

Translation for courtesy purposes only

(Translation from the Italian original which remains the definitive version)

Arpa Industriale S.p.A.

**Organisation, management and control model pursuant to
Legislative Decree no. 231 of 8 June 2001, as
subsequently amended and integrated**

*Approved by the board of directors of Arpa Industriale S.p.A. by resolution dated 18
June 2009, 29 January 2010, 12 October 2010 and 3 October 2012*

CONTENTS

| | Page |
|---|------|
| 1. Legislative Decree no. 231/2001 and subsequent amendments and integrations | 3 |
| 2. Confindustria (Italian trade association) guidelines | 9 |
| 3. ARPA's Model and Code of Conduct | 10 |
| 4. ARPA's Model | 10 |
| 4.1 Preparation of the Model | 10 |
| 4.2 Underlying principles and elements of the Model | 12 |
| 4.3 Adoption of the Model and subsequent modifications | 13 |
| 5. ARPA's Sensible Processes | 13 |
| 6. Updating of the Model and mapping of sensible processes | 23 |
| 7. Organismo di Vigilanza | 23 |
| 7.1 Identification, appointment and revocation of the Organismo di Vigilanza | 23 |
| 7.2 Duties and powers of the Organismo di Vigilanza | 24 |
| 7.3 Information flows to the Organismo di Vigilanza | 25 |
| 7.4 Reporting by the Organismo di Vigilanza | 25 |
| 8. Circulation of the Model | 26 |
| 8.1 Training of and information to the employees | 26 |
| 8.2 Communications to consultants and partners | 26 |
| 9. The disciplinary system | 26 |
| 9.1 Functions of the disciplinary system | 26 |
| 9.2 Measures for junior managers and both white and blue-collar employees | 27 |
| 9.3 Measures for managers | 27 |
| 9.4 Measures for directors and statutory auditors | 27 |
| 9.5 Measures for third parties (service providers, consultants, partners, freelances) | 27 |

Legislative Decree no. 231/2001 and subsequent amendments and integrations

The objective of Legislative Decree no. 231 of 8 June 2001 setting out the “Administrative liability of legal persons, companies and associations, also those without legal personality (“entities”) pursuant to article 11 of Law no. 300 of 29 September 2000 (“Legislative Decree no. 231/2000” or the “Decree”), enacted on 4 July 2001, was to align the Italian legislation governing companies’ liability with the international conventions signed by Italy, especially the Brussels Convention of 26 July 1995 for the protection of the European Communities’ financial interests, the Brussels Convention of 26 May 1997 on combating bribery of public officials of the European Communities and their members and the OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions.

The new liability introduced by Legislative Decree no. 231/2001 aims to include the assets of entities that have gained from the committing of crime in the punishment of certain criminal offences. A fine is applied to all offences; interdictive measures exist for the more serious crimes such as the suspension or revoking of licences and concessions, the ban from contracting with the Public Administration, ban on carrying out business activities, exclusion or revoking of loans and contributions, the ban from advertising goods and services and publication of the ruling.

Originally established for crimes against the Public Administration (article 24 – Misappropriation of grants, fraud to the detriment of the State or of a public authority or to obtain public funding and computer fraud to the detriment of the State or of a public authority – and article 25 – Extortion and bribery - of Legislative Decree no. 231/2001), the entity’s liability was subsequently extended and it currently covers computer crimes and illegal data processing (article 24-*bis*), coinage offences, forgery of public paper, duty stamps and means and/or marks of recognition (article 25-*bis*), corporate crimes (article 25-*ter*), terrorism or subversion of democratic order (article 25-*quater*), measures covering the prevention and banning of female genital mutilation (article 25-*quater* 1), crimes against the individual human personality (article 25-*quinquies*), insider trading and market manipulation (article 25-*sexies*), transnational crime (articles 3 and 10 of Law no. 146 of 16 March 2006), manslaughter or grievous bodily harm committed with violations of the regulations governing health and safety in the workplace (article 25-*septies*), receiving, recycling and utilisation of money, goods or services having an illegal provenance (article 25-*octies*), organized crime activities (article 24-*ter*), crimes against industry and commerce (article 25-*bis*), copyright infringement offences (article 25-*novies*), inducement to refuse to render statements or to render false statements to Judicial Authorities (article 25-*decies*) and the environmental crimes (article 25-*undecies*).

Specifically it deals with:

a. Crimes against the Public Administration, such as:

- ✓ embezzlement to the detriment of the State (article 316 *bis* of the Criminal Code);
- ✓ misappropriation of grants from the State (article 316 *ter* of the Criminal Code);
- ✓ misappropriation of public funds (article 317 of the Criminal Code);
- ✓ bribery for an official function (article 318 of the Criminal Code);
- ✓ bribery for an act carried out contrary to the public official’s duties (article 319 of the Criminal Code);
- ✓ bribery for a legal act (article 319 *ter* of the Criminal Code);
- ✓ aggravating circumstances (article 319 *bis*);
- ✓ bribery of a public official (article 320 of the Criminal Code);
- ✓ punishment for the bribing party (article 321 of the Criminal Code)

-
- ✓ incitement to bribery (article 322 of the Criminal Code);
 - ✓ fraudulent conversion of public monies, misappropriation of public funds, bribery and incitement to bribery of/by members of the EU bodies and officials of the European Communities and foreign states (article 322 *bis* of the Criminal Code);
 - ✓ fraud to the detriment of the State or of another public authority (article 640.1° of the Criminal Code);
 - ✓ aggravated fraud for the misappropriation of state grants (article 640 *bis* of the Criminal Code);
 - ✓ computer fraud (article 640 *ter* of the Criminal Code).

b. *Computer crimes and illegal data processing, such as:*

- ✓ computerised documents (article 491 *bis* of the Criminal Code);
- ✓ hacking (article 615 *ter* of the Criminal Code);
- ✓ possession and unauthorised disclosure of access codes to computer or on-line systems (article 615 *quater* of the Criminal Code);
- ✓ publication of programs aimed at damaging or blocking a computer system (article 615 *quinquies* of the Criminal Code);
- ✓ unlawful tapping, prevention or blocking of computer or on-line communications (article 617 *quater* of the Criminal Code);
- ✓ installation of equipment to tap, prevent or block computer or on-line communications (article 617 *quinquies* of the Criminal Code);
- ✓ damage (article 635 of the Criminal Code);
- ✓ damage to information, data and computer programs (article 635 *bis* of the Criminal Code);
- ✓ damage to information, data and computer programs used by the state or another public body or, however, of public use (article 635 *ter* of the Criminal Code);
- ✓ damage to computer or on-line systems (article 635 *quater* of the Criminal Code);
- ✓ damage to computer or on-line systems of public use (article 635 *quinquies* of the Criminal Code);
- ✓ computer fraud by the party that provides electronic signature certification services (article 640 *quinquies* of the Criminal Code).

c. *Crimes involving coinage offences, forgery of public paper, duty stamps and means and/or marks of recognition, such as:*

- ✓ forgery of coins, spending and introduction into the State, acting in concert, of counterfeit coins (article 453 of the Criminal Code);
- ✓ counterfeiting of coins (article 454 of the Criminal Code);
- ✓ spending and introduction, without acting in concert, of counterfeit coins (article 455 of the Criminal Code);
- ✓ spending of counterfeit coins received in good faith (article 457 of the Criminal Code);
- ✓ forgery of stamp duties, introduction into the State, purchase, holding or circulation of counterfeit stamp duties (article 459 of the Criminal Code);
- ✓ counterfeiting of watermarked paper used to produce public paper or stamp duties (article 460 of the Criminal Code);
- ✓ production or holding of watermarks or instruments used to forge coins, stamp duties or watermarked paper (article 41 of the Criminal Code);
- ✓ use of counterfeit or altered stamp duties (article 464 of the Criminal Code);
- ✓ counterfeiting, alteration or use of distinctive marks of patented inventions or manufactured products (article 473 of the Criminal Code);

-
- ✓ introduction into the country and commerce in products with false trademarks (article 474 of the Criminal Code).

d. Corporate crimes, such as:

- ✓ false corporate statements (article 2621 of the Criminal Code);
- ✓ false corporate statements to the detriment of the equity holders or creditors (article 2622 of the Criminal Code);
- ✓ misrepresentations in the reports or communications of the independent auditors (article 2624 of the Criminal Code);
- ✓ impeding controls (article 2625 of the Criminal Code);
- ✓ undue return of contributions (article 2626 of the Criminal Code);
- ✓ unlawful allocation of profits and reserves (article 2627 of the Criminal Code);
- ✓ illegal transactions involving the company's shares or quotas or those of its parent (article 2628 of the Criminal Code);
- ✓ transactions damaging the creditors (article 2629 of the Criminal Code);
- ✓ non-communication of conflict of interest (article 2629 *bis* of the Criminal Code);
- ✓ fictitious capital formation (article 2632 of the Criminal Code);
- ✓ wrongful allocation of company assets by the liquidators (article 2633 of the Criminal Code);
- ✓ unlawful influence over the shareholders at general meetings (article 2636 of the Criminal Code);
- ✓ market rigging (article 2637 of the Criminal Code);
- ✓ obstructing the supervisory authorities in their duties (article 2638 of the Criminal Code).

e. Terrorism or subversion of democratic order crimes, such as:

- ✓ subversive associations (article 270 of the Criminal Code);
- ✓ terrorist associations, also international, or subversion of democratic order (article 270 *bis* of the Criminal Code);
- ✓ assistance to association members (article 270 *ter* of the Criminal Code);
- ✓ recruitment for terroristic objectives, also international (article 270 *quater* of the Criminal Code);
- ✓ training for terroristic objectives, also international (article 270 *quinquies* of the Criminal Code);
- ✓ terrorist conduct (article 270 *sexies* of the Criminal Code);
- ✓ terrorist or subversion attacks (article 280 of the Criminal Code);
- ✓ terrorist act with lethal or explosive devices (article 280 *bis* of the Criminal Code);
- ✓ kidnapping of persons for terrorism or subversion purposes (article 289 *bis* of the Criminal Code);
- ✓ incitement to commit any of the crimes against the State (article 302 of the Criminal Code);
- ✓ conspiracy by political agreement and political conspiracy through association (articles 304 and 305 of the Criminal Code);
- ✓ armed band and training and participation and assistance to participants in conspiracy or armed band (articles 306 and 307 of the Criminal Code);
- ✓ terrorism crimes covered by special laws: all those crimes covered by the laws enacted in the 1970's and 1980's to combat terrorism;
- ✓ crimes, other than those covered by the Criminal Code and special laws, that violate article 2 of the International Convention for the Suppression of the Financing of Terrorism (New York, 8 December 1999), whereby a crime pursuant to this Convention is committed with any means, directly or indirectly, illegally and

intentionally, when the party supplies or collects funds with the intention of using them or knowing that they will be used, in whole or in part, for the following:

- a) an act that constitutes a crime pursuant to and as defined by one of the treaties listed in the annex; or
- b) any other act aimed at causing the death or serious physical injury of a civilian, or any other person not actively involved in armed conflict when the objective of such act, by its nature or context, is to intimidate a population, or oblige a government or international organisation to do or not to do a certain thing.

In order for the act to qualify as one of the above crimes, it is not necessary that the funds are effectively used for that described in letters a) and b): a party who attempts to commit the above crimes is taken to have *de facto* committed them.

A party is taken to have committed a crime when it:

- a) is an accomplice to one of the above crimes;
- b) organises or directs other persons in order to commit one of the above crimes;
- c) contributes to committing one or more of the above crimes with a group of persons sharing a common goal. This contribution shall be intentional and:
 - (i) shall be made in order to facilitate the criminal activity or purpose of the group, when such activity or purpose implies the committing of a crime; or
 - (ii) has been made with full knowledge of the group's intention to commit a crime.

f. Measures covering the prevention and banning of female genital mutilation, such as:

- ✓ female genital organ mutilation practices (article 583 *bis* of the Criminal Code).

g. Crimes against the individual and measures combating child sexual abuse and child pornography, also via the internet, such as:

- ✓ enslavement or keeping persons in slavery (article 600 of the Criminal Code);
- ✓ child prostitution (article 600 *bis* of the Criminal Code);
- ✓ child pornography (article 600 *ter* of the Criminal Code);
- ✓ possession of pornographic material (article 600 *quater* of the Criminal Code);
- ✓ virtual pornography (article 600 *quater*-1 of the Criminal Code);
- ✓ tourist initiatives including child prostitution (article 600 *quinquies* of the Criminal Code);
- ✓ trading of persons (article 601 of the Criminal Code);
- ✓ purchase and sale of slaves (article 602 of the Criminal Code).

h. Insider trading and market manipulation, such as:

- ✓ insider trading (article 184 of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and integrated);
- ✓ market manipulation (article 185 of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and integrated).

i. Transnational crimes, such as:

- ✓ criminal association for the illegal trafficking of narcotic drugs or psychotropic substances (article 74 of Presidential Decree no. 309 of 9 October 1990);
- ✓ criminal association for the smuggling of foreign tobacco (article 291 *quarter* of Presidential Decree no. 43 of 23 January 1973);
- ✓ criminal association (article 416 of the Criminal Code);
- ✓ mafia-type associations, also foreign (article 416 *bis* of the Criminal Code);
- ✓ measures against clandestine immigration (article 12 of Legislative Decree no. 286 of 25 July 1998);

-
- ✓ induction not to make statements or to make untruthful statements to the judicial authorities (article 377 *bis* of the Criminal Code);
 - ✓ assisting offenders (article 378 of the Criminal Code);
 - ✓ receiving and recycling (articles 648 and 648-*bis* of the Criminal Code);
 - ✓ using money, goods or services having an illegal provenance (article 648-*ter* of the Criminal Code).
- j. *Manslaughter or grievous bodily harm committed with violations of the regulations governing health and safety in the workplace***, such as:
- ✓ manslaughter (article 589 of the Criminal Code);
 - ✓ negligent personal injury (article 590 of the Criminal Code).
- k. *Receiving, recycling and utilisation of money, goods or services having an illegal origin***, such as:
- ✓ receiving (article 648 of the Criminal Code);
 - ✓ recycling (article 648 *bis* of the Criminal Code);
 - ✓ utilisation of money, goods or services having an illegal origin (article 648 *ter* of the Criminal Code).
- l. *Organized crime activities***, such as:
- ✓ criminal association with the purpose of subjecting to or keeping others in a state of slavery, people trafficking, trading in slaves and offences involving infringements of the provisions on illegal immigration contained in article 12 of Legislative Decree no. 286/1998 (article 416.6 of the Criminal Code);
 - ✓ involvement in mafia-type organizations, including foreign ones (article 416-*bis* of the Criminal Code);
 - ✓ collusion between mafia organizations and politicians for electoral purposes (article 416-*ter* of the Criminal Code);
 - ✓ abduction for ransom (article 630 of the Criminal Code);
 - ✓ criminal association for the purposes of peddling illicit drugs and/or psychotropic substances (article 74 of Presidential Decree no. 309/90).
- m. *Crimes against industry and commerce***, such as:
- ✓ denial of right to freely engage in industry or commerce (article 513 of the Criminal Code);
 - ✓ fraud in the conduct of commerce (article 515 of the Criminal Code);
 - ✓ selling sham foodstuffs as genuine products (article 516 of the Criminal Code);
 - ✓ selling manufactured goods under misleading trademarks (article 517 of the Criminal Code);
 - ✓ manufacturing and trading in goods made by encroaching on industrial property rights (article 517-*ter* of the Criminal Code);
 - ✓ counterfeiting geographical indications or designations of origin on traditional regional food products (article 517-*quater* of the Criminal Code);
 - ✓ unfair competitive practices involving threats and/or violence (article 513-*bis* of the Criminal Code);
 - ✓ fraud against home industries (article 514 of the Criminal Code).
- n. *Copyright infringement offences***, such as:
- ✓ infringement of copyright and relating rights (articles 171.1(a-*bis*) and 171.3 of Law no. 633/1941, as subsequently amended and integrated), especially in the context of
-

software and databanks (article 171-*bis* of Law no. 633/1941, as subsequently amended and integrated) and the support media used for musical, audiovisual and multimedia works (article 171-*ter* of Law no. 633/1941, as subsequently amended and integrated);

- ✓ failure to report to the SIAE the data needed to identify support media (article 171-*septies* of Law no. 633/1941, as subsequently amended and integrated);
- ✓ the production, sale, import, promotion, installation, alteration and/or use for fraudulent purposes of equipment capable of decoding audiovisual broadcasts to which access is subject to conditions (article 171-*octies* of Law no. 633/1941, as subsequently amended and integrated).

o. Offences consisting in inducement to refuse to render statements or to render false statements to Judicial Authorities, such as:

- ✓ inducement to refuse to render statements or to render false statements to Judicial Authorities (article 377-*bis* of the Criminal Code).

p. Environmental crimes, such as

- ✓ killing, destruction, capture, possession of protected species of animals or vegetables (article 727*bis* of the Criminal Code);
- ✓ destroying or damaging habitat within a protected site (article 733 *bis* of the Criminal Code);
- ✓ the crimes under the Legislative Decree 152/2006 such as those relating to:
 1. water discharges (art. 137, paras 1,2,3,5,11 and 13 first part)
 2. not authorised management of waste (art. 256, para 1, let a) and b), para 3)
 3. violation of the duties of communications and of keeping the mandatory registers and forms (art 258 para 4)
 4. illicit traffic of waste (art 259 para 1)
 5. organized activities for illicit traffic of waste (art 260)
 6. crimes as per article 260*bis* (informatics system for traceability of waste – SISTRI)
 7. crimes as per article 257 (clean up of the sites: pollution of the soil, subsoil, surface water and underground water exceeding the concentration limits)
 8. crimes as per article 279 (protection of air, limitation of emissions in the atmosphere from factories and activities)
- ✓ crimes as per law 150 of 1992 (Rules relating to crimes concerning the implementation in Italy of the convention on the international commerce of animal and vegetable species to be threatened with extinction, signed at Washington on 3 March 1973, as per law 19 December 1975 n.874 and regulation CEE n. 3626/1982 and following amendments, as well as the rules concerning the marketing and the possession of mammals and reptiles that are dangerous for health and public safety)
- ✓ crimes as per law 549 of 1993 (measures to protect stratospherical ozone and environment)
- ✓ crimes as per the legislative decree 202 of 2007 (implementation of the directive 2005/35/CE, concerning pollution caused by ships and related sanctions).

q. Offences consisting in hiring citizens of third States whose residence in the Italy is not regular, such as:

- ✓ Hiring of hiring citizens of foreign States not having regular residence permit, or whose permit elapsed and the renewal was not required within the legal deadlines,

was revoked or annulled (article 22, para 12-bis, of the legislative decree 25 July 1998, n. 286)

Confindustria (Italian trade association) guidelines

As Arpa Industriale S.p.A. (“ARPA” or the “company”) is a member of Confindustria, the company has based its Organisation, Management and Control Model (the “Model”) on the trade association’s guidelines (revised version of 31 March 2008).

These guidelines provide:

- an analysis of the content of Legislative Decree no. 231/2001;
- details of risks and protocols;
- the minimum information to be included in a Code of Conduct for the crimes covered by Legislative Decree no. 231/2001;
- details of the duties, requirements and powers of the Organismo di Vigilanza (supervisory body) and recommendations about its composition;
- case studies (analyses of the different categories of crimes covered by Legislative Decree no. 231/2001 describing the possible company areas at risk and examples of preventive controls that can be put in place).

The key points identified by the guidelines for the Model are as follows:

- identification of the risk areas, aimed at checking where crimes could possibly take place;
- preparation of controls able to prevent the risks by implementing specific procedures. The main components of the controls designed by Confindustria are:
 - Code of Conduct;
 - organisational system;
 - manual and automated procedures;
 - authorisation and signature proxies;
 - management controls;
 - personnel communications and training.

The components of the controls should be based on the following principles:

- the possibility to verify, document, assess for suitability and reasonableness of each transaction;
- application of a duty segregation policy (no one should be able to manage an entire process on their own);
- documentation of controls;
- creation of a suitable penalty system for violations of the Code of Conduct and the Model.

However, should a company decide not to align its Model with some of the guidelines, this does not affect its validity. Each Model shall be designed to reflect the individual company’s reality and may, thus, differ from the guidelines which are, by their very nature, general.

ARPA's Model and Code of Conduct

The conduct rules set out in this Model are consistent with those included in the Code of Conduct adopted by ARPA, even though this Model meets the specific requirements of Legislative Decree no. 231/2001.

In fact:

- the Code of Conduct is a tool adopted independently by ARPA in order to communicate its own ethical standards which it requires all its employees, company bodies, consultants and partners to respect (when they do not have their own Code of Conduct);
- on the other hand, the Model complies with specific requirements set out in Legislative Decree no. 231/2001, aimed at preventing the committing of particular categories of crime (whereby, when committed seemingly to the advantage of the company, they actually lay it open to the risk of being liable for the crimes as per the Decree). ARPA's Model sets out the rules to be respected in order to exonerate the company from the liability set out in Legislative Decree no.231/2001;
- this Model and the Code of Conduct integrate and complete each other for all purposes;
- all ARPA's employees are required to comply with this Model and the Code of Conduct, also if they are temporarily seconded abroad.

ARPA's Model

4.1 Preparation of the Model

When introducing the administrative liability regime, Legislative Decree no. 231/2001 however provided for a specific form of exoneration therefrom, should an entity be able to prove that it had adopted and effectively implemented all the relevant, necessary organisational measures to prevent the committing of crimes by parties working on its behalf.

Therefore, the existence of an adequate organisation demonstrates an entity's diligence in carrying out its activities, especially with respect to the committing of those categories of crimes covered by Legislative Decree no. 231/2001.

Articles 6 and 7 of the Legislative Decree list the components of an efficient and effective organisational structure, the correct implementation of which would lead to exclusion of an entity's liability.

An entity is exonerated from the penalty if it can prove that:

- a) management had adopted and effectively implemented an organisation and management model suitable to prevent the type of crimes actually committed beforehand;
- b) it had entrusted an independent body with the duty of supervising the working of and compliance with the model, as well as its updating;
- c) the persons that committed the crime acted by fraudulently circumventing the organisation and management model.

The model mentioned in point a) must:

- I. be able to identify activities within which it is possible that the crimes covered by the Decree could be committed;

- II. include specific protocols aimed at ensuring planning and implementation of the of the entity related to the crimes to be prevented;
- III. be able to identify methods for the management of financial resources suitable to impede the committing of such crimes;
- IV. include disclosure requirements to the supervisory body;
- V. introduce a disciplinary system suitable to penalise non-compliance with the measures set out in the Model.

To this end, ARPA commenced an internal project aimed at designing the Model required by article 6 of Legislative Decree no. 231/2001.

The Model's objectives include developing the awareness of its employees, company bodies, service providers, consultants and partners (who work on behalf of or in the interests of the company) about sensible processes so as to intervene in the case of conduct that does not comply with the Code of Conduct requirements and other internal regulations and procedures (as well as the law) that could have significant legal consequences (including penalties) not only for themselves but also for the company.

Although adoption of this Model is not mandatory, ARPA decided to design and adopt it as it is aware that such Model represents an opportunity to improve its internal controls and avail of the work performed (mapping of sensible processes, analyses of potential risks, assessment and adjusting of the existing controls over sensible processes) to increase the awareness of its resources about controls in order to have an "active" prevention of crimes.

A brief description of the different stages of the work carried out to identify the areas at risk is given below. Such work was the basis for the Model's design (and for any future updates).

- **Stage 1 "As-Is Analysis"**: examination of the company documentation (organisational charts, procedures, board of statutory auditors' minutes, notary proxies, etc.).

This stage consisted of the identification of what company processes were at risk and how crimes could be committed. The result was an overview of the, so called, "Sensible Processes", existing controls and related critical issues, focusing on compliance issues and specific controls required to meet the Model's standards.

Using the preliminary map of the sensible processes affected, key personnel were interviewed in order to gain a greater understanding of such processes and their controls (existing procedures/standards, possibility to verify transactions and their suitability and consistence, segregation of duties, documentation of controls, etc.).

- **Stage 2 "Gap Analysis"**: actions to improve the current internal controls (processes and procedures) and essential organisational requirements for introduction of a "specific" organisation, management and control model pursuant to Legislative Decree no. 231/2001 were identified based on the existing situation (controls and procedures for sensible processes) and requirements of Legislative Decree no. 231/2001.
- **Stage 3 "Preparation of the Model"**: the Model was prepared using the guidelines established by Confindustria and in accordance with Legislative Decree no. 231/2001.

- **Stage 4 “Roll-out of the Model”**: the Model was formally adopted by the company’s board of directors and the Organismo di Vigilanza was created, implementing the actions for improvements identified during the design stage. The most suitable solutions to inform/train employees about the content of Legislative Decree no. 231/2001 and Model were drawn up and to inform all those parties that act on behalf of and in the interests of the company for any reason.
- **Stage 5 “Updating the Model”**: so as to ensure that the Model is kept up-to-date, whenever the Legislator includes new offences in the Decree, the company shall carry out an assessment of the company areas that could be affected in connection with such new categories of crime.

4.2 Underlying principles and elements of the Model

The company considered the existing procedures and controls, where these were found to be suitable to prevent crimes and control the sensible processes.

This Model is part of the company’s existing internal controls while also meeting the specific requirements of Legislative Decree no. 231/2001.

Specifically, ARPA identified the following specific instruments already in place to assist decision-making and implementation, also with respect to the prevention of crimes:

- ✓ the internal controls and, therefore, the internal procedures, documentation and regulations covering the company’s hierarchical/functional structure and management controls;
- ✓ the Code of Conduct;
- ✓ personnel communications and training;
- ✓ the disciplinary system set out in the national labour agreement;
- ✓ the relevant Italian laws.

The principles, rules and procedures for the above-mentioned instruments are not set out in detail in this Model, but are part of the organisation and control system to which they belong.

The Code of Conduct is a fundamental part of ARPA’s internal controls and, as such, is an integral part of this Model.

In addition to those listed above, the key principles upon which the Model is based are:

- ❖ **Confindustria’s guidelines lines, which ARPA used to map its **sensible processes****;
 - ⇒ the requirements of Legislative Decree no. 231/2001 and, specifically:
 - ✓ entrusting an **Organismo di Vigilanza** with the duty of encouraging the effective and correct implementation of the Model, also by monitoring internal conduct and the right to have up-to-date information about those activities that are relevant for Legislative Decree no. 231/2001;
 - ✓ making suitable **resources** available to the Organismo di Vigilanza to assist it with its duties and the attainment of reasonably achievable objectives;
 - ✓ **checking the working** of the Model with its related periodic revision;
 - ✓ **making aware and circulating** information about the conduct rules and procedures at all internal levels;
 - ⇒ the general principles of adequate internal controls and, specifically:
 - ✓ the possibility to check and document all transactions that are relevant for Legislative Decree no. 231/2001;

- ✓ compliance with the concept of duty segregation;
 - ✓ definition of authorisation proxies in line with responsibilities;
 - ✓ communication to the Organismo di Vigilanza of the relevant information;
- ⇒ finally, when carrying out controls and the mandatory general check of the company's activities, giving priority to those areas where there is a significant risk that the categories of crimes covered by the Decree could be committed.

4.3 Adoption of the Model and subsequent modifications

Although adoption of the Model is not legally mandatory, APRA has deemed it necessary to adopt it with a special resolution taken by the board of directors in its meeting of 18 June 2009. In this meeting, the board also set up an Organismo di Vigilanza.

As the Model is a deed issued by management (as per article 6.1.a) of Legislative Decree no. 231/2001), ARPA's board of directors will be regularly informed of any subsequent amendments and integrations and will approve them formally.

ARPA's Sensible Processes

Based on the risk analysis carried out internally for the purposes of Legislative Decree no. 231/2001, the currently existing sensible processes mainly relate to:

- a) crimes in dealings with the Public Administration;
- b) corporate crimes;
- c) manslaughter or grievous bodily harm committed with violations of the regulations governing health and safety in the workplace;
- d) environmental crimes;
- e) IT crimes and illicit data processing.

The risk related to the other crime categories covered by Legislative Decree no. 231/2001 appears to be irrelevant.

Specifically, the sensible processes are mainly the following:

a) crimes in dealings with the Public Administration:

- management of inspections (administrative, tax, social security, environment, etc.);
- management of employee social security data processing;
- management of relationships with accredited institutes for product certification.

Moreover, as part of the category of crimes related to article 25 "Bribery and misappropriation of public funds" of Legislative Decree no. 231/2001, certain key activities have been identified, including for example:

- giving gifts;
- hiring promises;
- awarding of consultancy/supply contracts;
- expense reimbursement management;

- sponsorships.

With respect to these sensible processes, as well as the principles and conduct rules set out in the Code of Conduct and internal procedures, the company has identified the following general conduct principles/rules and preventive controls in order to reduce the risk of crimes being committed:

- it is forbidden to give cash donations to public officials (Italian or foreign ones);
- compliance with the company practices for gifts and presents is mandatory. Specifically, all gifts in any form to Italian and foreign public administration employees or their relatives, who could influence their independent decision-making or ensure an advantage for the company, is forbidden (also in those countries where this is common practice). Acceptable gifts are those with a moderate value (i.e not exceeding the amount of 100 Euro). The purchase of gifts shall be documented adequately so as to allow the relevant checks and shall be authorised in line with the relevant proxies;
- the segregation of responsibilities for those activities forming part of the sensible processes shall be ensured;
- employees who receive gifts or benefits, with a value above that acceptable (i.e exceeding the amount of 100 Euro), are required to inform the Organismo di Vigilanza, which will assess their appropriateness, on a timely basis;
- it is forbidden to grant any type of advantage (eg, hiring promises, etc.) to representatives of Italian or foreign Public Administrations that could lead to the same outcome as per the previous point;
- it is forbidden to provide or promise to commercial partners or external consultants services that cannot be adequately justified by the related relationship;
- fees paid to the external consultants shall be adequately justified by the type of service provided and current practice for the relevant business sector;
- relations with the Public Administration or parties engaged to provide public services shall be managed consistently, whereby the persons representing the company are solely those authorised to do so by the company;
- those parties who control and supervise employees that work with the Public Administration shall monitor carefully, using the most suitable methods their subordinates and shall report any irregular situations immediately to the Organismo di Vigilanza;
- fees paid to consultants and commercial partners shall be documented solely in writing;
- no type of inadequately documented payment shall be made;
- the Organismo di Vigilanza shall be informed promptly of all inspections carried out by public entities.

b) Corporate crimes:

- preparation of communications to the shareholders and the market about the company's financial position and results of operations (separate and consolidated financial statements);
- management of relations and controls carried out by shareholders, the board of statutory auditors and independent auditors;

- management of conflicts of interest.

With respect to these sensible processes, as well as the principles and conduct rules set out in the Code of Conduct and internal procedures, the company has identified the following general conduct principles/rules and preventive controls in order to reduce the risk of crimes being committed:

- a correct, transparent and cooperative attitude is necessary for all activities related to preparation of financial statements and other corporate communications, in accordance with the law and internal procedures, so as to provide the shareholders and third parties with true and correct information about the financial position and results of operations of the company and its subsidiaries; specifically, the following is forbidden:
 - ✓ representation or communication for processing and inclusion in financial statements, reports or other corporate communications of false or misleading data or, however, data that does not reflect the real financial position and results of operations of the company and its subsidiaries;
 - ✓ omission of data and information required by law on the financial position and results of operations of the company and its subsidiaries;
- in order not to affect the guarantees for creditors and third parties in general, all the regulations put in place by the law protecting the integrity and effectiveness of share capital shall be rigidly complied with; specifically, the following is forbidden:
 - ✓ the return of contributions to shareholders or freeing them from the obligation to make them, except in the case of the legitimate reduction of share capital;
 - ✓ the allocation of profits or interim dividends on profits not yet earned or to be allocated by law to the reserves;
 - ✓ the purchase or subscription of shares of the company or its subsidiaries except in the cases provided for by law, damaging the integrity of the share capital;
 - ✓ the reduction of share capital, mergers or demergers, violating the legal regulations protecting creditors and thereby damaging them;
 - ✓ fictitious capital formation, granting shares below par value for share capital increases;
- the correct working of the company and its bodies shall be guaranteed, ensuring and facilitating all internal controls over its running as provided for by law, and the uncoerced and correct passing of resolutions by the shareholders; specifically, the following is forbidden:
 - ✓ conduct that materially impedes, by hiding documents or using other fraudulent means, or that however hinders, the carrying out of controls and audit procedures by the board of statutory auditors or independent auditors;
 - ✓ determination or influencing resolutions taken by the shareholders, undertaking simulated or fraudulent acts aimed at impeding the regular taking of resolutions;
- the draft financial statements shall be made available to all members of the board of directors, with documented receipt, before the meeting held to approve them;

- the audit report (or similar report which is sufficiently clear and analytical) issued by the independent auditors shall be made available to all members of the board of directors;
- any engagement given or to be given to the independent auditors or to a company related to them, other than that for the audit of the financial statements, shall be communicated to the Organismo di Vigilanza.

c) Manslaughter or grievous bodily harm committed with violations of the regulations governing health and safety in the workplace

- Management of the requirements established by Legislative Decree no. 81 of 9 April 2008 “Implementation of article 1 of Law no. 123¹ of 3 August 2007 related to protection of health and safety in the workplace” and subsequent amendments and integrations, including:
 - ✓ identification of the persons belonging to the safety management unit and allocation of the relevant duties;
 - ✓ preparation and updating of the Risk assessment document;
 - ✓ checking the technical-professional suitability of the subcontractors or consultants depending on the work to be outsourced;
 - ✓ verification, for the job under the contract and subcontract, of possession of relevant photo ID card by the employees of outside companies;
 - ✓ resolution of issues arising from works or tender contracts as required;
 - ✓ provision of special training to employees and communications to third parties working at the company;
 - ✓ monitoring the correct use of the individual protection device by employees when carrying out their duties;
 - ✓ definition and management of plant and machinery maintenance programmes;
 - ✓ obtaining and filing of the conformity declaration for equipments and machinery;
 - ✓ obtaining and filing of the fire prevention and fitness for use certification.

With respect to these risks, as well as the principles and conduct rules set out in the Code of Conduct and internal procedures, the company has identified the following general conduct principles/rules and preventive controls in order to reduce the risk of crimes being committed:

- preparation and, where necessary, updating of the Risk assessment document, which shall include:
 - a section assessing all the risks affecting health and safety in the workplace and detailing all the specific assessment criteria;
 - details of the prevention and protection measures in place and the individual protection measures adopted following the assessment;
 - a list of measures held suitable to ensure improvement of safety levels over time;

¹ Measures designed to protect health and safety in the workplace and delegacy to the Government to reorganize and reform the legislation on the subject.

- details of procedures to implement the relevant measures and of the internal positions in charge of such implementation (these positions shall have adequate expertise and powers to do so);
- mention of the Prevention and Protection Service Head, the Employees' Safety Representative and the Doctor, who was involved in the risk assessment process;
- details of the jobs where employees could be at specific risk, which require established professional skills, specific experience, adequate training and on-the-job experience;
- all the additional data and information required by current health and safety legislation;
- adoption of suitable measures to prevent fires and evacuations of the workplace, also in the case of serious, immediate danger, which include:
 - carrying out and documentation of regular evacuation drills;
 - definition and adoption of suitable measures to cope with risk situations, especially including the preparation and regular updating of the safety and emergency plan, which shall include instructions and procedures to be followed in the case of emergencies;
 - regular updating of the book of plant and fire-fighting equipment controls;
- obtaining and filing of the fire prevention certification for each production site/unit issued by the Provincial Fire Brigade Unit, when necessary given the activities performed and materials used;
- preparation and updating by the Doctor of an internal health plan to ensure the adoption of the measures necessary to ensure employees' health and physical-psychological well being and to schedule medical check-ups;
- preparation of suitable internal procedures to define the conditions and terms for the acquisition and transmission of data about accidents in the workplace which lead to the relevant employee's absence from work for at least one day (excluding that on which the accident takes place) and require communication to the National Institution for Insurance against Accidents at Work (INAIL) and to the Organismo di Vigilanza for statistical, disclosure and information purposes;
- definition, documentation, implementation, monitoring and periodic updating of a programme to inform/train employees about health and safety in the workplace with particular emphasis on:
 - concepts of risk, damage, prevention, protection, organisation of internal preventive measures, rights and obligations of internal positions, supervisory, control and social security bodies;
 - job-related risks and possible damage and the related prevention and protection measures and procedures.

In addition, specific training and regular refresher courses will be held for certain employees in the safety unit (e.g., managers, employees and the Employees' Safety Representative) about their health and safety-related duties;

- regular monitoring of the effectiveness and adequacy of the prevention and protection measures in order to replace or amend them should they be found to be ineffective and/or inadequate (even in part) or to reflect possible changes in the internal organisation or risks;

- monitoring the correct use of the individual protection device by employees when carrying out their duties;
- providing employees engaged in contracts and subcontracts with the relevant photo ID card, showing their details and those of the employer;
- scheduling and holding a meeting at least once a year to be attended by:
 - the Employer or its representative;
 - the Prevention and Protection Manager;
 - the Doctor, if appointed;
 - the Employees' Safety Representative.

The issues discussed during this meeting shall include:

- the Risk assessment document;
- accident, work-related illnesses and healthcare trends;
- the identification criteria, technical characteristics and effectiveness of the individual protection devices;
- information and training programmes covering health and safety in the workplace.

Minutes shall be drawn up and forwarded to the Organismo di Vigilanza;

- carrying out duties in line with the instructions shown on safety posters and signs;
- ensuring ordinary and extraordinary maintenance of the safety devices (e.g., fireproof doors, fire extinguishers); in addition, the work environments, systems, machinery and equipment shall be subjected to ordinary scheduled maintenance, especially the safety devices, as per the manufacturers' instructions;
- management of obligations arising from tenders or subcontracts, i.e.:
 - checking the technical-professional suitability of the subcontractors or consultants depending on the work to be outsourced;
 - assessing that the bid price is adequate and suitable considering the cost of labour and cost of safety, which shall be specifically mentioned and shall be adequate considering the size and characteristics of the job, service or supplies;
 - providing the subcontractors with detailed information about the specific risks of the environment in which they will work and the prevention and emergency measures to be adopted during the contract;
 - identification with the counterparty (for works or tender contracts or service contracts agreed by the company as the customer) of any obstacles and solutions to be adopted to reduce the risk of accidents; this document shall be attached to the contract;
 - cooperation with implementing the prevention and protection measures for risks that could affect the contract;
- implementation of internal controls, which include the definition of suitable remedial or preventive actions for any non-compliant situations;
- preparation of internal procedures or operating instructions with which the employees and external consultants shall comply as part of their duties;

-
- provision of adequate information to external consultants about the potential risks to which they could be exposed;
 - regular updating of the accident book (including accidents which entail absence from work for at least one day, excluding that on which the accident took place) and introduction of measures which reduce the risk of accidents repeating themselves;
 - compliance with legal technical-structural standards for equipment, plant, work places, chemical, physical and biological agents;
 - introduction of rules for emergencies, first aid, tender management, periodic safety meetings, discussions with the labour representatives about safety;
 - performance of periodic checks to ascertain the application and effectiveness of the procedures enacted.

ARPA has a specific internal unit and has allocated responsibilities and powers to ensure implementation of the safety management system in line with the related legal requirements and based on the nature and size of its organisation and type of business activities.

This system has been designed to facilitate the wide scale monitoring of all the internal units and to ensure a hierarchical control mechanism for its operations and the allocation of the resources necessary to ensure that all the suitable and necessary tools to guarantee safety are in place. The identified managers must exercise their powers and comply with all the obligations imposed by Legislative Decree no. 81/2008 and all the other ruling laws and regulations about safety and accident prevention for their areas of responsibility.

d) Environmental crimes

- Discharge of fluid management;
- Waste management;
- Protection from the pollution, exceeding the relevant concentration limits, of the soil, subsoil, surface water and underground water;
- air emission management;
- substances damaging ozone management.

In relation to the aforementioned Sensible Processes in the environmental field, in addition to the principles and rules set forth in the Code of Conduct, in the special technical procedures, in the “*Autorizzazione Integrata Ambientale*” (Integrated Environmental Permit), the Company adopts an internal policy aimed not only at ensuring compliance with the applicable regulatory provisions in the environmental field, but also at a constant reasonable improvement of the environmental efficiency of the Company. Such policy shall be constantly reviewed and corrected, if appropriate, by the management of the Company, in particular on the basis of the results of the environmental audits.

The Company has identified the following general conduct principles/rules in order to reduce the risk of crimes being committed in the environmental field:

- promoting among all employees a sense of responsibility towards the environment;
- carrying out training activities, in particular for the employees having roles and functions subject to the environmental risks;

- identifying roles and responsibilities in relation to the management of the environmental activities, in particular with respect to the management of the aforementioned Sensible Processes and the relevant procedures;
- providing for incentives and sanctions in case of violations of the environmental procedures;
- adopting all measures necessary to prevent fortuitous emissions of materials or energy and to avoid any waste of energy;
- providing for the relevant environmental monitoring activities in compliance with the regulatory provisions, of the “*Autorizzazione Integrata Ambientale*” (Integrated Environmental Permit) and the internal procedures;
- managing and archiving the data and outcomes of such monitoring activities to continuously verify the compliance of the Company with the regulatory provisions and evaluate the impact of the activities of the Company on the outside social and environmental contest;
- providing for and updating procedures and actions to be carried out in the event that a non-conformity is detected;
- carrying out periodical and planned maintenance, as well as, if necessary, extraordinary maintenance of plant and equipment that have a negative impact on the environment;
- monitoring the environmental efficiency of the equipment, structures and machineries of the Company;
- checking the technical-professional suitability of the contractors or consultants, to be involved in environmental activities;
- identifying the regulatory provisions to comply with, identifying the relevant requirements to be met;
- ensuring the updating to the relevant Italian and European legislation;
- verifying that all authorizations, permit, requirements are valid and in force;
- communicating all necessary information to the competent authorities in order to allow them to understand the environmental risks relating to the activities of the Company and developing an open relationship with the authorities, also in relation to the “*Autorizzazione Integrata Ambientale*” (Integrated Environmental Permit), in compliance with the applicable legislation;
- ensuring that the ODV is duly informed by the persons responsible of the management of the Sensible Processes in the environmental field (i) on a periodical basis at least each six-month-period and (ii) immediately if relevant events occur.

In addition to the above, the Company identifies the following specific conduct principles/rules and preventive controls in relation to each Sensible Process in the environmental field; providing, in particular, that:

- with respect to the discharge of fluid management, procedures are defined in order to:
 - identify and classify the types of fluids discharged by the Company;
 - define a monitoring and control plan in compliance with the “*Autorizzazione Integrata Ambientale*” (Integrated Environmental Permit), as well as additional

voluntary monitoring actions adopted by the Company by means of analytical controls to be carried out at fixed deadlines on some key parameters;

- with respect to the waste management, procedures are defined in order to:
 - identify and classify the waste materials produced by the activities of the Company;
 - reduce the waste to be disposed of, by recuperating and re-using the waste materials;
 - duly manage registers, forms, annual declarations, and other technical and operating prescriptions relating to the deposit, identification and movement of the waste materials;
 - duly manage the temporary waste deposits, based on the type and quantity of waste to be stocked;
 - duly manage the transportation and disposal of waste material, identifying transportation and disposal companies having all requirements provided for by the applicable legislation;
- with respect to the protection from the pollution of the soil, subsoil, surface water and underground water, a control system is defined in order to:
 - identify measures necessary to prevent the pollution of the soil, subsoil, surface water and underground water;
 - define, if necessary, a suitable plan to monitor soil, subsoil, surface water and underground water in order to check possible pollution;
 - identify role and responsibilities to ensure that the communications required for under the law are duly done in the case of polluting events, as well as the clean-up plans are duly executed;
 - ensure cooperation with the competent authorities to fix and update the emergency procedures to minimize the effects of any polluting events that unfortunately may occur;
- with respect to the management of air emissions, procedures are defined in order to:
 - plan and carry out monitoring campaigns of the relevant chemical/physical parameters, in compliance with the prescriptions of the “*Autorizzazione Integrata Ambientale*” (Integrated Environmental Permit);
 - communicate the results of the monitoring campaigns to the competent subjects, in compliance with the prescriptions of the “*Autorizzazione Integrata Ambientale*” (Integrated Environmental Permit);
- With respect to the management of the substances damaging ozone, procedures are defined in order to:
 - identify and classify the machineries emitting substances damaging ozone and take care of the relevant periodical and extraordinary maintenance.

e) **IT crimes and illicit data processing.**

- Use of the Company’s IT instruments
- Access and use of the Company’s intranet

- Access to internet
- Management of the corporate e-mails
- Access to the Company's data base
- Communication via electronic means to Social Security Bodies and other Public Authorities in relation to the management of the personnel and any other relationship.

With respect to these Sensible Processes, in addition to the principles and conduct rules set out in the Code of Conduct and internal procedures, the Company has identified the following general conduct principles/rules and preventive controls in order to reduce the risk of crimes being committed:

- each employee shall keep with due care the IT instruments given to the same and use them only for purposes related to the job functions carried out by the same employee;
- each employee is entitled to use within the Company only the IT instruments given to the same at the time of the hiring or afterwards;
- the access to the IT instruments is protected by passwords, that are changed on fixed periodical basis; each employee shall choose a password that is not easily identifiable, change it at the requested deadlines and not disclose it, except if so required by the law;
- the access to the intranet is allowed only to authorized individuals and shall be carried out only as necessary to satisfy the needs of the relevant company's function;
- internet can be used only as a support to the job activities carried out and it is not permitted to browse on web sites having contents not related to the job activities and in particular on those that may damage the image of the company (pornographic, racial web sites, etc.);
- the communication via the Company's e-mail address shall be in compliance with the Company's policies and shall not allow disclosure of confidential information of the Company;
- all IT instruments shall not be used to widespread, recuperate or store any data having discriminatory contents, political purposes or any other purpose that is illegal or against the policies or the interests of the Company;
- with respect to the access to the data base and the processing of the relevant data, pursuant to the legislative decree no. 196/2003, the Company:
 - identified the owner of the data processing system;
 - identified the data processing activities carried out within the Company, identifying the nature of the relevant data, the categories of involved interests and the structure (office, function,..) in charge of each data processing activity;
 - provided for the distribution of the roles and responsibilities, taking care also of training activities for the employees involved;
 - carried out the relevant risk analysis;
 - adopted all measures to ensure integrity and availability of the data;
 - identified criteria and modalities for the restoration of the data in case of destruction or damages;
 - defined procedure to ensure controls

- all communications via IT instruments to the authorities are managed only by those in charge of them, in compliance with the internal procedures and rules.

Updating of the Model and mapping of sensible processes

Systematic procedures shall be carried out to search for and identify risks whenever:

- particular circumstances exist, such as, for example:
 - ✓ detection of violations of Legislative Decree no. 231/2001 and the principles included in this Model and the Code of Conduct;
 - ✓ other situations that could lead to potential risk situations.
- changes are made to Legislative Decree no. 231/2001 (eg, introduction of new categories of crime).

As the Model is a deed issued by the board of directors (as per article 6.1.a) of Legislative Decree no. 231/2001), ARPA's board of directors will be regularly informed of any subsequent amendments and integrations and will approve them formally.

Organismo di Vigilanza

7.1 Identification, appointment and revocation of the Organismo di Vigilanza

In accordance with Legislative Decree no. 231/2001, the body whose duty it is to supervise the working of and compliance with the Model and to ensure its updating shall be internal to the company (article 6.1.b) of the Legislative Decree no. 231/2001) and shall be independent.

As set out by Legislative Decree no. 231/2001, the body's duties cannot be outsourced. Only technical duties can be outsourced (to third parties with the relevant technical capacities necessary to best execute the duty) while the overall responsibility for supervising the Model remains with the Organismo di Vigilanza.

The guidelines recommend that it be an internal body that acts independently, professionally and on an ongoing basis. This independence characteristic assumes that the Organismo di Vigilanza only reports to the most senior level (board of directors) on its duties.

Applying these principles to ARPA and given the specific nature of the duties attributed to the Organismo di Vigilanza, the related duties were assigned to a board composed by: the head of the Human Resources Department, Mr. Valentino Inaudi, the legal consultant Mrs. Vittoria De Girolamo and the legal counsel of the shareholder of the company Mr. Ivar Oosterveld.

Therefore, this body was given the duty of carrying out, as Organismo di Vigilanza, the supervisory and control activities foreseen by the Model.

The board of directors appoints and revokes the Organismo di Vigilanza members.

Persons who have been served final sentences (or plea bargainings) cannot be elected members.

The independence requirement which characterises the Organismo di Vigilanza's activities has made it necessary to introduce certain protection barriers to ensure the Model's effectiveness and avoid that the body's controls could backlash (for example, if the controls carried out by the body found evidence that showed that the crime or attempted crime or violation of this Model had taken place at very senior management level).

Accordingly, the competent bodies of Company's shareholders will be kept informed about the body's assessment of the company's overall professional performance and will check its consistency with the internal policies every time remuneration and/or organisational changes are made.

7.2 Duties and powers of the Organismo di Vigilanza

The body has the duty to supervise:

- a) compliance with the Model by employees, company bodies, service providers, consultants and partners;
- b) the Model's efficiency and adequacy in relation to the company's structure and its effective capacity to prevent crime;
- c) whether to update the Model, when it is seen that it needs to be revised to reflect changed company and/or legal conditions.

To this end, the Organismo di Vigilanza also has the following duties:

- ensuring that the employees' conduct complies with internal procedures;
- checking company activities to update the mapping of sensible processes;
- regularly check certain transactions or actions taken by ARPA, specifically as part of the sensible processes, the results of which should be summarised in a special report to be presented to the relevant company bodies;
- implementation of the controls provided for by the Model, carrying out routine and (regular) spot controls over sensible activities;
- collaboration with the board of directors to assess the adoption of disciplinary measures for employees that violate the principles of the Model or Code of Conduct;
- monitoring initiatives to circulate knowledge and understanding of the Model and Legislative Decree no. 231/2001 and preparation of the internal documentation necessary for the Model's working covering user instructions, clarifications or updates;
- collection, processing and filing of important information about compliance with the Model and updating of the list of information to be transmitted or made available to it;
- collaboration with the other company units (also by holding special meetings) to best monitor ARPA's sensible processes and check the adequacy of and need to update the Model. The Organismo di Vigilanza has free access to all company documentation deemed by it to be relevant and it shall be regularly updated by management about: a) aspects that could lay ARPA open to the risk that a crime could be committed; b) relations with service providers, consultants and partners that work on behalf of the company carrying out sensible processes; and c) extraordinary transactions;
- interpreting the relevant regulations and checking that the Model complies therewith;
- collaborating with the ARPA units in charge of specific profiles and specifically:
 - ✓ with the HR unit for personnel training, application of any penalties and the issue of specific organisational measures;
 - ✓ with administration management to check and regulate cash flows.

In order to comply with the requirements of the Model and Legislative Decree no. 231/01, the Organismo di Vigilanza meets at least every three months. Extraordinary meetings can be held when needed. Minutes are always drawn up and filed in a special folder together with all other material relevant for the purposes of Legislative Decree no. 231/2001 at the company's premises.

7.3 Information flows to the Organismo di Vigilanza

The body shall be informed by the employees, company bodies, service providers, consultants and partners about any events that could generate ARPA's liability pursuant to Legislative Decree no. 231/2001. Everyone can contact the ODV at its e-mail address odv@arpaindustriale.com.

The following general provisions apply:

- ✓ any reports about the committing of crimes, or reasonable belief that a crime has been committed or, however, conduct not in line with the rules set out herein shall be collected;
- ✓ as established by the Code of Conduct, should an employee wish to report a violation (or alleged violation) of the Model, they should inform the Organismo di Vigilanza. The service providers, consultants and partners contact the Organismo di Vigilanza directly for their activities performed on behalf of ARPA;
- ✓ the Organismo di Vigilanza assesses the reports received; any related measures are applied in accordance with the guidelines set out in Chapter 9 (Disciplinary system);
- ✓ those persons who make such reports in good faith are protected from any form of reprisal, discrimination or penalisation and their identity is maintained confidential, except in the cases provided for by law and protection of the company's rights or persons accused by mistake and/or in bad faith.

In addition to the above reports of general violations, information about the following shall be mandatorily and immediately sent to the Organismo di Vigilanza:

- ✓ measures and/or notifications received from the judicial police or any other authority, which show that investigations, including crimes committed by persons unknown, have been undertaken;
- ✓ reports drawn up by other company unit heads as part of their control activities and which could give rise to facts, deeds, events or omissions that could be critical considering compliance with Legislative Decree no. 231/2001;
- ✓ information about disciplinary measures and any sanctions (including against employees) or the filing of such measures and the related underlying reasons.

7.4 Reporting by the Organismo di Vigilanza

The Organismo di Vigilanza reports on the Model's implementation and any critical issues noted.

It has four reporting deadlines:

1. quarterly to the Board of Directors;
2. quarterly to the Board of Statutory Auditors;
3. to Management and company units, as required;
4. to the competent bodies of Company's shareholders, as required.

In order to ensure a continuous flow of information to the Board of Directors and the Board of Statutory Auditors, the Organismo di Vigilanza reports on its activities every quarter.

Should it identify critical issues related to any of the above, the report is made immediately to another of the parties. When critical issues related to any of the members of Board of Directors, the Organismo di Vigilanza must inform the competent bodies of Company's shareholders.

The reports cover:

-
- a) the activities carried out by the body (specifying controls performed and their outcome, any updates of the sensible processes map, etc.);
 - b) any critical issues (and recommendations for improvements) identified related to conduct or internal events or the Model's effectiveness; and
 - c) an annual action plan for the subsequent year.

Minutes are drawn up of the meetings with the company bodies to which it reports and copies of such minutes are filed by the body.

The Board of Statutory Auditors, the Board of Directors and the Managing Director may call on the Organismo di Vigilanza at any time and it, in turn, may ask for meetings with them for urgent issues, making its request through the relevant units or parties.

Circulation of the Model

8.1 Training of and information to the employees

In accordance with Legislative Decree no. 231/2001, ARPA has drawn up a specific communication and training plan for the circulation and presentation of the Model to its employees. The HR unit will manage the plan together with the Organismo di Vigilanza.

Specifically, communications shall be posted on the notice board and on the intranet/internet presenting the Model, Legislative Decree no. 231/2001 and all other information necessary for its understanding.

With respect to training, different courses have been designed depending on the participants in order to personalise them and ensure that they properly meet the different requirements.

Newly hired staff are given an information kit (eg, including the Code of Conduct, the Model, Legislative Decree no. 231/2001, etc) so that they acquire the fundamental information needed to work in ARPA.

Moreover, annual refresher courses on the content of the Code of Conduct and the Model and significant changes to the Legislative Decree no. 231/2001 are held.

These updates are provided via classroom lectures, e-mail or handouts and/or publications.

Participation at classroom courses is checked by using an attendance sheet to be signed by each employee.

Receipt of updates sent by e-mail or in hard copy form is confirmed by e-mail or signed statements from the employees.

8.2 Communications to consultants and partners

The consultants and partners are informed about the content of the Code of Conduct and the Model as well as ARPA's requirement that their conduct complies with Legislative Decree no. 231/2001.

The disciplinary system

9.1 Functions of the disciplinary system

Definition of a penalty system (based on the violation and including a deterrent factor) applicable in the case of violations of the rules set out herein reinforces the Organismo di Vigilanza's supervisory function and ensures the Model's effectiveness. Definition of this system is essential for the Model pursuant to article 6.1.e) of Legislative Decree no. 231/2001 in order to ensure exoneration of the company.

The Organismo di Vigilanza initiates a disciplinary procedure when it identifies a possible violation of the Model during its control and supervisory activities.

Ascertainment of any liability arising from such violation and assignment of the related sanction are carried out in compliance with ruling legislation respecting the privacy, dignity and reputation of the parties involved.

Application of the disciplinary system and related sanctions is independent of the performance and outcome of a criminal proceeding undertaken by the judicial authorities should the conduct to be punished constitute a significant crime pursuant to Legislative Decree no. 231/2001.

In any case, the provisions of the Section no. 4 of the Code of Conduct will be applied.

9.2 Measures for junior managers and both white and blue-collar employees

Violations of the individual conduct rules set out herein by the employees covered by the national labour agreement for the rubber electrical cables sector and the plastic materials sector are disciplined.

Disciplinary measures that can be enacted for such employees, in compliance with the procedures set out in article 7 of Law no. 300 of 30 May 1970 (Workers' Statute) and any applicable special regulations, are those included in the penalty system as per article 53 and following articles of the above national labour agreement and specifically:

- a) verbal warning;
- b) written reprimand;
- c) fine of up to three hours pay and cost-of-living allowance;
- d) suspension from work for up to three days;
- e) termination of employment.

9.3 Measures for managers

Violations by managers of the procedures set out in this Model or adoption by them of conduct not in line therewith when carrying out their activities related to the Sensible Processes can lead to the most suitable measures being carried out by the company in accordance with article 7 of Law no. 300 of 30 May 1970 (the Workers' Statute).

9.4 Measures for directors and statutory auditors

Violations by directors or statutory auditors of the procedures set out in this Model or adoption by them of conduct not in line therewith when carrying out their duties shall be reported to the entire board of directors and board of statutory auditors by the Organismo di Vigilanza promptly. The two boards take the necessary steps in line with the ruling legislation. If critical issues related to any of members of the Board of Directors are detected, the Organismo di Vigilanza must inform the competent body of Company's shareholders.

9.5 Measures for third parties (service providers, consultants, partners, freelances)

The contracts and agreements entered into with service providers, consultants, partners and freelances shall include specific clauses whereby should their conduct or that of parties working for them be contrary to the principles set out herein and in the Code of Conduct and such to lead to the risk that one of the crimes covered by Legislative Decree no. 231/2001 could be committed, the company may terminate the contract or request that it be complied with, without prejudice to its claim for damages.