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# **ORGANIZATION, MANAGEMENT AND CONTROL MODEL**

(in accordance with Decree-Law No. 231/2001 and its successive amendments and integrations)

## **Organization, Management and Control Manual**



# **EBARA PUMPS EUROPE S.P.A.**

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## PRELIMINARY REMARKS

### The Structure of the Manual

This Manual consists of an articulated and organized series of documents to be considered as a whole.

In detail the Manual consists of:

- **Present text;** descriptive part of the **Organization, Management and Control Manual**.
- **Annex 1** – Text of Decree-Law 231/2001 and its successive modifications up to November 2012
- **Annex 2** – List of predicate offences provided for the liability as per Decree-Law 231/2001
- **Annex 3** – Outline of delegations, proxies and authorization thresholds
- **Annex 4** – Organization chart of *EBARA PUMPS EUROPE S.p.A.*
- **Annex 5** – Identification and assessment of the 231 risk
- **Annex 6** – Sanction system
- **Annex 7** – Code of Conduct 231
- **Annex 8** – Information flows towards the Supervisory Body.

The organization in a “central” document and a series of annexes makes updates easier (the various documents can be updated separately; each one shall be characterized by an issue number that shall make tracking easier) and the confidentiality of some of them can be safeguarded (i.e. Risk Assessment Document 231).

### **Decree-Law 231/2001**

Decree-Law 231 of 8 June 2001 (the “**Decree**”) introduced a new kind of liability into the Italian legal system: the administrative liability of institutions, companies, associations and legal persons for certain offences that are committed (or even just attempted) by subjects that have acted in their own interest and to their own benefit.

On the basis of the **Decree**, if a person commits a certain crime in the interest or for the benefit of a company, the penal liability of the person committing it but also the company’s administrative liability will stem from it.

The law states exhaustively the offences to whom the administrative liability of the company in whose interest or to whose benefit they have been committed is connected (the “**Offences**”).

*EBARA PUMPS EUROPE S.p.A.* (hereinafter the “Company” or “EPE”) was established on 1<sup>st</sup> December 1988 and operates both as manufacturer and distributor of industrial and

domestic pumps, representing the reference point of the EBARA Group, a Japanese multinational, for the EMEIA region (Europe, Middle East, India and Africa). The Company conducts its business in the Cles plant (TN), the Company's registered office, as well as the Brendola plant (VI).

In Europe, EPE represents an important fulcrum in the market of industrial and domestic pumps and has developed over the years an innovative range of products in moulded stainless steel that offer considerable advantages in comparison with the conventional cast iron pumps. This is obviously the result of the high technological level achieved with this product, with particular reference to the moulding and welding processes.

These objectives are achieved through the application of a Company Integrated Management System that aims also at improving the process system as well as the internal communication system among the various Company's functions.

The Company belongs to that group of legal entities that may incur said administrative liability and has therefore decided to adopt an organization, management and control model capable of preventing the perpetration of the **Offences** and, in the event of them being committed, prevents, at the conditions stated in the **Decree**, any administrative liability to arise.

On 20 March 2014, the *EBARA PUMPS EUROPE S.p.A.* Board of Directors approved the **Organization, Management and Control Model**, prepared pursuant to Decree-Law 213/2001.

The Company has therefore adopted an organization model, an internal control system and suitable standards of behaviour that can prevent the offences mentioned in the Decree from being committed both by the so-called "senior" or "top" subjects (directors, managers, employees or other Company's collaborators) and those controlled and instructed by them.

## **1. PURPOSES**

The Organization, Management and Control Model:

- provides information on the contents of the Decree that introduces into the legal system the liability of companies and institutions for the offences committed by their representatives or employees for their interest or benefit;
- outlines the organization, management and control model of *EPE*, aimed at giving information about the content of the law, directing the company activities in line with the Model and monitoring the operation of and compliance with the Model itself.

In particular it proposes to:

- determine, in all those working for or on behalf of *EPE* in "sensitive" activities under Decree-Law 231/2001, the awareness that, in case of a violation of the regulations, they may incur an offence, punishable by penalties against them and the Company (if the latter has benefited from the offence or if the offence has anyway been committed in its interest);



- reiterate that illicit behaviour is censured by *EPE* since it is contrary to the provisions of the law and the principles *EPE* intends to follow in the performance of its mission as a company;
- set out these principles and explain the organization, management and control model in use;
- allow internal monitoring and control activities, addressed in particular to the Company's employees more exposed to Decree-Law 231/2001, to prevent and hinder them from committing the offences.

For this purpose the document gives due consideration to the contents of the Company's Articles of Association as well as the Company's administration and management principles and its organization structure and refers to the various internal rules of procedure and existing control systems.

Since the Company's situation is in constant evolution, also the degree of Company's exposure to the legal consequences arising from Decree-Law 231 can vary over time. Consequently, the risk review and mapping shall be monitored and updated periodically. In dealing with updates, factors such as the following shall be taken in consideration, for instance:

- the coming into force of new rules and regulations affecting the Company's trading;
- the changes in external parties and the modifications in the approach to *business* and markets, of the competition and communication levers to the market;
- the changes to the internal organization, management and control system.

The regular update of the Model is "encouraged" by the Supervisory Body. This Body operates on the basis of the existing risk map, surveys the actual situation (control environment, etc.), measures the gap between the former and latter and asks for an update of the potential risk assessment. The Supervisory Body informs and reports to the Board of Directors about said monitoring activities, their progress and results at least once a year.

## **2. CONTENTS OF THE DECREE, IDENTIFICATION OF THE SUBJECTS**

Decree-Law 231/2001 is a highly innovative provision for the legislation of our Country that adapts the Italian law regarding the liability of legal entities (and of the other bodies without legal status) to some important international Conventions and EU Directives, overcoming the traditional principle *societas delinquere non potest*.

With Decree-Law 231/2001 and its successive modifications the principle that legal entities are liable financially and directly, and not only from a civil point of view, for the offences committed in their interest or to their advantage by whoever works in their organizations or, anyway, has dealings with them, has become the law of the State.

The administrative liability of the Entity pursuant to Decree-Law 231/2001 does not depend on committing any offence but on committing only one or more of the offences

listed in Chapter I, section III, articles 24, 24 bis, 24 ter, 25, 25 bis, 25 bis1, 25 ter, 25 quater, 25 quater1, 25 quinquies, 25 sexes, 25 septies, 25 octies, 25 novies, 25 decies, 25 undecies and 25 duodicies of Decree-Law 231/2001 (so-called "predicate offences").

Originally provided for the offences against the Public Administration or Public Administration assets, the liability of the Entity has been extended, as a result of the regulatory measures that followed Decree-Law 231/2001 (Decree-Law No. 61 of 11 April 2002, Law No. 7 of 14 January 2003, Law No. 228 of 11 August 2003, Law No. 62 of 18 April 2005, Law No. 262 of 28 December 2005 regarding the protection of savings, Law No. 146 of 16 March 2006 regarding the offences of transnational organized crime, Law No. 123 of 10 August 2007 regarding manslaughter or serious or very serious injury relating to health and safety at work, Decree-Law No. 231 of 21 November 2007, Law No. 48 of 18 March 2008 regarding cybercrime, Law S.733-B with provisions for public safety, Law S.1195-B Measures to promote the development and internationalization of enterprises, as well as Law No. 116 of 3 August 2009, Decree-Law 121/11 of 16 August 2011, Decree-Law No. 109 of 2012 and Law No. 190 of 6 November 2012) regarding energy and other types of offences. The Text of Decree-Law 231/2001 and its successive modifications can be found in Annex 1.

Today the categories of offences provided for by Decree-Law 231/2001 are:

- unlawful receipt of public funds, fraud against the State or a Public Body or for the purpose of obtaining public funds, computer fraud against the State or a Public Body (art. 24 of Decree-Law 231/2001);
- corruption, bribery and undue incitement to give or promise a benefit (art. 25 of Decree-Law 231/2001); counterfeiting of money, credit cards, stamps and identification tools or marks (art. 25-bis of Decree-Law 231/2001);
- corporate crimes (art. 25-ter of Decree-Law 231/2001);
- terrorist crimes or crimes for the subversion of democratic order (art. 25-quater of Decree-Law 231/2001);
- practice of female genital mutilation (art. 25-quater.1);
- crimes against the individual (art. 25-quinquies of Decree-Law 231/2001);
- market abuse (insider dealing and market manipulation, art. 25-sexies of Decree-Law 231/2001);
- transnational crimes (provisions against illegal immigration, etc. – introduced by the 2005 EEC law approved with Law No. 29 of 25 January 2006);
- crimes of manslaughter and serious or very serious injury committed in violation of regulations on accident prevention and health and safety at work (art. 25-septies of Decree-Law 231/2001);
- handling of stolen goods, money laundering and use of money, goods or benefits from illegal activities (art. 25-octies of Decree-Law 231/2001);
- cybercrime and illegal handling of data (art. 24 bis of Decree-Law 231/2001);
- organized crime (art. 24 ter of Decree-Law 231/2001);
- crimes against industry and trade (art. 25 bis.1 of Decree-Law 231/2001);

- crimes regarding the violation of copyright (art. 25 novies of Decree-Law 231/2001);
- incitement not to testify or bear false testimony before the judicial authorities (art. 25 decies of Decree-Law 231/2001);
- environmental crimes (art. 25 undecies of Decree-Law 231/2011)
- use of third-country nationals who are illegally staying in the country (art. 25 undecies of Decree-Law 231/2011).

Annex 2 contains the complete list of predicate offences and relative sanctions.

However, Decree-Law 231/2001 allows the Entity to avoid said administrative liability (the so-called "protective shield") if, when a crime among the ones provided for in the Decree is committed, it can prove its total non-involvement in the crimes and the exclusive liability of the subject committing the crime is then ascertained.

The above-mentioned non-involvement of the Entity in the crimes must be proved by showing that a series of organization and conduct rules (the so-called "Organization, Management and Control Model") suitable to prevent these crimes from being committed have effectively been put in place.

The model must meet the following requirements:

- identifying the activities that make it possible to commit crimes;
- adopting special procedures aimed at planning the formation and implementation of the Company's decisions with regards to the crimes to be prevented;
- identifying methods to manage the financial resources suitable to prevent crimes to be committed;
- providing for information obligations for the body appointed to supervise the running of and compliance with the Model;
- introducing a disciplinary system suitable to penalise the non-compliance with the measures of the model.

If the offence provided for in the Decree has been committed by people acting as representatives, managers or directors of the Company or one of its functionally and financially autonomous business units, as well as by people ultimately responsible for its management and control (the so-called "senior or top management"), the Entity is not liable if it can prove that:

- the management adopted and effectively implemented organization and management models suitable to prevent crimes similar to the one committed before the event took place;
- the task to supervise the running of and compliance with the Model and to update it was entrusted to a corporate body with independent powers of initiative and control;
- the people have committed the offences fraudulently evading the Model;
- there has been no insufficient supervision or total lack of it by the control body.

If the crime has been committed by people under the direction or supervision of one of the above-mentioned subjects, the Entity is liable if the crime has been made possible by the non-compliance with the obligations of control and supervision.

Such non-compliance is anyway excluded if, before the event took place, the Entity adopted and effectively implemented a Model suitable to prevent crimes similar to the one committed.

As shown above, two different kinds of relationships “connecting” the company in whose interest or for whose benefit the crime has been committed and the perpetrator, are required. Art. 5, paragraph 1 refers to the so-called senior or top managers defined as “persons who hold representative, administrative or managerial positions in the company”. In general, they are executives, directors, managers of secondary branches, division directors with financial and functional autonomy. On the other hand paragraph 2 of the same article refers to “people subject to the management or supervision of one of the subjects referred to in a)”.

The different positions of the persons involved in committing the crimes require different criteria of allocation of responsibility in the company. Art. 6 of the Decree places on the entity the burden of proving that the measures have been adopted only if the perpetrator is in a “senior or top position”. Otherwise, on the basis of the interpretation of the letter of the rule, it is deemed that, if the author of the crime is under somebody's direction or supervision, the burden of proof would lie with the Public Prosecutor.

Subject to the provisions of art. 5 of the Decree and its relative application procedure, the criteria *EPE* uses to identify the subjects in senior or top positions can be summarized as follows:

- hierarchical position at the top of the Company (Board of Directors) or first level of reporting to the Managing Director;
- allocation of spending powers and delegation allowing the performance of certain activities, even towards the outside, with some autonomy.

It is therefore possible to identify top subjects using the organization chart that is made available to all *EPE* employees (Annex 4).

### **3. METHODOLOGICAL APPROACH TO IDENTIFY COMPANY'S SECTORS EXPOSED TO THE 231 RISK**

A workgroup consisting of internal personnel and a consultancy company has been charged with the task of helping the top Management and the Managers of the Company's various functions to analyse the context, identify the Company's sectors more exposed to the punitive consequences of the Decree and determine the extent of the significant risks.

In particular, top Management, Managers and workgroup have:

- studied the content and interpretation of the regulations in depth, as well as the types of crime provided for by the Decree;

- carried out a survey of the Company's sectors where, with no safeguards, the probability of the crimes provided for by the Decree being committed is greater;
- divided the Company's business into processes (with the aim of mapping the whole Company);
- acknowledged the existing organizational, procedural and administrative controls (corporate bodies and internal organization, proxies, delegations of responsibilities and spending powers, operational and written procedures) currently adopted, useful to prevent the type of behaviour at risk;
- identified the principles and requirements of a suitable control system (see chapter 6.1);
- assessed the suitability and completeness (in comparison with the control principles) of the existing organizational, procedural and administrative control units;
- assessed the residual "231 risk", on the basis of the crime, likelihood of occurrence, its weight and impact (Annex 5 – Identification and assessment of the 231 risk);
- identified more control points (i.e. introduction of first, second and third level checks, formalisation of the practice of the preventive procedures, etc.);
- gathered the above information in a special Evaluation Document of the 231 risks (operational document for internal use).

A Company's contact person, charged with the task of applying the Implementation Plan before the formal adoption of the Model has been identified.

#### **4. RELATIONS BETWEEN MODEL AND 231 CODE OF CONDUCT**

The behaviour held by the employees ("Employees"), external collaborators ("Collaborators"), directors ("Directors"), and by those who act, even as consultants or anyway with powers of representation of the Company or act on behalf of the Company itself ("Suppliers"), as well as by the Company's contractual counterparts (for instance consultants), must comply with the rules of conduct provided for in the Model, aimed at preventing the occurrence of the offences.

In particular, *EPE* has prepared a special Code of Conduct (Annex 7) that identifies certain behaviours as punishable because they are deemed to be such as to weaken, even potentially, the Model.

#### **5. STRUCTURE OF THE ORGANIZATION**

An appropriate organizational structure for the preventive purposes of the Decree is characterized, in synthesis, by the following principles:

- clear and precise determining of jobs, the responsibilities connected to them and lines of command;
- allocation of powers of representation within the limits where it is strictly required and anyway within limits consistent and compatible with the tasks performed by the subject they are allocated to;

- spending powers allocated with spending thresholds and/or joint signatures;
- administration board.

Taking into consideration the picture emerging from the analysis of the context, assessment of the control environment and identification of the risks, subjects and potential offences, the prevention systems and mechanisms EPE has, have been identified. They are explained in the following paragraphs.

### **5.1. Corporate Bodies**

They are provided for by the Articles of Association in force. The powers of the corporate bodies are disciplined by the Articles of Association and the regulations in force.

The management of the Company is trusted to a Board of Directors and a Managing Director with management powers except for matters reserved by law or by the Articles of Association to the Board of Directors (see Annex 3 - Outline of delegations, proxies and authorization thresholds).

### **5.2. Definition of Responsibility, Organization Units, Powers**

The rules *EPE* intends to conform to with a view to prevent the Offences are the following:

- nobody is given unlimited powers
- powers and responsibilities are clearly defined and known within the organization
- authorization and signatory powers are consistent with the allocated organizational responsibilities
- clear and precise determining of jobs, the responsibilities connected to them and lines of command;
- delegation of powers with delimitation according to a function boundary (powers are limited according to the area of competence) and a horizontal boundary (powers are limited according to hierarchy level)
- separation of the authorization, execution and control activities.

The Company's organization chart (Annex 4) gives indications about the structure of the Company and the organizational position of the employees. The organization chart allows also to clarify the allocated responsibilities better.

This document is constantly updated and changes according to the changes that take place in the current management of the business. It is up to Management to keep the organization chart and connected documents updated to ensure a clear definition of the tasks allocated to each unit of the Company's structure.

The Board of Directors defines the proxies and delegations on the basis of the Company's operational requirements and, in particular, with the streamlining and efficiency of the Company in mind.

This diagram is described in Annex 3 - Outline of delegations, proxies and authorization thresholds, highlighting the powers and delegations in the most important areas with regards to the 231 Decree (as identified in the Risk Assessment carried out by the Company).

## **6. PREVENTION PRINCIPLES AND CONTROL STRUCTURE**

### **6.1. Prevention Principles**

The components of the Organizational Model are based on the following principles:

- the existence of procedures and rules planning operational methods and explaining behaviours;
- clear accountability: any activity must come under one person or organizational unit responsible for it, so that responsibility can be identified easily in case of any deviations from procedures/regulations;
- separation of the authorization, execution and control activities;
- process and control traceability: every operation or management decision must be documented so that at any time it is possible to identify the responsibility of the person who acted (assessed, decided, authorized, carried out, noted in the books, controlled);
- independent verifications of the operations carried out: carried out by both people belonging to the organization but not involved in the process and people outside the organization;
- compliance with the system of delegations and authorization and signatory powers set down by the Company, that must be clearly reflected in the operational procedures and verified by the control systems;
- correct and transparent use of financial resources, that must be used within quantitatively and qualitatively determined limits (budgets, marketing and sales plans) and documented, authorized and unequivocally attributable to the issuing and receiving parties as well as to the specific reason.

The principles have been combined and applied to the Company's control system taking into consideration the reality under examination, in order to make it effective and efficient for the prevention of risks under Decree 231/01.

Because of its structure, *EPE* has adopted a group of written procedures that ensure compliance with the current legislation and the requirements deriving from its being an unlisted large undertaking. Procedures that, from the one side, aim at regulating actions, in all their varied operational activities, and on the other at allowing the checks, both preventive and subsequent, of the correctness of the operations carried out.

This way effective consistency in behaviour is guaranteed within the Company, in compliance with the provisions of the law that govern the Company's business.

Procedures are an integral part of this Model.

All employees must know these internal procedures and comply with them while performing the tasks allocated to them.

### **6.2. Types of Control**

Three types of control are defined in the Model, differentiated according to the subject who carries out the checks:

- 1<sup>st</sup> level checks: these are the checks carried out within the function responsible for the correct performance of the activity in question. Notwithstanding the guideline about the separation between controller and operator, this category typically includes the checks carried out by the manager/director of the function on the actions of his/her colleagues.
- 2<sup>nd</sup> level checks: these are the checks carried out, within the normal Company's processes, by functions other than the one responsible for the activity being checked. In the flow of processes describing a chain of internal suppliers-customers, second level checks are typically managed by an internal customer to check that his/her supplier has acted correctly (incoming checks). The above-mentioned principle of "separation of functions" is applied on these checks.
- 3<sup>rd</sup> level checks: these are checks carried out by functions, both internal and external to the Company, that have no role in the production process. This type includes, for instance, the checks by the Supervisory Body, the audits by the bodies appointed to issue certificates and the checks by the Board of Statutory Auditors.

Moreover, it is vitally important for the preventive control system to be known by everybody in the organization and it must also be such that it can be by-passed only intentionally (therefore not due to human error, negligence or incompetence). To this end, special information/training methods have been provided (see chapter 8).

## **7. SUPERVISORY BODY AND DISCLOSURE REQUIREMENTS**

### **7.1. Composition and Rules**

The task to continuously supervise the efficient running of and compliance with the Model, as well as to propose its update, falls to a body in the Company acting autonomously, professionally and continuously.

For the purposes of the previous point, EPE appoints a special body called "Supervisory Body" that performs the functions provided for by art. 6 par. 1 b) of Decree-Law 231/01 or, alternatively, pursuant to art. 6 par. 4bis of Decree-Law 231/01, confers the above functions to the Board of Statutory Auditors.

If EPE decides not to resort to the right provided for in the above-mentioned art. 6 par. 4bis of Decree-Law 231/01, the Board of Directors will appoint a special corporate body according to the following rules:

- the Supervisory Body consists of minimum 3 members, 2 of which from outside EPE and the EPE Group;
- the Board of Directors appoints the Supervisory Body, with a justified provision for each member, chosen exclusively on the basis of his/her professionalism, integrity, competence, independence and functional autonomy;
- the Board of Directors also specifies, among the appointed members, the one who will act as Chairman; the appointment of Chairman of the SB is limited to external members;

- if the employment or para-subordinate relationship between the Company and the person appointed as internal member of the Supervisory Body comes to an end, that person will automatically forfeit the position of member of the SB and must be immediately replaced.

The Supervisory Body or Board of Statutory Auditors acting as SB must comply with the following rules:

- The appointment resolution of the Supervisory Body decides also on the remuneration and duration of the assignment.
- The members of the SB can be revoked only for just cause and can be reappointed; the SB cannot remain in office unchanged for over 6 consecutive years. The revoked or withdrawing member is quickly replaced and the replacement stays in office until the term of the SB in office at the time of his/her appointment expires.
- The Supervisory Body reports directly to the Board of Directors, unless otherwise stated.
- The Supervisory Body has independent powers of initiative and control within the Company, so that it can perform effectively the tasks provided for by the law and the Model, as well as by the successive provisions and procedures adopted to implement it.
- In order to perform its role with objectivity and autonomy, the Supervisory Body has independent spending powers based on an annual budget, approved and made available by the Board of Directors on the proposal of the SB itself. During the first meeting after the use of the budget, the Supervisory Body reports on its use to the Board of Directors.
- The Supervisory Body can use resources that exceed its spending powers for exceptional and urgent situations, with the obligation of informing the Board of Directors during the subsequent meeting.
- The members of the Supervisory Body, as well as the persons the Body uses for whatever purpose are bound by the obligation of confidentiality regarding all the information they have come to know in the performance of their functions or activities.
- The Supervisory Body carries out its duties to encourage rational and efficient co-operation with the control bodies and functions of the Company.
- The Supervisory Body cannot be given either permanently or on a temporary basis managerial, decision-taking, organizational or disciplinary powers related to the Company's activities.

## **7.2. Powers and Functions**

In pursuing its control objective over the effective implementation of the Model adopted by the Company, the SB or Board of Statutory Auditors acting as SB holds the following powers of initiative and control, that it exercises in compliance with the provisions of the law as well as the individual rights of the workers and the interested parties:

- carries out inspections at least at intervals pre-determined according to the various sectors of intervention;
- accesses all the information regarding the activities at risk;
- can ask the Company's Managers as well as all the employees performing or supervising any activities at risk for information or the production of documents regarding the activities;

- if necessary, can ask the Directors, Board of Statutory Auditors or equivalent body, and the auditing company for information or the production of documents regarding the activities at risk;
- can ask collaborators, consultants and external representatives and all people in general bound to comply with the Model for information or the production of documents regarding the activities at risk; to this end the Company intends to get contractual commitment from those subjects that they will comply with the requests of the Supervisory Body;
- receive information periodically from the people responsible for the activities at risk;
- can turn to external consultants for particularly complex problems or problems requiring special skills;
- notifying the Board of Directors, presents the Managing Director and the competent Functions with the non-compliances of the Model, so that the Company may evaluate the possible adoption of sanctions and the elimination of the shortcomings found;
- submits the Model to verification at fixed intervals and proposes its update.

To guarantee the efficient and effective performance of its duties, apart from any general instructions given by the Board of Directors, this Body or Board of Statutory Auditors acting as Supervisory Body defines special operational rules and adopts its own internal regulations in order to ensure maximum organizational and operational autonomy.

### **7.3. Guidelines Regarding the Regulations of the Supervisory Body**

The Regulations must guarantee the continuity and effectiveness of the actions of the Supervisory Body; to this end, the regulations must provide for:

- a minimum number of annual meetings;
- a report by the Board of Directors about the activity carried out issued at least annually
- the methods for the provision of the budget and the emergency fund
- the methods used to manage the allocated resources and prepare the report
- the management of the documentation relating to the activities carried out by the Supervisory Body and filing methods
- the methods used to collect, deal with and file any communication, even anonymous, reporting important details about the implementation of the Model or the Company's administrative liability

Moreover the regulations must also provide that:

- the Supervisory Body performs its duties and exercises its powers in compliance with the methods provided for by the Regulations themselves
- the regulations are prepared by the same Supervisory Body and approved by it unanimously before transmitting them to the administrative body and the Board of Statutory Auditors (if the SB and the Board of Statutory Auditors are not the same).

### **7.4. Information to the Supervisory Body**

The Company's employees, its collaborators and any other subject dealing with it are obliged to report any violation of the Model they may come to know either to their direct superior or to the SB. The same subjects are also obliged to supply the SB with all the information or documents it may request during the performance of its duties.

For the purpose of the previous paragraph, the Company adopts measures suitable to always guarantee the confidentiality as to the identity of the person passing information to the Supervisory Body, provided it is truthful and useful to identify behaviours different from those provided for in the procedures envisaged by the internal control system, the Model and the procedures put in place for its implementation.

Apart from the reports of general violations as previously described, any information regarding the following must be immediately passed to the Supervisory Body:

- the measures and/or news from police bodies or any other authorities from which the progress of the investigations, even against unknown persons, for "231" offences can be deduced (also regarding parent companies, subsidiaries and related companies);
- requests for legal assistance submitted by any employees or the Directors in case of the start of legal proceedings for "231" offences (also regarding parent companies, subsidiaries and related companies);
- the reports prepared by the people responsible for other Company's functions within their control activity and from which facts, acts, events or omissions with critical profiles with regards to "231" offences might emerge.

#### **7.5. Information from the Supervisory Body to the Board of Directors and Board of Statutory Auditors**

The Supervisory Body or Board of Statutory Auditors acting as SB draws up (at least once a year) a report on the activity carried out and presents it to the Board of Directors and the Board of Statutory Auditors (if SB different from the Board of Statutory Auditors). Whenever it deems it necessary, the Supervisory Body can anyway send the Managing Director reports and propose modifications and/or integrations to the Organization Model, informing the Board of Directors about it in the next scheduled report.

In particular if, during its activity, the SB (or Board of Statutory Auditors acting as SB) finds any non-compliances with the Model or the procedures that are part of the Model, it shall inform both the Managing Director and the Manager responsible for the function where the non-compliance has occurred in detail; the SB shall report it to the Board of Directors in the next scheduled report stating clearly the procedures non-complied with and the type of non-compliance.

The periodical reports prepared by the Supervisory Body or the Board of Statutory Auditors acting as SB are drawn up also with the purpose of allowing the Board of Directors to make the necessary assessments in order to update the Model and must at least contain, deal with or report:

- any problems arisen regarding the methods of implementation of the procedures provided for by the Model and adopted implementing or in the light of the Model;
- the full account of the notifications received from internal and external subjects with regards to the Model;
- the disciplinary procedures and/or sanctions the Company may have applied with regard solely to the activities at risk;
- an overall assessment on how the Model works with any suggestions for additions, corrections or modifications.

## **8. COMMUNICATION AND TRAINING ON THE ORGANIZATION MODEL**

To guarantee the effectiveness of the Model, the Company aims at ensuring that everybody who, for various reasons, takes part into so-called sensitive activities, also in view of their different level of involvement in the sensitive processes themselves, knows it correctly.

In particular, it is vital that the preventive control system is known by all the subjects of the organization, primarily the senior and top subjects and the people dealing with their management and supervision. It is deemed that, taking into consideration the qualification of the above-mentioned subjects, the level of risk of the area they work in, the fact of whether they are entrusted with the representation of the Company or not, senior or top managers, non-managerial employees and para-subordinate workers must have at least the following information:

- theoretical background on which the administrative liability of Entities rests (reference Document: this Manual of Model 231)
- the *EPE* Board of Directors' willingness to prevent the offences and adopt the 231 Model
- synthesis of the risks found and specific types of offences for the fields of activity of the various subjects (reference Document: Annex 5 – Identification and assessment of the 231 risk)
- reference preventive procedures
- relative codes of conduct (reference Document: Annex 7 – Code of Conduct);
- sanctions the various subjects incur for violations of the provisions of the Model (reference Document: Annex 6 – Sanction system).

As a whole, the activities identified for the correct and exhaustive communication of the Model internally and externally are the following:

- Internal communication when the Model is adopted:
  - dispatch to the whole workforce of an information letter (together with the Code of Conduct and Sanction System) enclosed with the payslip to inform them that the Company has adopted an Organization, Management and Control Model pursuant to Decree-Law 231/2001;
  - communication that the Model has been adopted during the first Shareholders' Meeting;
  - training of the workers responsible for the functions by the senior or top managers followed by cascade-like training of all the other employees;
  - accessibility to the Model by all employees via the internal intranet system (Lotus notes) and conservation of a paper copy with the AFC division, with the posting of the Code of Conduct and Sanction System on the Company's notice boards;
- Continuous internal communication:
  - training sessions for all staff in case of Model updates

- delivery to new employees and collaborators of a training set so that they know and understand the mechanisms and logics of Decree-Law 231/2001 and the Company's Organization Model.
- External communication when the Model is adopted:
  - publication of this Manual on the Company's website;
  - communication of the adoption of the Model to the main business partners and suppliers of goods and services with whom there is a stable supply relationship, and simultaneous communication of a document summarizing the contents of the Model that might interest the subjects themselves (with regards to the sensitive areas they are involved in);
  - underwriting by the main business partners and suppliers of goods and services with whom there is a stable relationship of a declaration stating they know the provisions of Decree-Law 231/2001 and the requirements of the Code of Conduct adopted by *EPE*, as well as a declaration of commitment by the same entities to the compliance with the Code itself, with resolution of the existing contract in case of violation of the same (so-called Safeguard Clause 231).

## **9. SANCTION SYTEM**

This Model is an integral part of the disciplinary rules governing the employment contract underwritten in any capacity with *EPE*. The behaviours of the employees or collaborators in violation or evading the individual rules of conduct deducted in the Model or obstructing its operation are defined, for the employees, as disciplinary offences, punishable with the sanctions provided for in the collective labour agreements, including expulsive sanctions. As to collaborators, consultants or any other third party entertaining a relationship with the Company other than salaried employment, the violation of the behavioural rules established by the Model is punished with the civil actions provided for by the law (i.e. express termination clause).

The application of said sanctions does not take into consideration the possible application of penal sanctions for the subjects committing the offences. In fact, the behavioural rules imposed by the Model are adopted by *EPE* in full autonomy, irrespectively of the offence in which any deviant behaviours may result.

For more details, please refer to Annex 6.

## **10. UPDATING THE MODEL**

Any modifications, additions and variations of this Model are adopted by the Board of Directors, either directly or on a proposal by the Supervisory Body (or Board of Statutory Auditors acting as SB).

With reference to the non-substantive modifications of the Model, the Board of Directors can charge the Managing Director with the task of making them autonomously, without these modifications having to be deliberated on by the Board of Directors.

The Managing Director can adopt or modify in whatever way the Company's procedures relating to the sensitive processes indicated in this Model, in particular after the SB's reports about non-compliances with the same; the modifications of these procedures can be made also by the competent Company's function, after consultation with the Managing Director.

In any case the Model can be updated and modified with the prior, non-binding opinion of the Supervisory Body.

The model and the procedures regarding the sensitive processes stated there must also be promptly modified when important changes take place in the regulatory system and in the corporate structure and/or Company's organization, so that it becomes necessary to change the provisions of the Model itself in order to preserve its effectiveness.

This Model must be modified also when significant violations or circumventions are found highlighting the inadequacy of the adopted Organization, Management and Control Model to guarantee the efficient prevention of the risks.

The managers of the Company's functions, each one within his/her competence, are expected to check periodically the effectiveness and efficiency of the procedures aimed at preventing committing the Offences and if they find the need to modify them and update them, they propose these modifications to the Managing Director and inform the Supervisory Body (or Board of Statutory Auditors acting as SB).

The Supervisory Body (or the Board of Statutory Auditors acting as SB) can ask the managers of the Company's functions to communicate the results of the above-mentioned periodical checks.

## **11. REFERENCES**

- Text of Decree-Law 231/2001 and its successive additions.
- Confindustria Guidelines for the implementation of the Organization, Management and Control Model as per Decree-Law 231/2001 updated to 31 March 2008.
- Safety Unified Text (Decree-Law 81/08).
- Company's Articles of Association.

## **SPECIAL PART – OFFENCES IN EPE AS PER DECREE-LAW 231/2001**

### **1. OFFENCES AGAINST THE PUBLIC ADMINISTRATION**

#### **1.1. Definition of Public Administration, Public Official and Subjects in Charge of Public Service**

Passive subject of this type of offences is the Public Administration in the extended meaning identified by case law that supplied some indications of the public character of an Entity, such as:

- the placing under control and directing for social purposes as well as under power of appointment and revocation of the directors by the State or other public entities;
- the presence of an agreement and/or concession with the Public Administration;
- the financial contribution of the State;
- the presence of the public interest in the financial activity.

The practical application of these principles often meets with critical elements. Taking into consideration the importance attributed by Decree-Law 231/2001, *EPE* opts for a wide interpretation of the concept of Public Administration and includes also subjects that, even if they show formally a private nature, are distinguished by the public character of the activity they perform or by the noticeable presence of participations by public subjects.

Therefore a purposefully wide but not exhaustive list of public entities is supplied:

- Public companies and private subjects performing a public function, such as:
  - Eni S.c.a r.l., Enel S.c.a r.l., Telecom Italia S.c.a r.l., etc.;
  - Poste Italiane S.c.a r.l., RAI - Radiotelevisione Italiana, Ferrovie dello Stato;
- Administrations of the State, Regions, local and regional authorities, other non-economic public authorities, bodies governed by public law whatever they are called and their associations, such as:
  - Chamber of Deputies and Senate, Ministries, Regions, Provinces and Municipalities;
  - The Judiciary, Armed and Police Forces (Guardia di Finanza, Arma dei Carabinieri, State Police, Municipal Police, etc.);
  - Antitrust Authority, Data Protection Authority, Media Authority, Electricity and Gas Authority;
  - Revenue Office, Customs and Territorial Agencies, National Health Service Administrations companies and entities, Chambers of Commerce, Industry, Crafts and Agriculture and their associations; Institutes and Schools of any kind and level and training institutions, Universities;
  - ACI - Automobile Club d'Italia, ASI - Agenzia Spaziale italiana, CNEL – Consiglio Nazionale dell'Economia e del Lavoro, CNR - Consiglio Nazionale delle Ricerche, CONI - Comitato Olimpico Nazionale, CRI - Croce Rossa italiana, ENEA - Ente

per le nuove tecnologie, l'energia e l'ambiente, ENPALS - Ente nazionale di previdenza e di assistenza per i lavoratori dello spettacolo, ICE - Istituto nazionale per il commercio estero, INAIL - Istituto nazionale assicurazioni infortuni sul lavoro, INPDAP - Istituto nazionale di previdenza per i dipendenti dell'amministrazione pubblica, INPS - Istituto nazionale della previdenza sociale, ISS - Istituto superiore di sanità, ISAE - Istituto di Studi e Analisi Economica, ISTAT - Istituto nazionale di statistica, IPZS - Istituto poligrafico e zecca dello Stato, Amministrazione dei Monopoli di Stato;

- European Commission bodies, Public Administration of foreign countries.

In respect of offences against the P.A. taken into consideration by the Decree, the figures of Public Official and Public Service Officer stand relevant.

**Public Official** (P.O.) is the person who performs a legal, judicial or administrative public function. As to the administrative function, the type of activity really carried out must be stressed since it must be governed by public law and characterized by the formation and display of the will of the P.A. by means of authoritative or certifying powers.

The formal quality of the subject is irrelevant since this is not only the person who is directly asked to perform, on his/her own or together with others, duties performed by the authority, but also the person who is asked to perform activities not immediately connected to the purposes of the office, but having an accessory or subsidiary character, because related to the implementation of the purposes themselves (Cass. Pen. Sez. VI, sent. n. 85/172198). Moreover, the concept of public function includes also the activities that, even if not characterised by the real exercise of the certifying and authoritative powers, are the most complete and connatural implementation of the purposes of the entity, so that they cannot be isolated from the whole of the functions of the entity itself (Cass. Pen. Sez VI n. 172191/85).

For instance, the following have been held as Public Officials:

- credit institution operators – normally excluded from the public sector – for the activities carried out by the same institutions in the role of banks acting for or delegated by the financial administration (Cass. Pen., sez. VI, 24.4.1997, n. 3882);
- the administrative bodies and the Chairman of a private motorway concession company, or a concessionary of ANAS, since these companies fulfil the function of protection of the public interest originally trusted with the granting body (Cass. Pen., sez. III, 13.9.1993, n. 1806);
- the members of tender committees for the supply to Local Health Authorities, with certifying powers that contribute to show the will of the administration (Cass. Pen., sez. VI, 4.1.1996, n. 96).

**Public Service Officer** (P.S.O.) is the person that, for whatever reason, provides a public service. Public service means an activity regulated in the same forms as a public function but characterized by the lack of the powers typical of the latter, and excludes the performance of simple duties and works of a purely material nature.

By way of example the following are in charge of a Public Service:

- directors of exhibition centres since they perform an activity characterized by social purposes (Cass. Pen., sez. VI, 11.4.1997, n. 3403);
- postal employees assigned to selecting and sorting mail, even after the mail company has become a company limited by shares, because postal and telecommunication services are public services (Cass. Pen., sez. VI, 25.9.1998, n. 10138).

Essentially, the determining element to decide whether a subject is in charge of a public service or not is not the legal status of the Body, but the functions trusted to the subject that must rely on the care of public interests or the satisfaction of general needs.

Therefore, the addressees of the Model must pay the utmost attention in their relationships, of any type and at any level, with the above-mentioned subjects and their managers, employees and collaborators.

## **1.2. Types of Offences**

This paragraph deals with offences against the Public Administration listed in articles 24 and 25 of Decree-Law 231/2001.

To better divulge the contents of the Model and its understanding, we give below a brief description and, in some cases, an example, of the applicable types of offences.

### **Misappropriation to the Detriment of the State or the European Union (art. 316-bis of the Penal Code)**

This offence occurs when, after receiving funding, grants or contributions from the Italian State, any other Public Entity or the European Union, the sums obtained are not used for the purposes they were intended for (the offence consists in fact in diverting, even partially, the sum obtained without the planned activity taking place anyway).

Bearing in mind that the time of perpetration of the offence coincides with the executive phase, the offence can also refer to financing obtained in the past but not subsequently used for the purposes for which it was granted.

### **Undue Receipt of Funds to the Detriment of the State or the European Union (art. 316-ter of the Penal Code)**

This offence occurs when, by using or submitting false declarations or documents or by omitting due information, somebody receives unduly, for himself/herself or others, contributions, funding, and subsidised loans or other funds of the same type, granted or issued by the State, other public entities or the European Community.

In this case, contrary to what we saw in the previous point (art. 316 bis of the Penal Code), what the funding is used for is immaterial because the offence occurs when the funding is obtained.

Finally, it should be noted that this offence is of a reductive nature in comparison with fraud to the detriment of the State, in that it applies only in those cases where the conduct does not provide sufficient grounds for such charge.

**Fraud to the Detriment of the State, any other Public Entity or the European Union (art. 640, par. 2 n. 1, of the Penal Code)**

This offence occurs when, with the intention of achieving a wrongful gain, artifices or expedients are employed to mislead or cause damage to the State (or another Public Entity or the European Union).

This offence can occur, for instance, when, while preparing documents or data for participation in a tender, untrue information is provided to the Public Administration (for instance supported by fabricated documentation), to secure the award of the tender.

**Aggravated Fraud for the Obtainment of Public Funds (art. 640-bis of the Penal Code)**

This Offence occurs when the fraud is committed to illegally obtain public funds. It being fraud, the case provided for by art. 640bis of the Penal Code is different from the fraud provided for by art. 316bis of the Penal Code because of the requirements of "artifices and expedients" and misleading. Therefore, as clarified by theory and case-law, the case requires, apart from the statement of false data, a *quid pluris* capable of thwarting or making the control of the requests by the competent authorities more difficult.

**Computer Fraud to the Detriment of the State or Other Public Entity (art. 640-ter of the Penal Code)**

This offence occurs when, by altering the operation of a computer or telecommunications system or by manipulating the data contained in such systems, an illegal profit is obtained, damaging the State or another Public Entity.

In practical terms, for instance, the offence in question would occur if, once funding is obtained, the computer system were infringed in order to enter a funding amount higher than the one legally obtained.

Moreover, the case of computer fraud to the detriment of the State or any other public entity with the replacement of digital identity is considered a predicate offence.

**OFFENCES IN THE RELATIONSHIPS WITH PUBLIC OFFICIALS OR PUBLIC SERVICE OFFICERS**

**Bribery (art. 317 of the Penal Code)**

This offence occurs when, abusing his/her role, a public official or a public service officer, forces someone to provide him/her or other persons with money or other benefits to which he/she is not entitled.

This type of offence (reductive within the context of the offences contemplated by Decree-Law 231/2001) could take place when an employee takes part in the offence of the public official or public service officer, who, taking advantage of this, requests services from third parties to which he/she is not entitled (provided that, as a consequence of such conduct,

the Company derives a benefit in some way or if it was done in the interest of the Company itself).

**Undue Incitement to Give or Promise a Benefit (art. 319-quater of the Penal Code)**

Unless the fact constitutes a more serious offence, this case occurs when, taking advantage of his/her role and powers, the public official or public service officer incites somebody to give or promise unduly, to him/her or to a third party, money or other benefits to which they are not entitled.

**Corruption Related to Official Duties or for an Action Contrary to Official Duties (articles 318, 319, 320 of the Penal Code)**

This offence occurs when a public official, receives illegally, for himself/herself or for others, money or other benefits, or accepts a promise of such benefits, to exercise his/her functions (resulting in a benefit for the party offering the bribe) or to perform an act contrary to his/her duty.

The activity of the public official can express itself as a required act (for instance: fast-tracking a matter which comes under his/her responsibility) or contrary to his/her duties (for instance: a public official that accepts money to guarantee the award of a tender).

This offence is different from bribery in that there is an agreement between the bribe taker and the bribe payer aimed at securing a reciprocal benefit, while in bribery the private party suffers the conduct of the public official or public service officer.

**Instigation to Corruption (art. 322 of the Penal Code)**

This offence occurs when, faced with a conduct aimed at bribery, the public official refuses the unlawful offer made to him/her.

**Bribery in Judicial Proceedings (art. 319-ter of the Penal Code)**

This offence occurs when the Company (or one of the group's companies) is involved in legal proceedings and, in order to obtain an advantage in these legal proceedings, bribes a public official (not only a magistrate, but also a clerk of the court or other officer).

**1.3. The Processes at Risk**

The offences taken into consideration presuppose the existence of a relationship with the Public Administration, considered in a broad sense and also including the Public Administration of foreign countries and Community Bodies.

The Company's activity areas more specifically at risk with regards to the types of offences taken into consideration are the following:

<u>Area</u>	<u>Process</u>
Strategic/Corporate	- Gifts, donations and sponsoring

- |                            |  |
|----------------------------|--|
| Administration and Finance | <ul style="list-style-type: none"><li>- Assignment of professional roles</li><li>- Intercompany management</li><li>- Preparation of budget and tax obligations</li><li>- Active cycle</li><li>- Passive cycle, cash management and finance resources</li><li>- Management of cost reimbursements</li><li>- Management of disputes and relationships with the Judicial Authorities</li><li>- Relationships with inspection agencies (public and non)</li><li>- Public contributions, grants, public funding</li></ul> |
| Human Resources            | <ul style="list-style-type: none"><li>- Recruitment and personnel management</li></ul>   |
| Operations                 | <ul style="list-style-type: none"><li>- Procurement of goods and services</li></ul>  |

## **1.4. Control Elements**

### **1.4.1. Procedural Preventive Protocols**

#### **Gifts, Donations and Sponsoring**

- Explanation of the concept of gift and identification of the limits in value the goods in question must have
- Traceability of requests/reports of gifts by the proposing parties
- Identification of the internal subject deemed responsible for gift management in the Company
- Preparation and update of a summary of the objects given as gifts and the people receiving them
- Accounting of gifts in compliance with a correct accounting procedure that follows the rules set by fiscal discipline
- Traceability of granting gifts through the drawing up of an appropriate contract or request for receipt
- Prompt check of the recipient of the gift

#### **Recruitment and Personnel Management:**

- Traceability of the collection of staff requirements (budget, resource request form), shortlist of selected candidates and final approval
- Intervention by various subjects in the stages of request, reference job description definition, identification of the shortlist, assessment interviews and final approval

- Formalization of the bonus scheme criteria

### **Assignment of Professional Roles:**

- Clear identification of the corporate figures that might request professional consultancies (functional perimeter)
- Intervention of various subjects in the authorization phase
- Request of several estimates for consultancies over a certain limit
- Objective definition of the requested service by the individual function managers
- Employment contractualization
- Addition of 231 protection clauses to contracts
- Acquisition and storage of the documents proving the effectiveness of the performance

### **Active Cycle:**

- Compliance with the requirements of separation and distinction of functions between:
  - the person who receives an order or draws up a contract for the provision of services
  - the person who provides the service and does the processing
  - the person who prepares and issues invoices
  - the person who receives payments and accounts for them
- Prevailing use of banking instruments as payment methods (bank transfers, cheques)
- Existence of goods loading/unloading procedures and control in the warehouse (that makes it materially difficult to charge data other than those of the shipments actually sent)
- Centralization of the computer system management where all the details of contracts, charges/discharges, payments are stored

### **Passive Cycle, Cash Management and Finance Resources:**

- Use of banking instruments for payments
- Limit on the amount paid via remote banking (automatic block of the payment)
- Compliance with the requirements of separation and distinction of functions between:
  - the person who orders goods or a service
  - the person who receives or notifies receipt
  - the person who receives the invoice or documentary evidence and matches it with the order and receipt of goods
  - the person who authorizes the expenditure
  - the person who organizes the bank transfer/cheque
  - the person who authorizes the bank transfer/signs the cheque
  - the person who deals with bank reconciliations
- Limiting – both in number and amount – of cash operations
- Clear responsibilities for taking care of the cash
- Documentary evidence of movements (evidence proving the operations)
- Use of remote banking for operations on current accounts
- Keeping cheques in the safe
- Periodical reconciliation of bank statements with accounting records

- Signatory and operational powers on current accounts attributed formally (to top management)

**Management of Cost Reimbursements:**

- Compliance with the requirements of separation and distinction of functions between:
  - the person who authorizes (function director)
  - the person who uses (employee, intervention of the General Affairs function)
  - the person who controls (Administration function)

**Management of Disputes and Relationships with the Judicial Authorities**

- Involvement of the top management and function Manager the dispute refers to in each legal proceeding
- Selection of the reference solicitors in full compliance with the defences put in place for assigning professional duties

**Relations with Inspection Agencies (Public and non),** in particular for inspections by any public entity (or comparable to it):

- identification of the person charged by the Company with the management of the relationships with inspection agencies; it is appropriate for this person to have a top role within the Company with a suitable power of attorney to manage those relationships
- obligation, in case of inspections by the competent authorities, to inform (with traceable methods) the MD and obligation to keep the MD updated on the developments and results of the inspection
- provision of separation between the person who manages operationally the assistance to the inspection and the person discussing the conclusions at its end
- provision of control and verification of the truthfulness and correctness of the documents for the Supervisory Authorities (i.e. various subjects preparing and checking documents)

**Contributions, Grants, Funding:**

- Existence of different players in the following phases/activities of the process:
  - preparation of the request for contributions/funding and relative documentation
  - realization of the activity that is the subject of contribution/funding
  - preparation of cost statements
- Reconciliation of data and financeability check of the incurred costs
- Traceability of acts and information sources

**Sale:**

- Formalization of sale agreements
- Regulation of the commissions for reports and formalization of the business identifying reports
- Regulation of "cash outflows" (i.e. bonuses for customer recommendations)

- Contractualization of relationships with agents
- Exclusion of refund of expenses for agents and recommendatory bodies
- Sharing among numerous subjects of the bonus scheme for employed salesmen
- Formal prohibition on commercial relationships with subjects resident in Iran (till new order is given by the parent Company)
- Computerized price management
- Obligation that all documents involving a show of the Company's will are underwritten only by subjects with the power of representing the Company.

#### **Procurement of Goods and Services:**

- Existence of a process for the evaluation and selection of suppliers (this process, codified within the quality management system, is an important control system also for 231 purposes since it limits the possibility of qualifying suppliers as "willing" with regards to corruption)
- Existence of a purchasing department whose task is to manage purchases
- Provision for more Company's functions to take part

#### **1.4.2. Behavioural Preventive Protocols**

Control elements are to be found in the annexes:

- Preventive procedures for the corresponding processes
- Code of Conduct
- Information flows towards the SB.

## **2. CORPORATE OFFENCES**

### **2.1. Type of Offences**

This paragraph deals with corporate offences as listed in art. 25 ter of Decree-Law 231/2001.

In order to better divulge the contents of the Model and its understanding, find below a brief description and, in some cases, explanation of the applicable types of offences.

#### **False Corporate Statements (articles 2621 and 2622 of the Civil Code)**

These are two offences whose typical behaviour almost coincides and that differentiate according to whether there is a financial damage for shareholders or creditors.

The two types take place by making, in the financial statements, reports or other corporate communications required by law (Directors' report, consolidated balance sheet, extraordinary financial statement, third parties' assets) addressed to the shareholders or the public, material declarations not corresponding to the truth, even if they are the subject of estimates, or by omitting information regarding the Company's or Group's financial and economic situation that the law requires to be disclosed; with the intention of deceiving the shareholders, creditors or the public.

The active parties to the offence are Directors, chief executives, auditors and liquidators.

Note that:

- the conduct must be aimed at obtaining an unfair profit for the offender or others;
- the untruthful or omitted information must be important and must depict the economic and financial situation of the Company or Group fairly differently from the truth;
- liability is also extended to situations where the information relates to goods/assets owned or managed by the Company on behalf of third parties.

#### **Prevented Control (art. 2625 of the Civil Code)**

The offence consists in withholding documents or adopting ad-hoc expedients in order to impede or obstruct the performance of the control and/or auditing activity legally assigned to the shareholders, other corporate bodies or Auditing Company.

The only active parties to the offence are the Company's Directors.

Since Decree-Law 231/2001 specifically refers to the second paragraph of art. 2625 of the Civil Code, note that the offence can be attributed to the Company only if the impediment or obstacle created by the Directors for the inspections as per art. 2625 of the Civil Code, has caused damage to the shareholders.

#### **Improper Return of Capital Contributions (art. 2626 of the Civil Code)**

The offence aims at protecting the integrity and effectiveness of the share capital and consists in the restitution, more or less manifest, of capital contributions to shareholders, and in releasing them from the obligation to pay them up, outside the hypothesis of a lawful reduction of the share capital.

The active parties to the offence are the Company's Directors: the law therefore does not intend to punish also the shareholders benefiting from the return or release, excluding mutually concerted action. Possible complicity however remains, whereby, according to the general rules on complicity pursuant to art. 110 of the Penal Code, also the shareholders that carried out an instigating, determining or facilitating activity towards the Directors shall be liable for the offence.

### **Illegal Distribution of Profits and Reserves (art. 2627 of the Civil Code)**

The offence happens in two cases:

- if profits or advances on profits not actually made or destined by law for reserves are distributed;
- if reserves, whether or not made up of profits, which cannot legally be distributed, are distributed.

The offence is no longer punishable if the profits or the reinstated reserves are returned before the date set for the approval of the financial statements.

The active parties to the offence are the Company's Directors. In this case too, the possibility of possible complicity exists for the shareholders carrying out an instigating, determining or facilitating activity towards the Directors.

### **Unlawful Dealing in the Stocks and Shares of the Company or Holding Company (art. 2628 of the Civil Code)**

This offence is committed, except for the cases allowed by law, when purchasing or underwriting shares or stocks in the Company or holding Company, which causes damage to the integrity of the share capital or reserves that cannot be legally distributed.

The offence is no longer punishable when the share capital or the reserves are reinstated before the date set for the approval of the financial statements for the financial year during which the fact occurs.

### **Transactions Prejudicial to Creditors (art. 2629 of the Civil Code)**

The offence is committed when, in violation of the provisions of the law, reductions in share capital, mergers with other companies or demergers are carried out, that cause damage to the creditors (crime of event).

The offence is no longer punishable when creditors are compensated before the judgement.

The active parties to the offence are the Company's Directors.

### **Fictitious Formation of Capital (art. 2632 of the Civil Code)**

The crime occurs when Directors or Shareholders fictitiously increase the share capital, creating at least one of the following:

- allocation of a quantity of stocks or shares greater than their nominal value;
- mutual underwriting of stocks and shares;
- significant overestimation of the goods in kind or receivables;
- significant overestimation of the Company's assets in the event of a reorganisation.

The active parties to the offence are the Company's Directors and shareholders.

It must be noted that the Directors' and Auditors' failure to check and audit, pursuant to art. 2343, 3<sup>rd</sup> par. of the Civil Code, the estimate of the goods in kind contained in the estimate report drawn up by the expert appointed by the Court is not punishable.

**Improper Influence over a Shareholders' Meeting (art. 2636 of the Civil Code)**

The offence occurs when a majority is secured in a shareholders' meeting by simulated acts or fraudulent means in order to obtain an unfair profit for themselves or others.

The offence can be committed by anyone, therefore even by subjects outside the Company.

**Stock-jobbing (art. 2637 of the Civil Code)**

The offence consists in spreading false information or setting up simulated transactions or other artifices likely to cause a significant alteration in the price of financial instruments that are unquoted or for which no application has been made for being negotiated in a regulated market, or likely to have a significant effect on public confidence in the financial stability of bank or banking groups.

The offence can be committed by anyone, therefore even by subjects outside the Company.

**Obstruction to the Exercise of the Functions of Regulatory Authorities (art. 2638 of the Civil Code)**

The offence can be committed in two ways, both of which are aimed at obstructing the supervisory activities of the competent authorities:

- by communicating facts regarding the economic, equity or financial situation to the supervisory authority that do not correspond to the truth, or by hiding, wholly or in part, facts that should have been disclosed;
- by simply obstructing the performance of supervisory functions, being aware of doing so, in any manner.

In both cases the active parties to the offence are Directors, chief executives, auditors and liquidators.

**Corruption among Private Individuals (art. 2635 of the Civil Code)**

It occurs when directors, chief executives, managers responsible for drawing up accounting documents, auditors and liquidators (or their subordinates), after receiving or being promised money or other benefits, for themselves or others, perform or omit to perform acts in violation of the obligations of their office or of loyalty, to the detriment of the Company.

The provision punishes also whoever gives or promises and liability pursuant 231/01 falls right to the Company of the "corrupting party" not that of the "corrupted party".

**2.2. Processes at Risk**

*EPE's* analysed areas with regards to the type of corporate offences are as follows:

<u>Area</u>	<u>Process</u>
Strategic/Corporate	- Corporate management - Intercompany management
Administration and Finance	- Preparation of budget and tax obligations - Relationships with inspection agencies (public and non)

With particular reference to Corruption among private individuals:

<u>Area</u>	<u>Process</u>
Strategic/Corporate	- Gifts, Donations and Sponsoring - Business Development - Assignment of professional roles - Intercompany management
Administration and Finance	- Active cycle - Passive cycle, cash management and finance resources - Management of cost reimbursements - Relationships with inspection agencies (public and non)
Human Resources	- Recruitment and personnel management
Commercial	- Sales
Operations	- Procurement of goods and services

## **2.3. Control Elements**

### **2.3.1. Procedural Preventive Protocols**

#### **Intercompany management:**

- Use of formalized contracts governing intercompany relationships
- Execution of intercompany contracts with traceable methods (in writing or via mail) finally concluded with normal invoicing
- Adoption of internal rules set by the parent Company and drawing up of voluntary documentation (master file and national documentation) regarding transfer prices, in compliance with the following principles:
  - mapping of transactions (funding included) and analysis of the relative payment terms
  - Group functional analysis

- price application method in infra-group transactions and comparability analysis
- top management involvement (all pages of paper and electronic documents must be initialled by the Legal Representative)
- verification of the essential characteristics of the reference sector for the individual subsidiaries
- regulations about drawing up, updating and communicating the documentation

### **Company's Management:**

- Traceability/recording of Board of Directors' decisions;
- As to the conduct of Shareholders' Meetings:
  - transmission to the Board of Statutory Auditors of all documents relevant to the subjects in the agendas of the Meetings of the Board of Directors or about which an opinion should be given
  - formalization and/or update of internal regulations and procedures about compliance with the Company's provisions
  - periodical meetings between Board of Statutory Auditors, Supervisory Body and the managers of the Company's individual areas to check compliance with the discipline as to the Company's provisions and Corporate Governance
- If extraordinary actions are proposed about the capital (mergers, demergers, public takeover bids, public invitations to bid, public exchange offers) or if a route to be admitted to be quoted in a regulated or unregulated market is decided upon:
  - the subject responsible for gathering the information and preparing the prospectuses must be expressly identified by the MD
  - the information and data used in preparing said prospectuses must be validated by the Financial Director with an explicit note that must be attached to the documentation
  - the proposal must be approved by the Board of Directors, filed with the final version of the prospectus and a copy sent to the Supervisory Body
  - the authorization to proceed must be given by the Board of Directors, in an ordinary or extraordinary meeting
- Traceability of the contacts with the Board of Statutory Auditors and recording of the requests addressed and answers received

### **Preparation of Budget and Tax Obligations**

On the basis of the 231 Guidelines by Confindustria, the following is provided for:

- Existence of a clear and organized procedure for the activities connected with the annual financial results
- Obligation – for the person responsible for a function supplying data and information about the balance sheet and other corporate information – to underwrite a statement of truthfulness and completeness of the information given. In the declaration, what the person responsible can prove with documentary evidence objectively and effectively on the basis of the data he/she has is certified from time to time.
- Prompt provision of the balance sheet draft to all members of the Board of Directors, before the meeting of the Board for its approval.
- Provision of the Auditing Firm's opinion (or similar report, sufficiently clear and analytical) to the Function managers involved in the financial statements.

With particular reference to **Corruption among private individuals**, refer to the Special Part, Offences against the Public Administration, and in particular the procedural preventive protocols relating to:

- Gifts, Donations and Sponsoring
- Assignment of professional roles
- Active cycle
- Passive cycle, cash management and finance resources
- Management of cost reimbursements
- Relationships with inspection agencies (public and non)
- Recruitment and personnel management
- Procurement of goods and services

### **2.3.2. Behavioural Preventive Protocols**

Control elements are to be found in the annexes:

- Preventive procedures for the corresponding processes
- Code of Conduct
- Information flows towards the SB.

### 3. OFFENCES REGARDING HEALTH AND SAFETY AT WORK

#### 3.1. Type of Offences

On 25 August 2007, art. 25-septies of the Decree came into effect, recently modified by the new Safety Unified Text (Decree-Law No. 81/08) come into force on 15.5.08. Starting from 25 August 2007, the predicate offences regarding the application of Decree-Law 231/01 included also the offences referred to in article 589 of the Penal Code (involuntary manslaughter) and 590, third paragraph, of the Penal Code (serious or very serious injuries), committed in violation of regulations on accident prevention and health and safety at work.

The **injury** is considered **serious** (art. 583 of the Penal Code, par. in the following cases:

- 1) *if the event causes an illness which endangers the life of the injured person, or an illness or incapacity to attend to the normal activity for a period exceeding forty days;*
- 2) *if the injury produces the permanent weakening of a sense or organ.*

On the other hand, the **injury** is considered **very serious** if the event causes (art. 583 of the Penal Code, par. 2):

- 1) *an illness that is certainly or probably incurable;*
- 2) *the loss of a sense;*
- 3) *the loss of a limb or mutilation that renders the limb useless, or the loss of the use of an organ or the incapacity to procreate, or the permanent and serious difficulty of speech;*
- 4) *deformation or permanent disfigurement.*

Finally **involuntary manslaughter** is provided for in art. 589 of the Penal Code:

*"Anyone who causes by negligence the death of a person is punishable with imprisonment from six months to five years. [...]"*

The common element to the three types of offence is **culpability**, as defined by art. 43 of the Penal Code:

*"The offence:*

- is **malicious** or intentional when the damaging or hazardous event, which resulted from the action or omission that determines the existence of the crime by law, is foreseen and intended by the agent as a consequence of his action or omission;*
- is **unintentional** when the action or omission is caused by a damaging or hazardous event more serious than intended by the agent;*
- is a misconduct or **not intended** when the event, even if it has been foreseen, is not intended by the agent and occurs due to negligence, carelessness or inexperience, or due to failure to abide by the laws, regulations, orders and discipline.*

Art. 30 of the Unified Text 81/2008 states:

"1. The organization and management model designed to protect from the administrative liability of legal entities, companies and associations, including those without legal personality as per Decree-Law No. 231 of 8 June 2001, must be adopted and effectively

implemented, guaranteeing a corporate system that would fulfil all the relative legal obligations:

- compliance with the legal technical-structural standards relating to equipment, systems, workplaces, chemicals, physical and biological agents
- activities of risk assessment and preparation of the ensuing prevention and protection measures
- organizational activities such as emergencies, first aid, contract management, periodical safety meetings, consultations with the workers' safety representative
- health monitoring activities
- workers' information and training activities
- supervising activities with reference to the workers' compliance with all the safe working procedures and instructions
- the acquisition of documentation and compulsory certification according to the law
- periodical checks of the implementation and effectiveness of the adopted procedures.

2. As per par. 1, the organization and management model must provide for appropriate systems recording the implementation of the activities referred to in paragraph 1.

3. The organisational model must in any case guarantee an appropriate allocation of tasks that may ensure that the necessary technical skills and powers are available to provide risk evaluation, management and supervision, based on the nature and size of the organisation and the type of business it is engaged in, which shall also involve the introduction of an appropriate disciplinary system with powers to sanction any failure to comply with the measures indicated in the model.

The organisational model must also provide a suitable supervisory system of the implementation of the model itself and maintenance over time of the appropriateness of the measures implemented. The re-evaluation and any changes to the organisational model must be introduced if significant violations to the regulations governing prevention of accidents and health at the workplace are discovered, or as a result of changes in company organisation and business due to scientific and technological progress.5. When initially applied, the Company's organization models defined in compliance with the UNIINAIL Guidelines for a health and safety management system (HSMS) of 28 September 2001 or with the British Standard OHSAS 18001:2007 are assumed to comply with the requirements listed above for all matching sections. For the same purposes further organisation and management models may be indicated by the Commission as per art. 6 of Decree-Law 81/2008.

*5-bis. The permanent advisory Commission on health and safety at the workplace prepares simplified procedures for the adoption and effective implementation of the safety organization and management models in small and medium enterprises. These procedures are dealt with by a decree of the Ministry of Labour, Health and Social Policies.*

6. In companies with up to 50 employees, the adoption of the organization and management model as per this article falls within the activities eligible for funding pursuant to article 11."

### 3.2. Correlation Table Article 30, Decree-Law No. 81/2008 – Uni Inail Guidelines

The Company has adopted a Health and Safety Management System (HSMS) in compliance with the Uni Inail regulation.

The correlation table between the elements in Art. 30 of Decree-Law 81/08, the parts of the Uni Inail standard and the *EPE* HSMS documents are provided below.

REF. ART. 30 DECREE-LAW No. 81/2008	REF. UNI INAIL GUIDELINES (2001)	Ref. EPE documents
<b>Par. 1 A:</b> COMPLIANCE WITH THE LEGAL TECHNICAL-STRUCTURAL STANDARDS RELATING TO EQUIPMENT, SYSTEMS, WORKPLACES, CHEMICALS, PHYSICAL AND BIOLOGICAL AGENTS.	A. Purpose B. Cyclic sequence of an HSMS C. The policy on health and safety at the workplace D. Planning E.1 Management system E.6 Documentation E.7 Integration of health and safety at the workplace in the Company's processes and operational management	IPG 9008  IPG 9013  IPG 9007
<b>Par. 1 B:</b> ACTIVITIES OF RISK ASSESSMENT AND PREPARATION OF THE ENSUING PREVENTION AND PROTECTION MEASURES.	A. Purpose B. Cyclic sequence of an HSMS C. The policy on health and safety at the workplace D. Planning E.1 Management system E.7 Integration of health and safety at the workplace in the Company's processes and operational management	IPG 9007  IPG 9002  IPG 9004  IPG 9005  IPG 9009
<b>Par. 1 C:</b> ORGANIZATIONAL ACTIVITIES SUCH AS EMERGENCIES, FIRST AID	A. Purpose B. Cyclic sequence of an HSMS C. The policy on health and safety at the workplace D. Planning E.2 Definition of tasks and responsibilities	
	E.7 Integration of health and safety at the workplace in the Company's processes and operational management	IPG 9011



REF. ART. 30 DECREE-LAW No. 81/2008	REF. UNI INAIL GUIDELINES (2001)	Ref. EPE documents
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CONTRACT MANAGEMENT	E.5 Communication, information flow and cooperation E.7 Integration of health and safety at the workplace in the Company's processes and operational management	IPG 9010
PERIODICAL SAFETY MEETINGS	E.3 Staff involvement	IPG 9002
CONSULTATION OF THE REPRESENTATIVES OF THE WORKERS' SAFETY	B. Cyclic sequence of an HSMS C. The policy on health and safety at the workplace E.3 Staff involvement	IPG 9002
<b>Par. 1 D:</b> HEALTH MONITORING ACTIVITIES	A. Purpose B. Cyclic sequence of an HSMS C. The policy on health and safety at the workplace E.1 Management system E.7 Integration of health and safety at the workplace in the Company's processes and operational management	IPG 9014
<b>Par. 1 E:</b> INFORMATION AND TRAINING ACTIVITIES	A. Purpose B. Cyclic sequence of an HSMS C. The policy on health and safety at the workplace E.1 Management system E.4 Training, awareness E.5 Communication, flow of information and cooperation	IPG 9002
<b>Par. 1 F:</b> SUPERVISING ACTIVITIES WITH REFERENCE TO THE WORKERS' COMPLIANCE WITH ALL THE SAFE WORKING PROCEDURES AND INSTRUCTIONS	A. Purpose B. Cyclic sequence of an HSMS C. The policy on health and safety at the workplace E.1 Management system E.7 Integration of health and safety at the workplace in the Company's processes and operational management F.1 Safety internal monitoring (1 <sup>st</sup> level) F.2 Verifiers' characteristics and responsibilities	IPG 9004
		IPB (Brendola), IPC (Cles) –

REF. ART. 30 DECREE-LAW No. 81/2008	REF. UNI INAIL GUIDELINES (2001)	Ref. EPE documents
<b>Par. 1 G:</b> ACQUISITION OF DOCUMENTATION AND COMPULSORY CERTIFICATION ACCORDING TO THE LAW	A. Purpose B. Cyclic sequence of an HSMS C. The policy on health and safety at the workplace D. Planning E.1 The management system E.6 Documentation	IPG 9008
<b>Par. 1 H:</b> PERIODICAL CHECKS OF THE IMPLEMENTATION AND EFFECTIVENESS OF THE ADOPTED PROCEDURES	A. Purpose B. Cyclic sequence of an HSMS C. The policy on health and safety at the workplace E.1 Management system F.1 Safety internal monitoring (1st level) F.2 Verifiers' characteristics and responsibilities F.3 Monitoring plan	IPG 9004  IPG 9006
<b>Par. 2: AS PER PAR. 1, THE ORGANIZATION AND MANAGEMENT MODEL MUST PRECEDE APPROPRIATE SYSTEMS RECORDING THE IMPLEMENTATION OF THE ACTIVITIES REFERRED TO IN PARAGRAPH 1.</b>	A. Purpose B. Cyclic sequence of an HSMS C. The policy on health and safety at the workplace E.1 Management system E.6 Documentation	IPG 9003
<b>Par. 3:</b> BASED ON THE NATURE AND SIZE OF THE ORGANISATION AND THE TYPE OF BUSINESS IT IS ENGAGED IN, <b>THE ORGANIZATION MODEL</b> MUST IN ANY CASE GUARANTEE AN APPROPRIATE ALLOCATION OF TASKS THAT MAY ENSURE THAT THE NECESSARY TECHNICAL SKILLS AND POWERS ARE AVAILABLE TO PROVIDE:	A. Purpose B. Cyclic sequence of an HSMS C. The policy on health and safety at the workplace E.1 Management system E.2 Definition of tasks and responsibilities E.4 Training, awareness	IPG 9001
RISK EVALUATION, MANAGEMENT AND SUPERVISION	D. Planning E.7 Integrazione della salute e sicurezza sul lavoro nei processi aziendali e gestione operativa	IPG 9004  IPG 9007

E.7 Integration of health and safety at the workplace in the Company's processes and operational management  
 F.1 Safety internal monitoring  
 F.2 Verifiers' characteristics and responsibilities  
 F.3 Monitoring plan

DECREE-LAW 81-2008

AN APPROPRIATE DISCIPLINARY SYSTEM WITH POWERS TO SANCTION ANY FAILURE TO COMPLY WITH THE MEASURES INDICATED IN THE MODEL

Part not corresponding

**Par. 4:**

THE ORGANISATIONAL MODEL MUST ALSO PROVIDE A SUITABLE SUPERVISORY SYSTEM OF THE IMPLEMENTATION OF THE MODEL ITSELF AND MAINTENANCE OVER TIME OF THE APPROPRIATENESS OF THE MEASURES IMPLEMENTED.

F.1 Safety internal monitoring  
 F.2 Verifiers' characteristics and responsibilities  
 F.3 Monitoring plan

IPG 9004

THE RE-EVALUATION AND ANY CHANGES TO THE ORGANISATIONAL MODEL MUST BE INTRODUCED IF SIGNIFICANT VIOLATIONS TO THE REGULATIONS GOVERNING PREVENTION OF ACCIDENTS AND HEALTH IN THE WORKPLACE ARE DISCOVERED, OR AS A RESULT OF CHANGES IN COMPANY ORGANISATION AND BUSINESS DUE TO SCIENTIFIC AND TECHNOLOGICAL PROGRESS.

A. Purpose  
 B. Cyclic sequence of an HSMS  
 C. Policy  
 E.1 Management system  
 F.4 Management Review

IPG 9006

IPG 9007

IPG 9008

IPG 9016

The memorandum of the Ministry of Labour and Social Policy – 11 July 2011 – offers the following indications with regards to article 30, paragraph 4 of D.Lgs. n. 81/2008:

*"Article 30, paragraph 4, of D.Lgs. n. 81/2008 provides that: "[...] The organisational model must also provide a suitable supervisory system of the implementation of the model itself and maintenance over time of the appropriateness of the measures implemented. The re-evaluation and any changes to the organisational model must be introduced if significant violations to the regulations governing prevention of accidents and health in the*



*workplace are discovered, or as a result of changes in company organisation and business due to scientific and technological progress.”*

*Therefore, if a Company has adopted a management system regarding health and safety at the workplace compliant with the requirements of the Linee Guida UNI-INAIL or of BS OHSAS 18001:2007, it implements its control system according to the requirements of paragraph 4 of article 30 of the D.Lgs. n. 81/2008, with two processes that are strategic for the effectiveness and compliance of the management system itself: **Internal Monitoring/Audit** and **Management Review***

*It is however pointed out that these processes represent a suitable control system for the purpose of the provisions of paragraph 4 of article 30 of D.Lgs. n. 81/2008 only if they provide for the active and documented role not only of all the subjects of the Company's safety organization structure, but also of the top Management (intended as organizational position possibly above the employer) in the assessment of the objectives reached and results obtained, apart from any critical issues found in terms of protection of health and safety at work. The term "documented" means that the participation of top Management is proven by Company's acts and documents. It is finally pointed out that the internal audit must check also the effective application of the disciplinary system [...]”.*

Moreover paragraph 5 of Art. 30 implicitly stipulates that Model 231 presents structural elements different from those of the management systems quoted by the same paragraph. Therefore, to be used fully as an exemption, these management systems must be necessarily integrated with the structural elements they do not have, that is to say:

- an appropriate disciplinary system with powers to sanction any failure to comply with the measures indicated in the model
- management methods of the financial resources suitable to prevent offences to be committed – obligations to inform the Body deputed to supervise the functioning of and compliance with the Model itself.

### 3.3. Control Elements

In order to regulate the mechanisms controlling the implementation of the Model, EPE has defined the discipline of the decision-making and expenditure mechanisms for health and safety, and information flows towards the SB.

To complete the Model, the following were introduced:

- Supervisory Body (see Chapter 9 of this Organization, Management and Control Model);
- Disciplinary System (see Chapter 11 of this Organization, Management and Control Model).

## **4. ENVIRONMENTAL OFFENCES**

### **4.1. Type of Offences**

This paragraph refers to unlawful conducts punished by the Penal Code for the protection of protected wild animal and plant species, to provisions in the Environment Code (Decree-Law 152/2006) regarding waters, waste and emissions into the atmosphere, to regulations protecting endangered animal and plant species (Law 150/1992), to measures for the protection of the ozone layer (Law 549/1993) and to provisions against the pollution of the sea by ships (Decree-Law 202/2007).

In order to better divulge the contents of the Model and its understanding, find below a brief description and, in some cases, explanation of the applicable types of offences.

#### **Discharge of Industrial Wastewater (art. 137 Decree-Law 152/2006)**

Discharge of industrial wastewater containing harmful substances exceeding the values set out in the table of Annex 7, part III of Decree-Law No. 152/2006, without authorization, without complying with the provisions of the authorization or other provisions of the competent authority, or exceeding the most restrictive limits fixed by the Regions or autonomous provinces or competent authorities.

Violation of the prohibition to discharge onto the ground, underground or into groundwater.

Discharge into the sea by ships or aircraft of substances or materials forbidden by the international Conventions ratified by Italy.

#### **Unauthorized Waste Management (art. 256 Decree-Law 152/2006)**

Waste management, realization or management of a landfill site without any authorization, registration or communication.

Unauthorized mixing of waste without authorization and creation of a temporary storage site for hazardous sanitary waste near the production site.

#### **Reclamation of Sites (art. 257 Decree-Law 152/2006)**

Failure to reclaim the sites in case of pollution of soil, subsoil, ground and surface water, exceeding the risk concentration threshold, failure to inform the competent authorities about an event that may potentially contaminate a site.

#### **Violation of Reporting and Record-Keeping Requirements (art. 258 Decree-Law 152/2006)**

Preparation of a waste analysis certificate with false waste particulars or use of a false certificate for the waste transport.

All these types are compounded if the waste is hazardous.

**Illegal Waste Trafficking (art. 259 Decree-Law 152/2006)**

Shipping of waste pursuant to art. 26 of EEC Regulation No. 259/1993: fine with increased penalty in case of hazardous waste.

The sentence is followed by the compulsory seizure of the means of transport.

**Organized Activities for Illegal Waste Trafficking (art. 260 Decree-Law 152/2006)**

Organized activity for illegal waste trafficking. This is compounded if the waste is highly radioactive.

**Waste Traceability Computer Control System (art. 260-bis Decree-Law 152/2006)**

Failure to register the waste traceability control system.

Failure to pay the contribution for the registration of the waste traceability control system.

Failure to fill in the chronological register of the SISTRI – MOVEMENT AREA form, or supply of incomplete or inexact information to the waste traceability computer control system or fraudulent alteration of the accessory technological devices or obstruction of their correct operation. The offence is punished with a fine, reduced if the company has less than 15 employees and also if the inexact or incomplete information does not prejudice waste traceability. If the above conducts refer to hazardous waste, the fine is increased and the accessory administrative sanction of the suspension from the position held by the individual responsible for the offence, including the suspension from the position of director if applicable, is applied.

On a residual basis, apart from the offences expressly provided for, the subjects in breach of more duties incumbent upon them under the SISTRI, are punished.

The false disclosure in the waste analysis certificate – used within SISTRI – about the nature, composition and chemical-physical characteristics of the waste being transported is punished as ideological fraud committed by the private individual in public deed pursuant to art. 483 of the Penal Code.

Failure to move the waste accompanied by a paper copy of the SISTRI – MOVEMENT AREA card. If the carrier uses a waste analysis certificate containing false statements about the nature, composition and chemical-physical characteristics of the waste moved or if the waste is hazardous, art. 483 of the Penal Code is applied.

Accompanying the transport of the waste with a fraudulently altered copy of the SISTRI – MOVEMENT AREA card constitutes an offence under art. 477 and 482 of the Penal Code and the penalty is increased if the waste is hazardous.

Cumulative judgement for violating various provisions of art. 260-bis: for the violation of various provisions of this article, or for various violations of the same provision, or for various executive violations of the same criminal plan, the penalty provided for the most serious violation, increased up to double, is applied.

Act of indemnity: fulfilment of the requirements provided for by the SISTRI regulations, within 30 days from committing the offence.

Settlement of the dispute: within 60 days from notification of the violation, whether immediate or not, after fulfilling the requirements provided for by the SISTRI regulations and payment of one fourth of the fine. In this case no accessory sanctions are applied.

### **Emissions into the Atmosphere (art. 279 Decree-Law No. 152 of 3 April 2006)**

Emissions into the atmosphere with violation of the emission limit values, with contextual exceeding of the air quality limit values provided for by the regulations in force.

### **Termination of and Reduction in the Use of Ozone Layer Depleting Substances (art. 3 Law 549/1993)**

The production, consumption, import, export, possession and sale of harmful substances as per table A annexed to this law are governed by the provisions stated in (EC) Council regulation No. 3093/94.

No authorizing systems that make use of the substances in table A annexed to this law, without prejudice to the (EC) Council regulation No. 3093/94.

Penalties include up to two years in jail and a fine up to three times the value of the substances used for production, imported or sold. In the most serious cases, the conviction is followed by the withdrawal of the authorization or licence based on which the unlawful activity is carried out.

## **4.2. Processes at Risk**

*EPE's* analysed areas with regards to the type of corporate offences are as follows:

<u>Area</u>	<u>Process</u>
Operations	- Environmental management

## **4.3. Control Elements**

### **4.3.1. Procedural Preventive Protocols**

#### **Environmental management:**

- Preparation of appropriate procedures with regards to the handling, depositing and storage of the waste.
- Monitoring the limit values set by the law concerning emissions into the atmosphere and discharge of wastewater.

### **4.3.2. Behavioural Preventive Protocols**

Control elements are to be found in the annexes:

- Preventive procedures for the corresponding processes
- Code of Conduct
- Information flows towards the SB.

## **5. OFFENCES RELATED TO MONEY LAUNDERING**

### **5.1. Type of Offences**

This paragraph refers to money laundering offences, according to the cases provided after the integration of Decree-Law 231/2001 with Decree-Law 231/07 transposing Directive 2005/60/EC of 14 December 2007 concerning the prevention of the use of the financial system for the purpose of laundering money from criminal activities and financing terrorism, all this limited to the cases that might occur in EPE.

In order to better divulge the contents of the Model and its understanding, find below a brief description and, in some cases, explanation of the applicable types of offences.

#### **Handling Stolen Goods (art. 648 of the Penal Code)**

The crime occurs through the purchase (the effect of a negotiation whether for free or upon consideration), receipt (any kind of attainment of the possession of the goods even if only temporarily or as a favour) or concealment (concealment of the goods after receiving them) of money or property from any crime whatsoever (anyway with the exception of the cases of complicity in the crime itself, for instance theft).

#### **Money Laundering (art. 648-bis of the Penal Code)**

The crime occurs through the replacement (consisting in the replacement of money, goods or other benefits of unlawful origin with different valuables) or transfer (cleaning the money, goods or other benefits through the completion of transactions) of money, goods or other benefits from intentional criminal acts, or the performance of other operations in order to hinder the identification of their illegal origin.

#### **Use of Money, Goods or Benefits of Illegal Origin (art. 648 ter of the Penal Code)**

The crime occurs through the use of funds of illegal origin in financial activities. Even if "use" is a synonym of "use in any manner", that is "use for whatever purpose", however, taking into consideration that the final end sought by the legislator is preventing the economic system and competitive balance to be disrupted through the use of illicit funds available at lower costs than the legal ones, it is deemed that "use" must really mean "invest" (that is "use for profit").

### **5.2. Processes at Risk**

EPE's analysed areas with regards to offences of money laundering are as follows:

<u>Area</u>	<u>Process</u>
Strategic/Corporate	- Intercompany management
Administration and	- Active cycle

- |            |   |  |
|------------|---|--|
| Finance    | - | Passive cycle, cash management and finance resources |
| Operations | - | Procurement of goods and services                    |

### **5.3. Control Elements**

#### **5.3.1. Procedural Preventive Protocols**

##### **Active Cycle:**

- Compliance with the requirements of separation and distinction of functions between:
  - the person who receives an order or draws up a contract for the provision of services
  - the person who provides the service and does the processing
  - the person who prepares and issues invoices
  - the person who receives payments and accounts for them
- Prevailing use of banking instruments as payment methods (bank transfers, cheques)
- Existence of goods loading/unloading procedures and control in the warehouse (that makes it materially difficult to charge data other than those of the shipments actually sent)
- Centralization of the computer system management where all the details of contracts, charges/discharges, payments are stored

##### **Passive Cycle, Cash Management and Finance Resources:**

- Use of banking instruments for payments
- Limit on the amount paid via remote banking (automatic block of the payment)
- Compliance with the requirements of separation and distinction of functions between:
  - the person who orders goods or a service
  - the person who receives or notifies receipt
  - the person who receives the invoice or documentary evidence and matches it with the order and receipt of goods
  - the person who authorizes the expenditure
  - the person who organizes the bank transfer/cheque
  - the person who authorizes the bank transfer/signs the cheque
  - the person who deals with bank reconciliations
- Limitation – both in number and amount – of cash operations
- Clear responsibilities for taking care of the cash
- Documentary evidence of movements (evidence proving the operations)
- Use of remote banking for operations on current accounts
- Keeping cheques in the safe
- Periodical reconciliation of bank statements with accounting records
- Formally attributed signatory and operational powers on current accounts

##### **Procurement of Goods and Services:**

- Existence of a process for the evaluation and selection of suppliers (this process, codified within the quality management system, is an important control system also for

231 purposes since it limits the possibility of qualifying suppliers as “willing” with regards to corruption)

- Existence of a purchasing department whose task is to manage purchases
- Provision for more Company’s functions to take part
- Precise monitoring of the prices offered by the function in charge, in order to avoid the risk of purchasing materials from an unlawful activity

### **5.3.2. Behavioural Preventive Protocols**

Control elements are to be found in the annexes:

- Preventive procedures for the corresponding processes
- Code of Conduct
- Information flows towards the SB.

## **6. CYBERCRIME**

### **6.1. Type of Offences**

This paragraph refers to cybercrime, according to the types covered by art. 24-bis of Decree-Law 231/2001.

In order to better divulge the contents of the Model and its understanding, find below a brief description and, in some cases, explanation of the applicable types of offences.

#### **Illegal Access (art. 615 ter of the Penal Code, art. 615 quater of the Penal Code)**

The offence occurs in case of illegal access to an information or transmission system or unauthorized possession and distribution of access codes to computer or transmission systems.

The illegal access can take place:

- towards an external system (i.e. manipulation of competitors' or Public Administration's information)
- from outside towards your own system (i.e. by suppliers/consultants colluding to dodge the control system)
- from inside towards your own system (i.e. access to a restricted area to modify authorizations and control system evasion)

The offence of unauthorized possession and distribution of access codes can materialise through the fraudulent impersonation on a computer system using someone else's access credentials (i.e. use of privileges and authorization for operations with evasion of the control system).

Theft of codes/credentials and diffusion with the purpose of impersonation (see above).

#### **Damage (art. 615 quinquies of the Penal Code, art. 635 bis of the Penal Code, art. 635 ter of the Penal Code, art. 635 quater of the Penal Code, art. 635 quinquies of the Penal Code)**

The offences refer to the physical damage of computer, transmission or data systems, for instance:

- Diffusion of programmes aimed at damaging via email (i.e. towards competitors, Public Administration, Supervisory Body, etc.)
- Destruction of data or computer systems (i.e. belonging to competitors).

#### **Tapping, Obstruction, Interruption (art. 617 quater of the Penal Code, 617 quinquies of the Penal Code)**

Installation of equipment to fraudulently tap communications (i.e. both inside and outside the systems, as a basis for one of the above conducts or to obtain confidential information).

### **Conceptual Falsity in Computerised Documents (art. 491 bis of the Penal Code)**

This is the fraudulent falsification/alteration of a digital document (i.e. for false declarations in order to gain an advantage).

Because of the relevance of the "IT management" area, this paragraph covers also the offence of Unauthorized duplication of software programs for profit, etc. (art. 171-bis Law No. 633 of 22/04/1941), belonging to the group of offences relating to copyrights.

### **Unauthorized Duplication of Software Programs for Profit, etc. (art. 171-bis Law No. 633 of 22/04/1941)**

Whoever unlawfully duplicates for profit software programs or, always for profit, imports, distributes, sells, holds for commercial or business purposes or rents out programs contained in supports not marked by Società italiana degli autori ed editori (SIAE).

## **6.2. Processes at Risk**

EPE's analysed areas with regards to the types of cybercrime are as follows:

<u>Area</u>	<u>Process</u>
IT	- IT and software licence management

## **6.3. Control Elements**

### **6.3.1. Procedural Preventive Protocols**

#### **IT Management**

- Definition, update and implementation of the "privacy system" come into being to prevent the risks provided for by Decree-Law 196/2003 (such as destruction or accidental loss of data, unauthorized access, unapproved processing or processing that does not conform with the purposes for which the data was collected, by adopting measures of logical and organizational security), but essential core for the preparation of the 231 Model. This is due to the fact that, even if the offence of unlawful processing of data is not included in Decree 231, in order to create a control system aimed at preventing the commission of cybercrime, the indications/guidelines to which reference is made for risk analysis purposes are those referred to by the Privacy Code.
- Formalization of an appropriate Code of Conduct for the correct use of IT tools.

### **6.3.2. Behavioural Preventive Protocols**

Control elements are to be found in the annexes:

- Preventive procedures for the corresponding processes
- Code of Conduct
- Information flows towards the SB.

## **7. INCITEMENT NOT TO MAKE STATEMENTS OR MAKE FALSE STATEMENTS BEFORE THE JUDICIAL AUTHORITIES**

### **7.1. Type of Offences**

This paragraph refers to the offence provided for by art. 25 decies of Decree-Law 231/2001, or:

- Art. 377-bis of the Penal Code: Incitement not to make statements or make false statements before the judicial authorities: unless the fact constitutes a more serious offence, anyone who, using violence or threats, or with the offer or promise of money or other benefit, convinces a witness not to testify or to give false testimony in criminal proceedings when said witness has the right to remain silent, shall be punished with imprisonment from two to six years.

### **7.2. Processes at Risk**

EPE's analysed areas with regards to the types of cybercrime are as follows:

#### **Macro Area**

Administration and Finance

#### **Process**

- Management of Disputes and Relationships with the Judicial Authorities

### **7.3. Control Elements**

#### **7.3.1. Procedural Preventive Protocols**

Reference protocols must be sought in the provisions already defined when dealing with corruption and in particular in the preliminary activities for the creation of extra-budgetary funds (unlawful management of active and passive invoicing and reimbursements of costs).

#### **7.3.2. Behavioural Preventive Protocols**

Control elements are to be found in the annexes:

- Preventive procedures for the corresponding processes
- Code of Conduct
- Information flows towards the SB.

## **8. CRIMES AGAINST INDUSTRY AND TRADE**

### **8.1. Type of Offences**

This paragraph refers to the crimes against industry and trade provided for by art. 25-bis 1 of Decree-Law 231/2001.

In order to better divulge the contents of the Model and its understanding, find below a brief description and, in some cases, explanation of the applicable types of offences.

#### **Fraud against National Industries (art. 514 of the Penal Code)**

To damage national industry by putting up for sale or in circulation on the national or foreign markets, industrial products with counterfeited or altered names, brands or distinctive marks.

The offence is compounded if the regulations of national laws or international conventions on the protection of industrial property have been complied with for the brands or distinctive marks.

#### **Fraud in Trade (art. 515 of the Penal Code)**

Delivery to the buyer, in the course of commercial activities or in a place of trade open to the public, of a movable item in place of another, or a movable item which, by origin, provenance, quality or quantity, is different from that stated or agreed. [this title is applicable if the fact does not constitute a more serious offence]

#### **Sale of Industrial Products with Misleading Signs (art. 517 of the Penal Code)**

Sale or circulation of intellectual property or industrial products with national or foreign names, brands or distinctive marks aimed at misleading the buyer about the origin, provenance or quality of the work or product. [offence punished if this conduct is not considered an offence by another provision of the law].

#### **Manufacturing and Trade of Goods Made by Usurping Industrial Property Rights (art. 517-ter of the Penal Code)**

Manufacturing or industrial use of items or other goods made by usurping an industrial property right or in breach thereof and this being in a position to know of the existence of this industrial property. [this crime title is not applied if art. 473 or 474 of the Penal Code are applicable].

Similarly whoever, in order to obtain a profit, introduces in the territory of the State, has for sale, offers for sale directly to consumers or, in any case, places in circulation the goods mentioned in paragraph 1, is punished pursuant to art. 517-ter of the Penal Code.

The conducts referred to in art. 517-ter of the penal Code are punishable as long as the provisions of domestic laws, the community regulations and international conventions for the protection of intellectual and industrial property have been complied with.

## 8.2. Processes at Risk

EPE's analysed areas with regards to the type of organized crimes are as follows:

<b><u>Macro Area</u></b>	<b><u>Process</u></b>
Strategic/Corporate	- Marketing - Business Development
Operations	- Procurement of goods and services
Research and Development	- Design

## 8.3. Control Elements

### 8.3.1. Procedural Preventive Protocols

#### **Marketing**

- Check of the compliance of the technical data used for commercial purposes with those validated by the technical department.

#### **Procurement of Goods and Services**

- Also in order not to purchase goods with counterfeited trademarks, procurement is carried out directly from manufacturers – with the exception of particular conditions. In any case products follow a "homologation" process.

#### **Design**

- If innovative technical solutions are developed, a prior art search based on the product characteristics is carried out by a specialized consultancy firm.

### 8.3.2. Behavioural Preventive Protocols

Control elements are to be found in the annexes:

- Preventive procedures for the corresponding processes
- Code of Conduct
- Information flows towards the SB.

## **9. OFFENCES RELATED TO VIOLATIONS OF COPYRIGHT LAWS**

### **9.1. Type of Offences**

This paragraph refers to some of the violations of copyright laws provided for by art. 25-novies of Decree-Law 231/2001, in particular:

#### **Protection of Copyright and Certain Related Rights (art. 171-bis Law No. 633 of 22/04/1941)**

Whoever unlawfully duplicates for profit software programs or, always for profit, imports, distributes, sells, holds for commercial or business purposes or rents out programs contained in supports not marked by Società italiana degli autori ed editori (SIAE).

#### **Protection of Copyright and Certain Related Rights (art. 171-ter Law No. 633 of 22/04/1941)**

Whoever, for profit, illegally duplicates, reproduces, transmits or discloses to the public by any process, as a whole or in part, literary, dramatic, scientific or educational, musical or dramatic-musical, or multimedia works, also if included in collective or composite works, or databases.

### **9.2. Processes at Risk**

*EPE's* analysed areas concerning offences regarding the violation of copyrights are as follows:

<b><u>Macro Area</u></b>	<b><u>Process</u></b>
Strategic/Corporate	- Marketing
Research and Development	- Design
IT	- IT and software licence management

### **9.3. Control Elements**

#### **9.3.1. Procedural Preventive Protocols**

**Marketing**

- Prior verification of the lawful use and manipulation of images, videos and musical and multimedia works, also if included in collective or composite works or databases
- Prior art search about the use of new trademarks or their registration on the national and international market

**Design**

- If innovative technical solutions are developed, a prior art search based on the product characteristics is carried out by a specialized consultancy firm

**IT Management**

- Continuous monitoring of the lawfulness of the software installed and the need to buy new licences
- Formalization of an appropriate Code of Conduct for the correct use of IT tools.

**9.3.2. Behavioural Preventive Protocols**

Control elements are to be found in the annexes:

- Preventive procedures for the corresponding processes
- Code of Conduct
- Information flows towards the SB.

## **10. USE OF ILLEGALLY STAYING THIRD-COUNTRY NATIONALS**

### **10.1. Type of Offences**

This paragraph refers to the offences referred to in art. 25-duodecies of Decree-Law 231/2001:

#### **Use of Illegally Staying Third-Country Nationals (Article 22 of Decree-Law No. 286 of 25 July 1998, paragraph 12 bis)**

**Use of foreign workers without the appropriate residence permit, or** whose permit has expired, has been cancelled or not renewed or for which no renewal has been applied for,

- a) if the employed workers are more than three;
- b) if the employed workers are minors not of working age;
- c) if the employed workers are subjected to the other particularly exploitative working conditions referred to in the third paragraph of article 603-bis of the Penal Code.

### **10.2. Processes at Risk**

The Company's analysed areas with regards to the type of organized crimes are as follows:

#### **Macro Area**

Human Resources

#### **Process**

- Recruitment and personnel management

### **10.3. Control Elements**

#### **10.3.1. Procedural Preventive Protocols**

##### **Recruitment and Personnel Management:**

As to the measures regarding the use of irregular foreign workers:

- o identification of the worker's nationality
- o filing the residence permits of the employed foreign workers
- o monitoring by the Office responsible of residence permits with their relative expiry dates and modifications (withdrawal, cancellation or non-renewal).

### **10.3.2. Behavioural Preventive Protocols**

Control elements are to be found in the annexes:

- Preventive procedures for the corresponding processes
- Code of Conduct
- Information flows towards the SB.

## **11. ORGANIZED CRIMES**

### **11.1. Type of Offences**

This paragraph refers to the organized crimes provided for by art. 24 ter of Decree-Law 231/2001.

In order to better divulge the contents of the Model and its understanding, find below a brief description and, in some cases, explanation of the applicable types of offences.

**Criminal Association (art. 416 of the Penal Code)** (with the purpose of reducing to slavery or maintaining in said condition, human trafficking and purchasing or selling slaves)

Association of three or more people with the purpose of reducing to slavery or maintaining in said condition, human trafficking and purchasing or selling slaves.

**Criminal Association (art. 416 of the Penal Code)** (to the exclusion of what mentioned in the previous paragraph)

Association of three or more people with the purpose of committing various crimes.

Criminal association is considered a “transversal” crime applicable to all activities/processes; in fact this crime occurs when “three or more persons form an organisation with the purpose of committing a series of crimes” and therefore with any crimes, even those not included among those mandatorily provided for by Decree-Law 231/2001.

## **12. So-called "INTERNATIONAL" CRIMES**

### **12.1. Type of Offences**

This paragraph refers to the types of crime that stand out because they can be classified as "international".

In order to better divulge the contents of the Model and its understanding, find below a brief description and, in some cases, explanation of the applicable types of offences.

#### **Crimes Committed Abroad (article 4 Decree-Law 231/2001)**

In the cases and under the conditions set out in articles 7, 8, 9 and 10 of the Penal Code, those entities that have their head offices in Italy are also liable to prosecution for offences committed abroad, provided that the State where the offence was committed does not intend to prosecute.

In those cases where the law provides that the guilty party is punished on request from the Ministry of Justice, the entity in question will only be prosecuted if the request also involves the entity itself.

#### **International Corruption (art. 322 bis of the Penal Code)**

The provisions relating to crimes of misappropriation (art. 314 and 316 of the Penal Code), concussion (art. 317 of the Penal Code), undue incitement to give or promise benefits (art. 319-quater of the Penal Code, corruption (from art. 317 to 320 of the Penal Code) and instigation to corruption (art. 322 of the Penal Code, third and fourth paragraphs) are applicable also to:

- 1) members of the European Community Commission, European Parliament, Court of Justice and Court of Auditors of the European Commissions;
- 2) officers and agents employed under the contractual rules of the statute of the European Community officers or the regulations applicable to agents of the European Community;
- 3) individuals seconded by EU member states or by any public or private body at the European Community, whose duties correspond to those of officials or agents of the European Community;
- 4) members and employees of bodies constituted in accordance with the treaties establishing the European Community;
- 5) individuals who, on behalf of other member states of the European Union, carry out duties or activities that correspond to those of public officials and public service employees;
- 5-bis) judges, Public Prosecutors, deputy prosecutors, officers and agents of the International Criminal Court, people directed by States that are members of the Treaty establishing the International Criminal Court who perform duties corresponding to those of

officers or agents of the Court itself, members and employees of bodies constituted in accordance with the Treaty establishing the International Criminal Court.

The provisions of articles 319-quater, second paragraph, 321 and 322, first and second paragraphs, are applicable even if the money or other benefit is given, offered or promised to:

- 1) the people listed in the first paragraph of this article;
- 2) people who carry out duties or activities that correspond to those of public officials and public service employees for other foreign countries or public international organizations, whenever the offence is committed to secure for themselves or others an illegal benefit in international business transactions or to obtain or maintain a business or financial activity.

The people listed in the first paragraph are regarded as public officials if they carry out corresponding duties, and as public service employees in the other cases.

### **Transnational Offences (Law No. 146 of 16 March 2006, articles 3 and 10)**

An offence is considered transnational when organized crime is involved in it, as well as when:

- a) it is committed in more than one State;
- b) or it is committed in one State, but a substantial part of the planning, management and control took place in another State;
- c) or it is committed in a State but a criminal organisation is involved which is engaged in criminal activities in more than one State;
- d) or it is committed in one State but it has substantial effects in another State.

The offences that, if transnational, would entail administrative liability for the body are:

### **Criminal Association (art. 416 of the Penal Code)**

#### **Mafia-Type Organization (art. 416 bis of the Penal Code)**

Association of three or more people in order to commit several crimes; the organization is a mafia-type organization when those who belong to it make use of the intimidation force of the associative ties and of the resulting condition of subjection and of the code of silence to commit crimes.

### **Provisions against Illegal Immigration (art. 12, paragraphs 3, 3-bis, 3-ter and 5, of the unified text as per Decree-Law No. 286 of 25 July 1998)**

To perform acts aimed at securing the illegal entry of any person into Italy or any other foreign country.

### **Obstruction of justice: Incitement not to Make Statements (art. 377-bis of the Civil Code)**

Incitement not to make statements or make false statements before the judicial authorities.

### **Obstruction of justice: Aiding and Abetting (art. 378-bis of the Civil Code)**

To help someone to elude the investigation of the authority or to escape its searches after a crime has been committed.

The existence of subsidiaries, related companies and foreign branches can affect the 231 risk for the following profiles:

- 1) increases the risk of committing any 231 offence abroad in the interests of EBARA;
- 2) increases the risk of committing the specific offence of international corruption (i.e. corruption of a foreign public officer committed in Italy);
- 3) increases the risk of committing specific cases of transnational offences (criminal association, smuggling of migrants, aiding and abetting).

In consideration of the business of the Company, its subsidiaries, related companies and foreign branches, probably the sub 3 cases can continue to be regarded as negligible for EPE.