



ERM

**Model of organization, management and control pursuant to the Italian
Leg. Decree 8th June 2001, no. 231**

Approved by the Board of Directors of 25th November 2016



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DEFINITIONS

Sensitive activities	activity of the Company where there is the risk to commit criminal offences referred to in the Decree or significant for the management of financial resources
CCNL	National Collective Bargaining Agreement
Code of Ethics	Code of Ethics adopted by the Company
Employees	individuals having with the Company a subordinate or semi-subordinate work contract
D.Lgs. 231/2001	Italian Legislative Decree 8 th June 2001, no. 231
ERM or Company	ERM Italia S.p.A.
Confindustria [Italian Association Of Industries] Guidelines	document of Confindustria (approved on 7 th March 2002 and updated in March 2014) for the preparation of models of organization, management and control referred to in the decree
Model	Model of organization, management and control adopted by the Company pursuant to the D.Lgs. 231/2001
Supervisory Board or SB	Board provided for by art. 6 of the Decree, which has the role to supervise the functioning of and compliance with the Model and its update
PA	Public Administration, which includes:



public entities: entities created through an act of the State to meet the organizational or functional demands of the State itself, such as, Municipalities and Provinces, land reclamation or irrigation authorities, the Chambers of commerce, INPS [national institute of social insurance], INAIL [national institution for insurance against accidents at work];

public officials: individuals having a public legislative, judicial or administrative role and that can make or show the will of PA by exercising authoritative or certification powers, such as members of state or local administrations, supranational administrations (e.g. of the European Union), Law Enforcement Professionals and Financial Police, of the Chambers of commerce, Territory Adjustment Councils, judges, bailiffs, auxiliary bodies of the delivery of justice (e.g. receivers), managers and employees of public entities, persons invested with powers allowing to make or show the will of the Public Administration;

Individuals given the task of a public service: individuals that, in any capacity, provide a public service, to be considered as an activity regulated in the same ways



of the public function, but characterized by the lack of the typical powers of the latter, with the exclusion of the performance of simple tasks of public order and the provision of merely material work. Also a person or an employee of a private company can be qualified as a public service officer when performs activities to pursue a public purpose and protect a public interest

Procedures

procedures, policies, organizational provisions, orders of service and any other provision, regulation and company records implementing the principles of control contained herein



STRUCTURE OF THIS DOCUMENT

This document comprises a General Section and a Special Section.

The General Section concerns the following topics:

- the legislation referred to in the D.Lgs. 231/2001;
- the governance system of the Company;
- the methodology of preparation of the Model;
- individuals whom the Model applies to;
- composition and functioning of the Supervisory Board;
- penalty system governing the breaches of the Model;
- diffusion of the Model and training of the staff.

The Special Section, conversely, comprises the regulation of the Sensitive activities and indicates the control systems, focused on or anyway suitable to reduce the risk to commit a criminal offence provided for by the Decree. Said control systems are contained in and implemented by the Procedures.

Furthermore, integral part of the Model are:

- the document “*Control & risk self-assessment ex D.Lgs. 231/2001*”, that formalizes the results of the activities of control and risk self-assessment to identify the Sensitive activities;
- the Code of Ethics, defining principles and behaviour rules of the Company;
- the Procedures.

Said records and documents are available according to the modalities provided for by their disclosure to the staff of the Company.



GENERAL SECTION

1. The Italian Legislative Decree 8th June 2001, no. 231

1.1. Fundamental characteristics and scope

The D.Lgs. 231/2001 introduces and regulates the administrative liability of entities for crimes. The Decree, implementing the community regulation on the fight against corruption, has innovated our system, that knew, until 2001, forms of criminal or administrative liability for group subjects, who could in the worst case be called to pay, jointly, penalties, fines and administrative penalties imposed to one's legal representative, directors or employees. From 2001 to this day, the Decree has been subject matter of continued updates, intended to extend progressively its scope, by introducing new categories of presumed criminal offence, as explained in paragraph 1.2 below.

The scope of operability of the Decree is rather wide and affects any entity with legal personality, companies, associations including without legal personality, economic public entities, private entities providing a public service. The State, local public entities, non-profit public entities, entities performing constitutional functions (such as political parties and trade unions) are conversely excluded.

The new liability attributed to the entities is based on the following punitive model: the lawmaker identifies some types of crime, where the offenders are always natural persons, that can be committed in the interest or in favour of the entity; then it identifies a particular bond between the offender and the entity, such that can demonstrate that the offender has acted within the activities performed for the entity; it makes infer from the bond between natural person-entity and from the bond between crime-interest of the entity a direct liability of the latter; it chooses a particular punitive system for the entity, other than that applicable to the natural person.

The liability of the entity therefore arises whether:

- a crime that the Decree connects with the liability of the entity is committed;
- the crime was committed by an individual having a particular bond with the entity;
- there is an interest or an advantage for the entity in committing the crime.



The nature of this new form of liability of the entity is of mixed type. It can be defined as a liability joining the essential features of the criminal system with those of the administrative system. The entity is responsible for an administrative offence and is punished with an administrative penalty, but the mechanism of imposition of the penalties is based on the criminal proceeding, the Competent authority that challenge the offence is the Public Prosecutor and the Competent authority to impose the penalties is the Criminal judge.

The administrative liability of the entity is independent in respect of the one of the natural person committing the crime and exists even if the offender was not identified or if the crime has expired because of a reason otherwise than amnesty.

The liability of the entity, anyhow, is added and is not substitute of that of the natural person committing the crime.

1.2. Criminal offences identified by the Decree as amended

The liability of the entity arises within the limits provided for by the law. The first and essential limit consists in the *numerus clausus* of crimes which the entity can be held liable for. This means that the entity cannot be subject to sanctions for any crime committed within the performance of its activities, but rather only for crimes selected by the lawmaker and expressly indicated by the law. The Decree in its original version and following integrations, indicates in arts. 24 et seq. the crimes (so-called presumed criminal offences) that may make arise the liability of the entity.

The limit to the applicability of the Decree to only presumed criminal offences is logical and understandable: it would not make sense for the Entity the commission of crimes having no bonds with its activity and that only derive from the choices of the interests of the natural person committing them. These are very different categories of crime. Some are typical and exclusive of the business activity; other, conversely, usually fall outside the real business activity, and concern the typical activities of the criminal organizations.

The amendments to the criminal offences provided for by the Decree have occurred by the following regulations: Italian Decree-Law 25th September 2001, no. 350, that has introduced art. 25-*bis* « Counterfeit money, legal tenders and revenue stamps», later extended and amended in «Crimes of counterfeit money, legal tenders, revenue stamps and relating to distinctive signs» by the Italian Law 23rd July 2009, no. 99; Italian Legislative Decree 11th April 202, no. 61, that has



introduced art. 25-ter «Corporate Crimes»; Italian Law 14th January 2003, no. 7, that has introduced art. 25-quarter «Crimes with purposes of terrorism or subversion of the democratic order»; Law 11th August 2003, no. 228, that introduced art. 25-quinquies «Crimes against individual personality»; Law 18th April 2005, no. 62, that introduced art. 25-sexies «Abuses of market»; Italian Law 9th January 2006, no. 7 that has introduced art. 25-quarter.1 «Practices of female genital mutilation»; Italian Law 16th March 2006 no. 146, that provides for the liability of entities for transnational crimes; Italian Law 3rd August 2007, no. 123, that introduced art. 25-septies «Negligent homicide and serious or very serious involuntary lesions, committed in breach of the safe working practices and protection of hygiene and health in the workplace», later amended in « Negligent homicide and serious or very serious involuntary lesions, committed in breach of rules on protection of health and safety at work» by the Italian Legislative Decree 9th April 2008, no. 81; Italian Legislative decree 21st November 2007, no. 231, that introduced art. 25-octies «Handling stolen goods, money laundering and use of money, goods or benefits of unlawful origin» later amended in «Handling stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering» by the Italian law 15th December 2014, no. 186; Italian Law 18th March 2008, no. 48, that introduced art. 24-bis «Cybercrimes and unlawful data processing»; Italian Law 15th July 2009, no. 94 that introduced art. 24-ter «Crimes of organized criminality»; Italian Law 23rd July 2009, no. 99 – mentioned above – that introduced art. 25-bis.1 «Crimes against industry and commerce» and art. 25-novies «Copyright infringement crimes»; Italian Law 3rd August 2009, no. 116 that introduced art. 25-novies (later renumbered art. 25-decies by the Italian Legislative Decree 7th July 2011, no. 121) «Inducement to make no statements or make false statements to the Judicial Authority»; D.Lgs. 121/2011 – mentioned above – that introduced art. 25-undecies «Environmental crimes»; D.Lgs. 16th July 2012, no. 109, that introduced art. 25-duodecies «employment of citizens of third-party countries whose stay is illegal»; Italian Law 6th November 2012, no. 190, that amended arts. 25 and 25-ter; Italian Law 22nd May 2015, no. 68, that amended art. 25-undecies; Italian Law 30th May 2015, no. 69, that amended art. 25-ter.

On the date of approval of this document, the predicate offences belong to the categories specified below:

- crimes against PA (arts. 24 and 25);
- cybercrimes and unlawful data processing (art. 24-bis);



- crimes of organized criminality (art. 24-ter);
- counterfeit money, legal tenders, revenue stamps and relating to distinctive signs (art. 25-bis);
- crimes against industry and commerce (art. 25-bis.1);
- corporate crimes (art. 25-ter);
- crimes with purposes of terrorism or subversion of the democratic order (art. 25-quater);
- practices of female genital mutilation (art.25-quater.1);
- crimes against individual personality (art. 25-quinquies);
- abuses of market (art. 25-sexies);
- negligent homicide or serious or very serious lesions, committed in breach of rules on protection of health and safety at work (art. 25-septies);
- handling stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering (art. 25-octies);
- copyright infringement crimes (art. 25-novies);
- inducement to make no statements or make false statements to the judicial authority (art. 25-decies);
- environmental crimes (art. 25-undecies);
- employment of citizens of third-party countries whose stay is illegal (art. 25-duodecies);
- transnational crimes (art. 10, Italian Law 16th March 2006, no. 146).

Furthermore, the entity can be held liable before the Italian judge for predicate offences committed abroad under the following conditions:

- there are the general conditions of prosecution provided for by arts. 7, 8, 9 and 10 Penal Code to pursue in Italy a crime committed abroad;
- the entity has its main venue in the territory of the Italian State;
- the State of the place where the crime was committed do not proceed against the entity.



1.3. Criteria of criminal charge against the entity; exemption from liability

If one of the presumed criminal offences is committed, the entity can be punished only if certain conditions occur, that are defined criteria of criminal charge against the entity. Said criteria can be divided into “subjective” and “objective”.

The first criterion “subjective” is that the crime is committed by an individual connected to the entity by a qualified relationship. Therefore, there should exist a significant connection between individual-offender and entity. The administrative liability against the entity can exist only if the offender belongs to one of these categories:

- “individuals in senior position”, such as, for instance, the legal representative, director, general manager or manager of an autonomous organizational unit, as well as people exercising, including de facto, the management of the entity. Basically, they are those having an autonomous power to make decisions for and on behalf of the company. Also all the individuals appointed by the directors to perform activities of management or administration of the company or its branch offices are considered belonging to this category. In this respect, the structure of the system of authorizations for powers and functions has a particular importance in the overall logic to define the model;
- “subordinates”, everyone subject to the direction and supervision of senior officers; typically, the employees, but also individuals not belonging to the staff of the entity, who has received an appointment to be performed under the direction and supervision of the senior officers. What matters for the belonging to this category is not the existence of an employment contract, but rather the activity concretely performed. It is clear the requirement of the law to avoid that the entity can escape from liability, by appointing independent contractors to perform activities where a crime can be committed. Among the outsourced individuals concerned there are, for instance, co-operators and consultants, who, appointed by the company, carry out activities in its interest. Finally, for the purposes of the model also the mandates or contract relationships with individuals not belonging to the staff of the company are significant, whether these individuals act in the name, on behalf or in the interest of the same.



The second criterion “objective” is that the crime shall be committed in the interest of or in favour of the entity. Therefore, the crime shall concern the activity of the company or the company shall have had some benefit, including potential, from the crime. Both conditions are alternative and it is sufficient that only one of them occurs:

- there is interest when the offender has acted with the aim to favour the company, irrespective of the circumstance that then said aim has been achieved;
- there is advantage when the company has obtained, or would have obtained, from the crime a positive economic outcome or a result of other nature.

The law does not require that the benefit obtained or hoped by the entity has necessarily an economic nature: there is liability not only whether the unlawful behaviour has determined a property advantage, but also in case, even in the absence of said concrete result, the criminal act finds reason in the interest of the company. Also the improvement of the position in the market of the entity, the concealing of a situation of financial crisis, the conquest of a new local area are results involving the interests of the company, without giving to it an immediate economic benefit.

The entity is not held liable whether the criminal act has been committed in the exclusive interest of the offender or in the exclusive interest of third parties.

The Decree sets out also the conditions according to which the crime cannot be attributed to the entity: if – before the commission of the crime – has adopted and efficiently implemented a «*model of organization and management*», suitable to prevent the commission of crimes like that committed.

Turning into positive the regulatory provision, it can be affirmed that the entity is held liable for the crime only in case of missed adoption of the model or rather non-compliance with appropriate standards related to its organization and performance of its activity: defect that can be attributed to a wrong business policy or structural deficit of the corporate organization. Since the entity cannot express its own will to break the law, it will be its representatives, directors or organization to express and actualize its guilty participation in committing the crime.

In order that the crime is not ascribed to it, the entity shall demonstrate to have done whatever it takes to organize, manage and control that in the exercise of the business activity a crime provided



for by the Decree cannot be committed. That is why, the Decree provides for the exclusion of the liability only if the entity demonstrates that:

- the governing body has adopted and efficiently implemented, before the commission of the fact, models of organization, management and control suitable to prevent crimes like that occurred;
- the task to supervise the functioning and compliance of the models as well as their update has been entrusted to a board of the entity having autonomous powers of initiative and control (Supervisory Board referred to in paragraph 5 below);
- there was no omitted or insufficient supervision by said board.

The conditions listed above shall jointly contribute in order that the liability of the entity can be excluded. The exemption from fault of the company therefore depends on the adoption and effective implementation of a model to prevent crimes and on the creation of a Supervisory Board on the model. The Supervisory Board has the responsibility to supervise the compliance of the activity with standards and procedures defined in the model. In particular, the Decree gives to the Supervisory Board the following tasks:

- supervision on the functioning of the model;
- possible update of the model;
- acquisition of information concerning violations of behavioural precepts, including through the creation of in-house information flow;
- coordination with other corporate bodies equipped with similar competence;
- activation of disciplinary proceedings.

The model operates as reason of exemption from punishment of the entity both the presumed criminal offence is committed by a senior officer and it is committed by a subordinate. Nevertheless, the Decree is much stricter on the guilty of the entity and leave less possibility of defence if the crime is committed by a senior officer. In this case, indeed, the Decree orders that the entity shall also prove that the persons have committed the crime by eluding fraudulently the model. The Decree requires a stronger proof that the entity has nothing to do with the crime, for it shall also prove a kind of in-house “fraud” to the model by senior officers.



In case of crimes committed by subordinates, conversely the entity can be held liable only whether it is ascertained that the commission of the crime was made possible by the failure to comply with the obligations of direction and supervision. It is a real organization's negligence: the company has indirectly accepted the commission of crime, by not overseeing activities and individuals that could commit a presumed criminal offence.

The adoption and implementation of the model do not represent a compulsory fulfilment pursuant to the law. Nevertheless, in the light of the aforementioned criteria of criminal charge against the entity, the model is the only instrument to prove the non-guilt and, ultimately, not to suffer the penalties set out by the Decree. Therefore it is interest of the company to be equipped with an effective model and enforce it.

1.4. The indications of the Decree as concerns the characteristics of the model of organization, management and control

The Decree does not regulate analytically the nature and characteristics of the model, but limits to prescribe some principles in general. The mere adoption of the model is not condition in itself sufficient to exclude the liability of the company. Indeed, the model acts as reason of exemption from punishment only if:

- suitable, namely only if reasonably suitable to prevent the crime or crimes committed;
- actually implemented, or rather if its content applies in business processes and in internal control system.

As regards the suitability of the model, the Decree provides for it has the following minimum content:

- the activities of the company where crimes can be committed shall be identified;
- specific controls direct to plan preparation and implementation of the decisions of the company, in relation to crimes to be prevented, shall be envisaged;
- the management practices of financial resources suitable to prevent the commission of crimes shall be identified;
- a disciplinary system suitable to subject to sanction the failure to comply with the measures specified in the model shall be introduced;



- obligations of information to the Supervisory Board shall be envisaged;
- in connection with the nature and dimension of the organization, as well as the type of company business, measures suitable to ensure the performance of the activity in compliance with the law and to discover and eliminate promptly hazardous situations shall be envisaged.

With reference to the effective implementation of the model, the Decree provides for the necessity of a periodical verification and an update of the model, whether there are significant violations of the prescriptions therein contained or rather whether there are changes in the organization or activity of the company.

Therefore, the model is a set of principles, instruments and conducts regulating the organization and management of the company, as well as control instruments. It varies and takes into account the nature and dimensions of the company and the type of activity performed. The rules and conducts envisaged by this model shall allow the company to discover if there are hazardous situations, or rather favouring the commission of a significant crime for the Decree. Identified said situations at risk, the model shall be able to eliminate them through the imposition of conducts and controls.

1.5. Penalties

The entity considered responsible for committing one of the presumed criminal offences can be sentenced to four types of penalty, different by nature and implementation methods.

- pecuniary penalty: when the judge considers the entity liable, a pecuniary penalty is always applied. The pecuniary penalty is determined by the judge through a system based on portions. The extent of the pecuniary penalty depends on the seriousness of the crime, the degree of liability of the company, the company business to eliminate or lessen the consequences of the crime or to prevent the commission of other offences. The judge, in determining the quantum of the penalty, takes into account the economic and financial conditions of the company;
- prohibitory penalties: the prohibitory penalties can be applied in addition to the pecuniary penalties but only whether expressly provided for the crime for which there is a proceeding and as long as there is at least one of the following conditions:



- the entity has obtained a significant profit from the crime and the crime has been committed by a senior officer, or a subordinate, but only whether the commission of the crime was made possible by serious organizational lacks;
- in case of reiteration of offences.

The prohibitory penalties provided for by the Decree are:

- interdiction, temporary or permanent, from performing its activity;
- suspension or revocation of authorizations, licenses or permits functional to the commission of the offence;
- prohibition to negotiate with the public administration, unless to obtain the provision of a public service;
- exclusion from tax relief, loans, contributions or subsidies and the possible revocation of those already granted;
- prohibition, temporary or permanent, to advertise goods or services.

The prohibitory penalties have as subject matter the specific activity which the offence of the entity refers to and are usually temporary, in an interval ranging from three months to two years, but they can be exceptionally applied with permanent effects. They can also be applied as a precaution, before the sentence of conviction, at the request of the Public Prosecutor, whether there are serious clues of the liability of the entity and there are grounded and specific elements to make consider the concrete danger that offences of the same kind of the crime in question are committed;

- confiscation: consists in acquisition by the State of the price or profit of the crime or a value equivalent to them;
- publication of the sentence of conviction: consists in the publication of the conviction only once, in part or in full at the expense of the entity, in one or many newspapers indicated by the Judge in the sentence as well as through posting in the Municipality where the entity has its main office.



All the penalties have administrative nature, even though applied by a criminal Judge. The penalty framework set out by the Decree is very strict, both because the prohibitory penalties can be very high, and because the prohibitory penalties can limit significantly the normal performance of the business activity, estopping a series of business.

The administrative penalties against the entity are prescribed, except for the cases of interruption of prescription, in the time limit of five years from the date of commission of the crime.

The final conviction of the entity is registered in the national registry of administrative penalties for crimes of the entity: archive containing all the decisions concerning penalties become irrevocable, applied to entities pursuant to the Decree.

The Decree regulates also the regime of the liability of the entity in case of transformation, merger, demerger and transfer of an enterprise.

In case of transformation of the entity, there is still the liability for crimes committed before the date when the transformation occurred. Therefore the entity will be the recipient of the penalties applicable to the original entity, for acts committed before the transformation.

In case of merger, the entity resulting from the merger, including as incorporation, is held liable for crimes for which the entities taking part in the merger were liable.

In case of demerger, there is still liability of the split entity for crimes committed before the date when the demerger occurred and the beneficiary entities of the demerger must jointly pay the pecuniary penalties imposed to the split entity within the limits of the value of the net equity transferred to each entity, unless it is the entity that has receive the partial transfer of the branch of activity within the framework of which the crime was committed; the prohibitory penalties are applied to the entity (or entities) where there is still or has received the branch of activity within the framework of which the crime was committed.

In case of transfer or delivery of the company within the framework of which the crime was committed, except for the benefit of enforcement of prior payment of the transferor entity, the transferee must jointly with the transferor pay the pecuniary penalty, within the limits of the value of the company transferred and within the limits of the pecuniary penalties resulting from the compulsory books of accounts or due for offences that the transferee knew.



2. ERM Italia S.p.A. e and its system of corporate governance and internal control

2.1. The Company and the Group

ERM Italia S.p.A. is a company subject to the management and coordination activity of ERM Holdings Limited.

2.2. The system of corporate governance

The system of corporate governance of the Company results currently articulated as follows:

- Board of Directors: is vested with the broadest powers to achieve the business purposes and for the ordinary and extraordinary management of the Company, except only for those acts that in accordance with the law and Bylaws are exclusively attributed to the Meeting;
- Board of Statutory Auditors: the corporate management is controlled by a Board of Statutory Auditors comprising three regular auditors and two alternate auditor appointed and operating in accordance with the law;
- Auditing company: the accounting control on the Company is exercised by an auditing company registered in the register established at the Ministry of Justice.

The system of corporate governance of the Company include the Model and Procedures, intended to, besides the prevention of the crimes provided for by the Decree, to make as much efficient as possible the controls system.

Essential foundation of the Model is the Code of Ethics adopted by the Company, that formalizes the ethical principles and values inspiring the company to carry out its activity.

The Code is integral and essential part of the Model and recognizes judicial significance and compulsory effectiveness to the ethical principles and behavioural standards therein described with a view to prevent the company crimes, and put as its basis the compliance with the legislation in force.

The Company is also equipped with an articulated procedural body of Group separated per Region/Division, spread and implemented through the management systems “Minerva” and “Wenex”.



2.3. The internal control system

The internal control system of ERM, in particular with reference to the Sensitive activities and consistently with the prospects of the Guidelines Confindustria, is based on the following principles:

- clear identification of roles, tasks and responsibilities of the individuals participating in the realization of the business activities (internal and external of the organization);
- segregation of tasks between who carried out effectively an activity, who controls it, who authorizes it and who records it (whether applicable);
- verifiability and documentability of operations *ex post*: the significant activities led (above all within the Sensitive activities) find appropriate formalization, with particular reference to the documentation prepared during their realization. The documentation produced and/or available in paper or electronic format is filed by Functions/individuals involved;
- identification of precautionary controls and verifications *ex post*, manual and automatic: suitable manual and/or automatic controls are envisaged to prevent the commission of crimes or to find *ex post* irregularities that could contrast with the purposes of the Model. Said controls are more frequent, articulated and sophisticated within those Sensitive activities characterized by a higher risk profile of commission of a crime.

The components of the internal control system can be attributed to the following elements:

- system of ethical principles for prevention of crimes provided for by the Decree;
- organizational system sufficiently formalized and clear;
- system of authorization and signature powers consistent with the organizational and management responsibilities defined;
- management control system able to provide prompt warning about the existence and arising of critical situations;
- system of communication and staff training having as subject matter the elements of the Model;
- disciplinary system suitable to subject to sanction the violation of standards of the Model;



- system of operating, manual or computer procedures, intended to regulate the activities in the corporate areas at risk with the appropriate control systems;
- information system to perform operating or control activities within the Sensitive activities, or in support of them.

With reference to the system of ethical principles, the system of communication and training and the disciplinary system, see the Code of Ethics and the provisions of paragraphs 6 and 7 of this General Section.

The organizational system of the Company is defined through the creation of company organizational charts and the emanation of delegations of functions and organizational provisions (of service, job description, in-house organizational directives), providing a clear definition of functions and responsibilities attributed to every local organizational unit.

The authorization and decision-making system is translated into an articulated and consistent system of delegations of functions of the Company, based on the following principles:

- the delegations join each management power to the respective responsibility and to an appropriate position in the organizational chart, and are updated after organizational changes;
- each delegation defines and describes in a specific and not misunderstanding way the management powers of the delegate and the individual whom the delegate hierarchically / functionally report to;
- the management powers given through the delegations and their implementation are consistent with the corporate objectives;
- the delegate shall have suitable powers of expense to the functions given;
- the powers of attorney are given exclusively to individuals having an internal functional delegation or specific task and envisage the extension of the powers of representation and, possibly, the limits of expense.

The management control system adopted by ERM is articulated in different phases of elaboration of the annual budget, analysis of periodical final balances and elaboration of prospects.



The system ensures:

- plurality of individuals involved, in terms of congruous segregation of functions for the elaboration and transmission of information;
- ability to provide prompt warning of the existence and arising of critical situation through an appropriate and prompt system of information flows and reporting.

Art. 6, paragraph 2, let. c) of the Decree explicitly sets out also that the model shall “identify management practices of financial resources suitable to prevent the commission of crimes”.

For this purpose the management of financial resources is defined according to principles shaped around a reasonable segregation of functions (including in the light of the structure and organizational articulation of the Company), such to ensure that all the outlays are required, carried out and controlled by independent functions or individuals as far as possible different, who has no other responsibilities that could cause possible conflicts of interest.

Finally, the management of liquidity is inspired by criteria of conservation of the assets, with connected prohibition to carry out hazardous financial operations, and possible double signature for use of liquidity for amounts higher than predetermined thresholds.

Art. 6, paragraph 2, let. b) of the Decree sets out that the model shall “envisage specific protocols intended to plan the formation and implementation of decisions of the entity in connection with crimes to be prevented”.

To this end, the Company is equipped with Procedures allowing to regulate the Sensitive activities and therefore lead and ensure the implementation and operation of control systems provided for by the Model. The Procedures ensure in particular the application of the following principles:

- clear formalization of roles, responsibilities, modalities and time of realization of operating and control activities regulated;
- representation and regulation of the separation of tasks between the individual making the decision (decision-making impulse), the individual that authorizes its realization, the individual that carries out the activity and the individual appointed to control;



- traceability and formalization of each significant activity of the process subject of the procedure for the re-traceability after the act realized and the evidence of principles and control activities applied;
- appropriate level of filing of significant documentation.

Then for the protection of the documents and information of the company, suitable safety measures are envisaged to protect the risk of loss and/or alteration of documentation referred to Sensitive activities or unwanted access to data/documents.

In order to protect the integrity of data and efficiency of information systems and/or computer applications used for the performance of operating or control activities within the Sensitive activities, or in their support, it is ensured the presence and operability of:

- profiling system of users in connection with the access to modules or environments;
- rules for the correct use of corporate computer systems and aids (hardware e software supports);
- automatic mechanisms to control the access to the systems;
- automatic mechanisms of block or inhibition to access;
- automatic mechanisms for the management of authorization workflows.

3. Methodology to prepare the model; changes and update of the Model

For the purposes of the preparation of this document, consistently with the provisions of the Decree, the Guidelines Confindustria and inclinations inferable from the legal practice, the Company has proceeded with performing a precautionary activity of so-called control and risk self-assessment.

The activities of *control and risk self-assessment* were led and coordinated by a project team comprising outsourced consultants and have seen the direct involvement of the Management of the Company.

In particular, said activities have been articulated in the following phases:



- acquisition and analysis of the documentation significant for the *governance* and corporate/group in-house control system (e.g. organizational charts, codes of conduct, structures of delegations and powers of attorney, in-house procedures, reports and records);
- preliminary identification of the relevant Sensitive activities of the different organizational structures concerned, with particular reference to those mostly concerned by the D.Lgs. 231/2001, considering also the identification of potential new crime-risks;
- identification of the key officers to be involved in the interviews;
- making interviews intended to:
 - identify/confirm the Sensitive activities, operating procedures to manage the latter and individuals involved;
 - identify potential risks (relevant) of commission of presumed criminal offences that can be attributed to each Sensitive activity;
 - analyse and assess outstanding protections/control systems intended to lessen the risks above and identify possible areas of improvement;
- sharing with the Management of evidences emerged and their formalization in a synthetic report (“Control & risk self-assessment ex D.Lgs. 231/2001”) forming integral part of this document.

Said activity has led to identify appropriate protections to be implemented in the control system in order to make it suitable to reduce the risk of commission of crimes, as well as for the actual implementation of the protections above in the control system by each key officer time after time involved.

The Company has adopted this version of its model of organization, management and control with board of director's resolution dated 25th November 2016.

Being this document an “official document issued by the Governing Body” (in compliance with the prescriptions of art. 6, paragraph 1, let. a) of the Decree) its substantial subsequent amendments and additions are referred consistently to the competence of the same Board of Directors.

Among the substantial amendments there are, including but not limited to:



- integration herein of further Special Sections;
- suppression of some parts of this document;
- change of SB's tasks;
- identification of a SB other than that presently envisaged;
- update/amendment/integration of control principles and behavioural rules.

Furthermore, the President has the power to make possible amendments or integrations to this document of only formal type, provided that the content is unchanged in its substance. About said amendments or integrations shall be promptly informed the Board of Directors and SB.

4. Recipients of the Model and regulation of relationships with third parties

The Model above applies to:

- Directors and Statutory Auditors of the Company;
- Employees of the Company and those who, anyway, operate upon assignment and/or on behalf of the Company (e.g. pursuant to the agreement or specific power of attorney, such as defence attorneys in trial); said individuals are bound to be compliant with the Model through specific contract clauses.

Furthermore, every agreement entered by the Company with suppliers of goods or services shall envisage the commitment of the supplier or, in case the supplier is a legal person, the guarantee that its directors and employees commits to:

- be compliant with the applicable legislation and not to commit crimes;
- be compliant with the principles of the Code of Ethics (that will be made known to the supplier in the same modalities considered more appropriate by the Company, e.g. through publication in its website);
- be compliant with possible requests of information by the SB of the same Company,



as well as the right for the Company to proceed with the application of forms of protection (e.g. termination of the agreement, application of penalties, etc.), whether a violation of said commitments and guarantees is found.

5. The Supervisory Board

5.1. Identification of the requisites of the SB

In order to perform the functions set out by the Decree, the Board shall have the following requisites:

- autonomy and independence: as specified also by the Guidelines of Confindustria, the position of the Board in the entity *«shall guarantee the autonomy of the control initiative from any form of interference and/or influence by any member of the entity»* (therein included the Governing Body). The Board shall therefor be included as a staff unit in a hierarchical position (the highest possible) with the prospect of a report to the highest operating top management of the company. Not only, in order to ensure its necessary autonomy of initiative and independence, *«it is essential that the SB does not receive operating tasks, that making it participating in decisions and operating activities, would undermine the objectivity of judgement at the moment of the inspections on behaviours and model»*;
- professionalism: this requisite refers to the specialized technical competence that shall have the Board to perform the activity that the law gives to it. In particular, the members of the Board shall have specific knowledge in relation to any useful technique to perform the activity of inspection, consultancy, analysis of the control system and of legal type (in particular in the criminal and corporate sector), as clearly specified in the Guidelines of Confindustria;
- continuity of action: to ensure the effective implementation of the organization system, it is necessary the presence of a structure focused on the activity of supervision.

Therefore the Supervisory Board shall:



- be independent and in a position of impartiality with respect to those on which shall carry out the supervision;
- be in a hierarchical position as highest as possible;
- be equipped with autonomous powers of initiative and control;
- be equipped with financial autonomy;
- be free from operating tasks in the organisational structure of the Company;
- have continuity of action;
- have requisites of professionalism;
- realize a systematic communication channel with the Board of Directors as a whole.

5.2. Identification of the SB

In compliance with the principles above, and taken into account the structure and the operability of the Company, the Supervisory Board of the Company is composed as a collegial body of three members, one of whom not belonging to the staff of the Company and appointed president.

The reflections worded in the light of the type of business and organizational of the Company, and its characteristics, indeed, bring to consider that the optimal composition of the SB is the collegial one.

For a full compliance with the Decree, the SB as above identified, is a body reporting directly to the top managers of the Company (Board of Directors) and is not tied to operating departments by any hierarchical restriction, in order to ensure its full autonomy and independence in the fulfilment of its function.

The activities implemented by the SB cannot be criticised by any other body or structure of the company, it being understood that the Governing Body is anyhow called to perform an activity of supervision on the adequacy of its intervention, as final responsible of functioning and efficiency of the Model.

As further guarantee of autonomy and in consistency with the provisions of the Guidelines of Confindustria, in the context of the procedures of the company budget, the Governing Body shall approve an equipment of financial resources, proposed by the SB, that the SB can use for every



requirement necessary to perform correctly its tasks (e.g. specialized consultancies, business trips, etc.).

The change of the composition of the SB shall be resolved by the Governing Body.

5.3. Modalities of appointment of the SB and term of office

The SB is appointed by the Board of Directors with decision made unanimously by its members.

The completion of the appointment of the member of the SB is determined by the declaration of acceptance by said member issues concurrently with the declaration referred to in paragraph 5.4 below where the member guarantees, on his own responsibility, that there is no reasons of ineligibility and incompatibility listed in the same paragraph 5.4 reported in the minutes by the Board of Directors, or with the subscription for acceptance, by the same, of the copy of the extract of said resolution.

The Board of Directors procure, before every new appointment, to verify the existence of the requisites expressly requested by the Decree for the member of the SB as well as of other requisites mentioned in this chapter.

The Board of Directors evaluates from time to time the adequacy of the SB in terms of organisational structure and powers conferred.

The duration of the appointment will coincide with that of the Board of Directors of the Company or rather of the different duration set out in the appointment resolution.

The member of the SB can resign and, meanwhile, be re-elected at the deadline of the mandate.

5.4. Requisites of eligibility, causes of ineligibility, incompatibility, reasons and powers of revocation

The appointment as member of the Supervisory Board is conditioned by the presence of the subjective requisites of honourability, integrity, respectability and professionalism, as well as by the absence of the following causes of ineligibility and incompatibility with the same appointment:

- existence of relationships as spouse, relative or fourth degree relative in law of members of the Board of Directors, of senior officers in general and of Statutory Auditors of the Company;



- existence of conflicts of interest, including potential, with the Company such to impair the independency required by the role and tasks of the Supervisory Board;
- provision of bank guarantee or other guarantee in favour of one of the Directors (or their spouse), or rather have with the latter relationships – unrelated with the appointment – of credit or debit;
- ownership, direct or indirect, of shares of such an extent to allow to exercise a remarkable influence on the Company;
- exercise of functions of administration - in the three years before the appointment as member of the SB - of companies subject to bankruptcy, compulsory administrative liquidation or other insolvency proceedings;
- relationship of public job at central or local administrations in the three years before the appointment as member of the SB;
- existence of a sentence of conviction even if not become final, or rather sentence of application of the penalty upon request (so-called plea bargain), in Italy or abroad, for crimes indicated by the Decree;
- existence of conviction, with sentence including not become final, to a penalty that entails the interdiction, including temporary, from public offices, or rather the temporary interdiction from managing offices of legal persons and companies.

The member of the SB with the acceptance of the appointment, gives to the Company a specific declaration where guarantees, on his own responsibility, that there are no reasons of ineligibility and incompatibility.

If during the appointment a member of the SB stops to exercise his functions (e.g. for resignation or revocation), the Board of Directors of the Company shall appoint a substitute.

The rules described above apply also in case of appointment of a member of the SB in replacement of a member appointed earlier.

The revocation of the position of member of the SB and the ascription of said position to another individual can occur only for justifiable reason, including related to interventions of organizational restructuring of the Company, through a specific Board of Director's resolution made unanimously.



In this respect, “justifiable reason” of revocation of the powers connected to the appointment of member of the Supervisory Board mean, including but not limited to:

- loss of subjective requisites of honourability, integrity, respectability and professionalism present upon the appointment;
- arising of a reason of incompatibility;
- a serious negligence in fulfilling the tasks connected to the appointment as (just by way of an example): the omitted drafting of the biannual information report or the annual summary report on the activity performed by the Board of Directors; the omitted drafting of the plan of the activities;
- the “omitted or insufficient supervision” by the Supervisory Board, according to the provisions of art. 6, paragraph 1, let. *d*) of the Decree;
- the attribution of functions and operating responsibilities inside the corporate organization incompatible with the requisites of “autonomy and independence” and “continuity of action” belonging to the Supervisory Board;
- mendacious declaration about the non-existence of the reasons of incompatibility described above.

In case of particular seriousness, the Board of Directors can anyway order the suspension of the powers of the SB and the appointment of a Body *ad interim* before procure the revocation of the SB.

5.5. Functions of the SB

The SB is completely autonomous in carrying out its tasks and its determinations are unquestionable. In particular, the SB shall:

- supervise the compliance with the Model by the Recipients;
- supervise the effectiveness and adequacy of the Model in connection with the corporate structure and the effective capacity to prevent the commission of crimes;
- propose and demand the update of the Model whether there are requirements of upgrade in connection with corporate, regulatory or external context conditions changed.



Furthermore the SB shall operate:

- *ex ante* (by striving for instance for the training and information of the staff);
- continuously (through the monitoring, supervision, inspection and update activities);
- *ex post* (by analysing causes and circumstances that have led to the violation of the prescriptions of the Model or the commission of the crime.

For an effective execution of the functions above, the SB has the following tasks and powers:

- verify from time to time the map of the risk areas in order to guarantee the adjustment to changes of the activity and/or structure of the company;
- collect, elaborate and store significant information as concerns the Model;
- verify from time to time the effective application of the business control processes in the areas of risk activities and their effectiveness;
- verify the adoption of the intervention to solve the critical situations in terms of significant in-house control systems during the activity of control and risk self-assessment;
- carry out from time to time inspections on particular operations or acts implemented within the framework of Sensitive Activities;
- lead internal investigations and perform inspection activities to ascertain presumed violations of the prescriptions of the Model;
- monitor the adequacy of the disciplinary system provided for cases of violation of rules defined by the model;
- coordinate with the other corporate functions, as well as other control bodies, including through meetings, to improve the monitoring of the activities in connection with the procedures set out by the Model, or to identify new risk areas, as well as, in general, to assess various aspects concerning the implementation of the Model;
- coordinate and cooperate with the individuals responsible of the protection of safety and health of employees, as well as of the environmental management, in order to guarantee that the control system pursuant to the Decree is integrated with the control system arranged in



compliance with the special regulations for safety in the workplace, as well as for protection of the environment;

- promote initiatives to spread the knowledge (including in reference in particular to the organization of training courses) and understanding of the principles of the Model and ensure the preparation of internal organizational documentation necessary for its functioning, containing instructions, explanations and updates;
- carry out periodical inspections on content and quality of training programmes;
- propose to the Governing Body the evaluation criteria to identify Information on Sensitive Activities (cf. paragraph 5.6).

To this end the SB will have the right to:

- issue provisions and directives intended to regulate the activity of the same SB;
- have access to every and any corporate documents significant for the performance of the functions given to the SB pursuant to the Decree;
- give directives to the various corporate structures, including top managers, in order to obtain from them the information considered necessary to fulfil its tasks, in order that the prompt detection of possible violations of the Model is ensured;
- carry out periodical inspections according to its plan of activities or also unplanned spot interventions in said plan, but, anyway, considered necessary to carry out its tasks.

In performing its tasks, the SB will have anyway the right to resort to the support of independent contractors, identifiable in individuals belonging to any corporate function of the Company that from time to time was considered useful to involve in order to pursue purposes specified and/or third consultants.

The co-operators of the SB by instruction of the sae SB, can, including individually, proceed with the activities of supervision deemed appropriate for the functioning of and compliance with the Model.



The individuals belonging to a corporate function, while performing their duties as Co-operators of the SB, are relieved from performing their operating corporate functions and report, hierarchically and functionally, only to the SB.

The SB will procure to be equipped with its own regulation that ensure its organization and aspects of functioning such as frequency of inspection interventions, methods of deliberation, methods of convening and recording of minutes of its meetings, management of conflicts of interest and methods of change/revision of the same regulation.

The SB will also procure to be equipped with a “Plan of the Activities” that wants to perform to fulfil its tasks, to be communicated to the Governing Body.

5.6. Obligations of information to the SB

In order to ease the supervision activity on the effectiveness and efficacy of the Model, the SB is recipient of:

- warnings about violations, presumed or actual, of the Model (hereinafter Warnings);
- useful and necessary information for the fulfilment of the supervision tasks given to the same SB (hereinafter classified as General Information and Information on the Sensitive Activities).

The SB shall have access to any type of useful information for the performance of its activity. Therefore the SB must keep confidential all the information acquired.

In particular, all the recipients shall promptly inform the SB in case of violation, including presumed, of the Model.

Said warnings shall be sufficiently precise, detailed and attributable to a defined event or area. It is specified that said Warnings can concern any significant corporate area for the purposes to apply the D.Lgs. 231/2001 and the Model in force, therein included the violations of the Model significant for health and safety at work purposes.

Anyhow, in order to ease its supervision activities, the SB shall obtain promptly the General Information considered useful for this purpose, such as, including but not limited to:



- critical situations, anomalies or atypical situations observed by the corporate functions in implementing the Model;
- regulations and/or news coming from criminal investigation bodies or any other authorities, from which it is inferred the performance of investigations, including against persons unknown, for crimes provided for by the Decree;
- internal and external communications concerning any case that can be linked with alleged crimes referred to in the Decree (e.g. started/implemented disciplinary measures);
- requests of legal assistance forwarded by employees in case of start of legal proceedings for crimes provided for by the Decree;
- commissions of inquiry or internal relations from which responsibilities for alleged crimes referred to in the Decree emerge;
- news concerning disciplinary proceedings carried out with reference to violations of the Model and possible penalties imposed or rather dismissal of said proceedings with related motivations;
- news concerning changes in the organizational structure;
- updates of the system of delegations and powers of attorney (therein included the system of powers and delegations on safety and health in the workplace);
- copy of the minutes of the Board of Directors;
- news concerning organizational changes of key roles on safety and health in the workplace (e.g.: changes concerning roles, tasks and individuals designated to protect the workers) and on environment;
- changes of the regulatory system on health and safety and environment;
- the possible communications of the auditing company and Board of Statutory Auditors concerning aspects that can suggest lacks in the internal control system, reprehensible facts, objections on the financial statements of the Company;
- any appointment given or to give to the auditing company or companies connected to the latter, other than that concerning the financial statement audit or the accounting control.



Said General Information shall be given to the SB by the Managers of the Corporate functions according to their area of expertise.

Warnings and General Information shall be carried out in writing, including using an email box activated on purpose and duly communicated to the recipients of the Model.

In order to ease the access by the SB to the highest number possible of information, the Company ensures the protection of any reporting person against any form of reprisal, discrimination or disadvantage, unless otherwise provided by law and the protection of the rights of the Company or people charged wrongly and/or in bad faith.

The SB will evaluate the warnings received with discretion and responsibility, by procuring to investigate also listening to the author of the Warning and/or the responsible of the presumed violation, by motivating in writing the reason of the potential autonomous decision not to proceed and informing anyway the Board of Directors within the process of reporting (cf. paragraph 5.7).

Furthermore, in order to allow the monitoring by the SB of the activities of particular significance performed within the Sensitive Activities referred to in the Special Section, the individuals qualified as “Process Owners” on the base of the activity of control and risk self-assessment led shall send to the SB the information on Sensitive Activities.

The identification of information on Sensitive Activities occurs through the outlining of evaluation criteria and parameters defined by the SB, by reason of the activity of control and risk self-assessment led, and evaluating the effectiveness for the purposes of the fulfilment of its tasks, as well as the stable consistency with the evolution of volumes and significance of the activities. The SB will proceed with informing properly the Board of Directors about the definition of said criteria and parameters.

In particular, the information contents concerning the Sensitive Activities, as well as, in general, the regulation of information flows towards the SB (therein included identification/formalization of Process Owners and Warnings described above) in terms of frequency, modalities of transmission and responsibilities for the transmission of said flows will be regulated in detail in a specific procedure or in an organizational provision defined and issued by the same SB.



5.7. Reporting of the SB

The SB reports as for implementation of the Model and possible critical situations, directly to the Board of Directors.

The SB, towards the Board of Directors, has the responsibility to:

- communicate, at the beginning of every fiscal year, the Plan of the Activities, that intends to perform to fulfil its tasks;
- communicate from time to time, and at least twice a year, the progress status of the Plan of Activities, and potential changes made, explaining the reasons why of said changes;
- report promptly any violation of the Model or unlawful and/or wrongful conducts, that has known through Warnings by the Recipients that the SB considers grounded or has ascertained;
- draft, at least once a year, a summary report of the activities performed in the previous twelve months and their results, of the elements of critical situations and violation of the Model, as well as of the proposals concerning the necessary updates of the Model to be implemented.

The Board of Directors has the right to convene at any moment the SB that, in turn, has the right to request, through the Functions or competent individuals, the convening of the aforementioned body for urgent and particularly serious reasons.

The SB can also communicate the results of its verifications to the *Process owners* whether from the inspections performed arise lacks, behaviours or actions not in line with the Model. In said case, the SB shall obtain from the Process Owners a plan of the actions to undertake, with related time, in order to prevent that said circumstances continue to happen.

The SB must inform immediately the Board of Directors, whether the violation concerns top managers of the Company.



5.8. Conservation of information

All the information, Warnings, reports and other documents collected and/or prepared for the application of the Model are conserved by the SB in a specific archive (electronic and/or paper), for a period of ten years.

The access to the archive is exclusively allowed to the SB and Board of Directors.

6. Disciplinary system

6.1. General principles

The Decree provides that it is prepared a «*disciplinary system suitable to subject to penalties the failure to comply with the measures indicated in the model*» for both individuals in senior position and subordinates.

The existence of system of penalties applicable in the event of missed observance of rules of conduct, prescriptions and internal procedures provided for by the Model is, indeed, essential to guarantee the effectiveness of the same Model.

The application of the penalties in question shall be completely independent from the performance and outcome of potential criminal or administrative proceedings started by the Judicial or Administrative Authority, in case the behaviour to be banned is needed also to integrate a significant criminal offence for the purposes of the Decree or rather a significant criminal or administrative offence pursuant to the legislation on protection of health and safety at work. Indeed, the rules imposed by the Model are assumed by the Company completely independently, irrespective of the fact that potential conducts can represent criminal or administrative offence and that the Judicial or administrative Authority intends to pursue said offence.

The disciplinary system is published in a place and/or with a method, including online if the case may be, accessible for every Employee and anyway made recognizable for every recipient.

The verification of the adequacy of the disciplinary system, the stable monitoring of the potential proceedings of imposition of the penalties against the employees, as well as of the interventions against external individuals are entrusted to the SB, which proceed also with the reporting of the violations that came to know in performing its functions.



Without prejudice to the provisions of paragraph 5.4, the disciplinary system defined can be applied also to the members of the SB, in relation to the functions given to them by the Model (cf. paragraph 6.6).

6.2. Violations of the Model

Violations of the Model are:

- behaviours including the criminal offences included in the Decree;
- behaviours that, although do not represent one of the criminal offences included in the Decree, aimed in an univocal way to their commission;
- behaviours not compliant with the Procedures indicated in the Model and with the Code of Ethics;
- behaviours not compliant with the provisions provided for by the Model or indicated by the Model and, in particular not compliant with control systems listed in paragraphs 11, 12, 13, 14, 15, 16, 17, 18 and 19 of the Special Section and procedures indicated by the same Model;
- non-cooperative behaviours towards the SB, comprising, including but not limited to, the refusal to provide the information or documentation requested, missed compliance with specific and general directives directed by the SB in order to obtain the information deemed necessary to fulfil its tasks, missed participation without justifiable reason in inspection visit planned by the SB, missed participation in training meetings.

The seriousness of the violations of the Model will be evaluated on the base of the following circumstances:

- presence and intensity of the intentional element;
- presence and intensity of the negligent, imprudent, incompetent conduct;
- extent of the hazard and/or consequences of the violation for recipients of the legislation on protection of health and safety at work, as well as for the Company;
- predictability of the consequences;



- times and ways of violation;
- circumstances where the violation took place;
- recidivism, consisting in the repeated imposition of disciplinary actions due to violations of the Model as well as in the reiteration of disciplinarily significant behaviours, evaluated both in their episodicity and in all (even though not subject to sanction).

6.3. Measures against the Employee

The violation of single behavioural rules referred to in the Model, by Employees subject to CCNL(s) applied by the Company, represents a professional misconduct.

Any type of violation of behavioural rules contained in the Model authorizes anyway the SB to require to the competent Corporate function to start the proceedings of disciplinary objection and the potential imposition of one of the penalties listed below, determined according to the seriousness of the violation committed in the light of the criteria specified in paragraph 6.2 and the behaviour held before (e.g. potential previous violations committed) and after the fact (e.g. communication to the SB of the occurred irregularity) by the author of the violation.

The disciplinary measures that can be imposed against said workers - in compliance with the procedures provided for by art. 7, paragraphs 2 and 3, Italian Law 30th May 1970, no. 300 (Workers' Statute) and potential applicable special legislations, as well as by the CCNL(s) applied – are those provided for the following penalty system:

- verbal reprimand;
- written reprimand;
- fine of amount not higher than four hours of pay;
- disciplinary suspension from the service and pay for a period not longer than 10 days;
- disciplinary layoff with right to notice pursuant to the mentioned CCNL and layoff for just cause without notice.

Anyway, the penalties imposed and/or violations ascertained the competent Corporate function will always keep informed the SB.



In particular, with reference to the violations of the Model carried out by the worker it is envisaged that:

- the employee that infringes upon the Procedures provided for by the Model or adopts, in performing its activities in the Sensitive Activities, a behaviour in violation of the prescriptions of the same Model, as long as said conduct does not determine the applications of measures provided for by the Decree, incurs in regulations of verbal reprimand or written reprimand depending on the seriousness of the violation;
- the worker that adopts a recidivous behaviour in any of the violations that provided for by the verbal reprimand or written reprimand, referred to in the point above, more than twice in two years, or rather infringes many times upon the Procedures provided for by the Model or adopts many times, in performing their activities in the Sensitive Activities, a behaviour in violation of the prescriptions of the same Model, as long as said conduct does not determine the application of measures provided for by the Decree, incurs in a fine;
- the employee that behaves as follows, incurs in the suspension from the service and pay for a period longer than ten days:
 - in infringing upon the Procedures provided for by the Model or adopting in carrying out his activities in the Sensitive Activities a behaviour in violation of its prescriptions, causes damage to the Company or exposes it to an objective hazardous situation, as long as said conducts are not direct in an univocal way to the commission of a crime or not cause the application of measures provided for by the Decree;
 - adopts a recidivous behaviour in any of the lacks that provided for by the fine referred to in the point above, more than twice in two years;
- the employee adopting a recidivous behaviour in any of the lacks providing for the suspensions referred to in point above more than twice in two years, after formal notice in writing incurs in the disciplinary layoff; the employee adopting a behaviour not compliant with the prescriptions of the Model and direct in an univocal way to commit a crime subject to sanction by the Decree, as well as the employee adopting a behaviour glaringly in violation of the prescriptions of the Model, such to determine the concrete application



against the Company of measure provided for by the Decree, incurs in the layoff for just cause without notice.

Furthermore with specific reference to the violation of the prescriptions of the Model in protection of health and safety at work in compliance with the provisions of the Circular of the Ministry of labour of 11th July 2011, no. 15816 having as subject matter “Model of organization and management pursuant to art. 30, D.Lgs. 81/2008”:

- the employee that is not compliant with the Model, in case the violation causes the occurrence of a situation of potential hazard for the physical integrity of one or more people, including the author of the violation, and provided that one of the hypotheses provided for in the points below is not included, incurs in a written reprimand;
- the employee adopting a recidivous behaviour in any of the lacks providing for the written reprimand referred to in point above more than twice in two years or rather not compliant with the Model, in case the violation causes the occurrence of a situation of potential hazard for the physical integrity of one or more individuals, including the author of the violation, and provided that one of the hypotheses provided for in the points below is not included, incurs in a fine;
- the employee that behaves as follows, incurs in the suspension from the service and pay for a period not longer than ten days:
 - is not compliant with the Model, in case the violation causes an injury, that can be described as serious pursuant to art. 583, paragraph 1 c.p. to the physical integrity of one or many individuals, including the author of the violation, and provided that one of the hypotheses provided for in the point below is not included
 - adopts a recidivous behaviour in any of the lacks that provide for a fine, as specified in the point above, more than twice in two years;
- the employee adopting a recidivous behaviour in any of the lacks providing for the suspension from the service and pay, as specified in the point above, more than twice in two years incurs in the disciplinary layoff with right to notice; the co-operator not compliant with the Model, in case the violation causes an injury, that can be described as very serious



pursuant to art. 583, paragraph 2 c.p. to the physical integrity or rather the death of one or many individuals, including the author of the violation, incurs in the layoff for just cause without notice.

It being understood that the prospects of the Model cannot be interpreted in a way to represent an exemption to the prospects on penalties for unjustified layoffs, specified in art. 18, L. 300/1970 as amended by the Italian Law 28th June 2012, no. 92 and the Italian Legislative Decree 4th March 2015, no. 23.

6.4. Violations of the Model by managers and related measures

As concerns the violations of each rule of the Model, implemented by workers of the Company working as managers, also these represent a professional misconduct.

Any type of violation of behavioural rules contained in the Model authorizes anyway the SB to require to the President the imposition of one of the penalties listed below, determined according to the seriousness of the violation committed in the light of the criteria specified in paragraph 6.2 and the behaviour held before (e.g. potential previous violations committed) and after the fact (e.g. communication to the SB of the occurred irregularity) by the author of the violation.

The disciplinary measures that can be imposed against the managers - in compliance with the procedures provided for by art. 7, paragraphs 2 and 3, Italian Law 300/1970 (Workers' Statute), as well as by the CCNL(s) applied and potential special applicable legislations– are those provided for the following penalty system:

- written ban;
- disciplinary suspension from work and pay for a period not longer than 10 days;
- justified layoff with right to notice;
- layoff for just cause.

Anyway, the competent corporate function will always keep informed the SB about the penalties imposed and/or violations ascertained.

In particular, with reference to the violations of the Model implemented by the managers of the Company it is envisaged that:



- in case of non-serious violation of one or more procedural or behavioural rules provided for by the Model, the manager incurs in the written ban consisting in the reprimand to be compliant with the Model, which represents a necessary condition for the maintenance of the trust relationship with the Company;
- in case of non serious but reiterated violation, of one or more procedural or behavioural rules provided for by the Model, the manager incurs in the disciplinary suspension from work and pay;
- in case of serious violation of one or more regulation or behavioural rules provided for by the Model such to cause a remarkable non-performance, or rather in case of recidivism in any of the lacks providing for the disciplinary suspension more than twice in two years, the manager incurs in the justified layoff with right to notice;
- whether the violation of one or more procedural or behavioural rules provided for by the Model is of a seriousness such to injure irreparably the trust relationship, not allowing the continuation including temporary of the employment relation, the manger incurs in the layoff for just cause.

Furthermore, for the managers of the Company, serious violation of the prescriptions of the Model is:

- failure to comply with direction or supervision on subordinates about the correct and effective application of the same Model;
- failure to comply with direction and supervision of other workers that, even if not linked to the Company by a subordination restriction (such as Self-employed worker, Consultants, Co-operators, etc.), are anyway subject to the direction and supervision of the manager pursuant to art. 5, paragraph 1, let. *b*), D.Lgs. 231/2001, without prejudice to the qualification of the agreement with said workers.

It being understood that the prospects of the Model cannot be interpreted in a way to represent an exemption to the prospects on penalties for unjustified layoffs, specified in art. 18, L. 300/1970 as amended by the L. 92/2012 and by the D.Lgs. 23/2015.



6.5. Measures against members of the Governing Body and the Board of Statutory Auditors

In case of violation of the Model by one or many members of the Governing Body of the Company, the SB will inform the whole Board of Directors and Board of Statutory Auditors that will undertake the appropriate measures according to the seriousness of the violation committed, in the light of criteria specified in paragraph 6.2 and in compliance with the powers provided for by the law and/or Bylaws (declarations in minutes of meetings, request of convening or convening of the Meeting having in the agenda appropriate measures against the individuals responsible of the violation, etc.).

The disciplinary measures imposed against one or many members of the Governing Body, prior to Board of Director's resolution to be adopted with the abstention of the person concerned and, as applicable, by the law and/or Bylaws, with resolution of the Shareholders Meeting, are those provided for by the following penalty system:

- written reprimand;
- temporary suspension from the office;
- revocation of the office.

In particular, with reference to the violations of the Model implemented by the one or many members of the Governing Body of the Company, it is envisaged that:

- in case of non-serious violation of one or more procedural or behavioural rules provided for by the Model, the member of the Governing Body incurs in the written reprimand consisting in the reprimand to be compliant with the Model, which represents a necessary condition for the maintenance of the trust relationship with the Company;
- in case of serious violation of one or many procedural or behavioural rules provided for by the Model, the member of the Governing Body incurs in the temporary suspension of the office;
- in case of serious violation of one or many procedural or behavioural rules provided for by the Model such to injure irreparably the trust relationship, the member of the Governing Body incurs in the revocation of the office.



Furthermore, for members of the Governing Body of the Company, also the violation of the obligation of direction and supervision on subordinates about the correct and effective application of the prescriptions of the Model will represent a violation of the Model.

In case of violation of the Model by the whole Governing Body of the Company, the Sb will inform the Board of Statutory Auditors in order that the latter convenes without unreasonable delay the Shareholders Meeting for the appropriate measures.

In case of violation of the Model by one or many members of the Board of Statutory Auditors or rather the whole Board of Statutory Auditors of the Company, the SB will inform the whole Governing Body that will undertake the appropriate measures according to the seriousness of the violation and in compliance with the powers provided for by the law and/or Bylaws (declarations in minutes of meetings, request of convening or convening of the Meeting having in the agenda appropriate measures against the individuals responsible of the violation, etc.).

6.6. Measures against members of the SB and third parties

For the measures against members of the SB, refer to the regulation of revocation of their office (cf. paragraph 5.4).

For measures against third parties, refer to the regulation of the relationships with them (cf. paragraph 4).

7. Communication of the Model and training of recipients

In order to guarantee an actual knowledge and application, the adoption of the Model is formally communicated by the Board of Directors to the various categories of recipients.

In particular, after the approval of the model, the Employees, and all the potential new employees will have to subscribe a declaration of acknowledgement of the same Model and of the Code of Ethics and commitment to be compliant with their prescriptions.

In case of significant reviews and/or updates of the Model the Company will procure to duly inform the Recipients.



The Model is also made available according to the modalities and the instruments that the Board of Directors will deem appropriate to adopt, such as, by way of an example, the distribution in the website of the Company, or rather the full-time availability of hard copy of the Model at the venue.

The training concerning the Model and the applicable legislation is effectively entrusted to the HR function, that to this end cooperates with the Supervisory Board, and shall provide information at least in reference to the applicable legal framework, the Model and legal cases of application of the legislation. The training can be developed also by using computing tools (e.g., in e-learning mode) and is carried out with the support of experts of the applicable legislation.

The SB evaluates the effectiveness in terms of planning, contents, updates, times, modalities and identification of participants, training sessions.

The participation in said training activities by the individuals identified is compulsory and the presence of the participants is traced.

Finally, the planning of the training shall envisage some periodical sessions guaranteeing a constant refresher program.