controls, including periodically, on the Code of conduct compliance.

The SB periodically reports on the results of its activities to the Board of directors, promptly reporting all violations of the Code of conduct.

Article 18 - Violating the Code of conduct and reporting

The Company informs, urges and prompts all Recipients to use the reporting channels it specifically set up to report any critical issue or irregularity they may become aware of in relation to internal procedures or practices.

The recipients (see article 2) of this Code shall promptly inform the Supervisory body in writing or, alternatively, their superiors who, in turn, will inform the Supervisor body, of any violations (including potential) of the Code of conduct they became aware of.

To facilitate reporting and communication by company representatives (Directors, Statutory Auditors and employees) and external collaborators (consultants, independent auditors, etc.), Baosteel Tailored Blanks S.r.l. has created a specific e-mail address for the Supervisory body (odv@baosteel-tb.it) and a specific reporting procedure governed by Annex 5 to the General part of the Model (PG/V).

In collaboration with the Supervisory body, Baosteel Tailored Blanks S.r.l. is also committed to protecting those who reported the violation in order to avoid that they are subject to retaliation or discrimination or, however, penalised. Consequently, it ensures the confidentiality of these individuals (unless otherwise decided by other legal requirements).

The Supervisory body will listen to the author of the reporting and the party responsible for the alleged violation, separately.

Reporting obviously unfounded will be subject to penalty.

Article 19 - Penalties

Complying with the Code of conduct forms an essential part of the contractual obligations of employees pursuant to article 2104 of the Italian Civil Code (employer diligence).

It is also an integral part of the contractual obligations of non-employee collaborators and/or parties with business relations with Baosteel Tailored Blanks S.r.l.

In accordance with the provisions of the civil, criminal or administrative rules of Italian codes, the established violation of this Code may result in disciplinary measures imposed by the competent bodies. More suitable measures shall be applied when the violation is attributable to the Company's managers in accordance with that set out in the National Collective Bargaining Agreement for Industrial Managers.

The collaboration contracts and the contracts for the provision of goods, services and work shall include express termination clauses related to the types of conduct which are found to be contrary to the principles of this Code.

The specific disciplinary measures are described in the "Disciplinary system" section of the current "*Organisation model*" set up pursuant to Legislative decree no. 231/2001", approved by the BoD in its meeting of 5 October 2012.