

**ORGANIZATIONAL, MANAGEMENT AND CONTROL
MODEL OF ORTON SRL, PURSUANT TO LEGISLATIVE
DECREE 231/2001 AND RELATED APPENDICES**

VERSION 1.3

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1. INTRODUCTION

This document together with the Appendices attached hereto, describe the organizational, management and control model (the “**Model**”) adopted by Orton Srl (the **Company**) pursuant to Legislative Decree no. 231 of June 8, 2001 as amended (“**Legislative Decree 231**”).

This Model serves as a framework of the operating and ethical rules adopted by the Company on the basis of the specific activities carried out, for purposes of preventing the commission of crimes referred to under Legislative Decree no. 231.

The Model has been drafted on the basis of the principles set out in the codes of conduct adopted by the group holding company IMI plc (the “**Parent company**”) and taking into account the guidelines issued by the *Confederazione Generale dell'Industria Italiana* (Confindustria), and the specific laws and regulations applicable to such matter.

2. LEGISLATIVE DECREE 231/2001

2.1 Introduction

The Legislative Decree 231, issued, pursuant to the mandate/delegate set out in art. 11 of Law no. 300 of September 29, 2000, introduced to the Italian legal system a regime of administrative criminal liability imposed upon legal entities, companies and associations (collectively, “**Organizations**” and, individually, the “**Organization**”) with respect to certain types of crimes committed by the parties described in point 2.4 in the interest of, or for the benefit of the same.

The extension of liability aims to involve in the punishment imposed for certain unlawful criminal acts, the Organizations which benefit, directly or indirectly, from the commission of the crime. The sanctions provided under Legislative Decree 231 fall within two categories:

- (a) **Monetary sanctions** (up to approximately Euro 1.5 million) and
- (b) **Injunctive sanctions**, such as the suspension or revocations of licenses or concessions, prohibition on the conduct of business activities, a prohibition on entering into contracts with the government, terminations/exclusions or revocations of loans and grants/contributions, and prohibition on advertising goods and services.

2.2 Violations/breaches

With regard to the type of crimes subject to the above-mentioned administrative liability on Organizations, Legislative Decree 231 provides for two separate types of the crimes briefly mentioned below.

(a) *Crimes committed in the context of relationships with the government*

The original text of Legislative Decree 231 (arts. 24 and 25), refers to a series of crimes committed in the context of relationships with the government, such as:

- corruption through an act committed by virtue of one’s office (art. 318 of the Italian Penal Code);
- corruption through an act conflicting with official duties (art. 319 of the Italian Penal Code);
- corruption in judicial acts (art. 319-ter of the Italian Penal Code);

- instigation to commit corruption (art. 322 of the Italian Penal Code);
- extortion (art. 317 of the Italian Penal Code);
- misappropriation/embezzlement to the detriment of the State, the European Union or other public entity (art. 316-bis of the Italian Penal Code).
- illegitimate receipt of grants, loans or other disbursements from the State, the European Union or other public entity (art. 316-ter of the Italian Penal Code);
- fraud to the detriment of the State, the European Union or other public entity (art. 640, second paragraph, n. 1 of the Italian Penal Code);
- aggravated fraud for the attainment of public disbursements (art. 640-bis of the Italian Penal Code);
- computer fraud against the State, the European Union or other public entity (art. 640-ter of the Italian Penal Code).

(b) *Crimes related to monetary or financial transactions*

Subsequently, art. 6 of Law no. 409 of November 23, 2001, setting out “Urgent provisions in view of the introduction of the Euro”, introduced art. 25-*bis*, which aims to punish the Organizations for crimes provided under the criminal code pertaining to “fraud involving currencies, public credit paper (*carte di pubblico credito*) and bills of exchange”.

(c) *Corporate crimes*

Art. 3 of Legislative Decree no. 61 of April 11, 2002 (“Legislative Decree 61”), in the context of the corporate law reform, introduced the new art. 25-*ter* (last amended by art. 31 of Law no. 262 of December 18, 2005 n. 262, which added the crime of failure to communicate conflicts of interest), extending the regime of administrative liability of Organizations to so-called “corporate crimes” as defined under Legislative Decree 61, such as:

- (i) false corporate communications/reports (art. 2621 of the Italian Civil Code);
- (ii) false corporate communications/reports to the detriment of shareholders or creditors (art. 2622, paragraphs 1 and 2, of the Italian Civil Code);
- (iii) false information contained in a prospectus (art. 2623, of the Italian Civil Code was abrogated by art. 34, paragraph 2. Law no. 262 of December 28, 2005, which added the crime of false information contained in a prospectus in new art. 173 *bis*, Legislative Decree no. 58 of February 24, 1998);
- (iv) false information in reports or communications by the auditing firm (art. 2624, paragraphs 1 and 2 of the Italian Civil Code);
- (v) impediments to control (art. 2625, paragraph 2, of the Italian Civil Code);
- (vi) undue restitution of contributions (art. 2626 of the Italian Civil Code);
- (vii) illegal distribution of earnings and provisions (art. 2627 of the Italian Civil Code);

- (viii) unlawful transactions involving own shares or quotas or those of a parent company (art. 2628 of the Italian Civil Code);
- (ix) transactions to the detriment of creditors (art. 2629 of the Italian Civil Code);
- (x) failure to communicate conflicts of interest (art. 2629-*bis* of the Italian Civil Code);
- (xi) fictitious formation of capital (art. 2632 of the Italian Civil Code);
- (xii) undue distribution of corporate assets by liquidators (art. 2633 of the Italian Civil Code);
- (xiii) illegitimate influence on shareholders' meeting (art. 2636 of the Italian Civil Code);
- (xiv) agiotage (art. 2637 of the Italian Civil Code);
- (xv) impediment to the exercise of the functions of public regulatory authorities (art. 2638, paragraphs 1 and 2, of the Italian Civil Code).

(d) *Crimes of terrorism and subversion of the democratic system*

Art. 3 of Law no. 7 of January 14, 2003 no. 7 has introduced to Legislative Decree 231 art. 25 *quater*, which adds to the series of crimes subject to the application of sanctions to organizations "crimes aimed at terrorism or subversion of the democratic system" provided under the Italian Penal Code, by special laws or in any case committed in breach of the international convention for the repression of the funding of terrorism entered into in New York on December 9, 1999.

(e) *Crimes against the individual*

Subsequently, art. 5 of Law no. 228 of August 11, 2003 added to the others art. 25 *quinquies* concerning crimes against the individual person, such as slavery and bondage, dealing in persons, child prostitution, child pornography, possession of child pornography including, pursuant to Law no. 38 of February 6, 2006, child pornography made up of virtual images of children.

(f) *Crimes related to market abuse*

Law no. 62 of April 18, 2005, introduced to Legislative Decree 231 art. 25 *sexies* which adds to the above list the crimes of abuse of privileged information and manipulation of the market envisaged under Part V, Title I bis, Chapter II, of the Consolidated Act under Legislative Decree no. 58 of February 24, 1998.

(h) *Transnational crime*

Pursuant to Law no. 146 of March 16, 2006 ("L. 146") ratifying and implementing the UN Convention against Transnational Organised Crime, offences covered under the convention

are punishable by rigorous imprisonment of up to four years, in the case where an organised criminal group is involved and the related offence is committed: (a) in more than one State; or (b) in one State although a substantial part of its preparation, planning, direction or control took place in another State; or (c) in one State but involves an organized criminal group that engages in criminal activities in more than one State or (d) in one State but has substantial effects in another State.

Law 146 also amended Legislative Decree 231, by extending the scope of the administrativeliability of legal entities to include the following transnational offences:

:

- (i) criminal conspiracy (article 416 of the Italian Penal Code);
- (ii) Mafia conspiracy (article 416-*bis* of the Italian Penal Code);
- (iii) criminal conspiracy for smuggling foreign processed tobacco products (article 291-*quater* of the Consolidation Law entrenched in Presidential Decree no. 43 of January 23, 1973);
- (iv) conspiracy in narcotics trafficking (article 74 of the Consolidation Law entrenched in Presidential Decree no. 309 of October 9, 1990);
- (v) violations of immigration laws (article 12, paragraphs 3, 3-*bis*, 3-*ter* and 5 of Legislative Decree no. 286 of July 25, 1998);
- (vi) incitement to refrain from issuing statements or to issue false statements to judicial authorities (article 377-*bis* of the Italian Civil Code);
- (vii) complicity in the obstruction of justice (article 378 of the Italian Civil Code).

(i) ***Involuntary manslaughter and involuntary actual or aggravated bodily harm***

Pursuant to Law no. 123 of August 3, 2007, setting forth “Measures for occupational health and safety and delegating powers to the government for restructuring and reforming the related regulatory framework”, Legislative Decree 231 was extended with the insertion of Article 25-*septies* under which the scope of the administrative liability of legal entities, was broadened to cover offences involuntarily committed through violations of accident-prevention and occupational health and safety regulations, and that is to say:

- (i) involuntary manslaughter (article 589 of the Italian Civil Code.);
- (ii) involuntary bodily harm (article 590 of the Italian Civil Code).

(j) ***Money-laundering***

In implementation of Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, as well as Directive 2006/70/EC laying down provisions for the execution of the former, Legislative Decree no. 231 of November 21, 2007 extended Legislative Decree 231 with the introduction of article 25-*octies* under which the scope of the administrative liability of legal entities, was broadened to cover the following offences:

- (i) handling stolen goods (article 648 of the Italian Penal Code);
- (ii) money-laundering (article 648-*bis* of the Italian Penal Code);
- (iii) use of monies, property or benefits of unlawful origin (article 648-*ter* of the Italian Penal Code).

(k) *Cybercrime and unlawful data processing*

Law no. 48 of March 18, 2008 on the “Ratification and implementation of the Council of Europe Convention on Cybercrime signed in Budapest on November 23, 2001 and rules for the related adjustment of the national legal system” extended Legislative Decree 231 with the introduction of article 24-*bis* under which the scope of the administrative liability of legal entities, was broadened to cover the following offences:

- (i) forgery of public electronic records, or documents of probative value (article 491-*bis* of the Italian Penal Code);
- (ii) illegal access to a computer system (article 615-*ter* of the Italian Penal Code);
- (iii) unauthorised possession and unlawful divulgence of access codes to computer systems (article 615-*quater* of the Italian Penal Code);
- (iv) procurement for use, or distribution of devices or computer programmes for the purpose of damaging or interrupting a computer device (article 615-*quinquies* of the Italian Penal Code);
- (v) illegal interception, hindering or interruption of the transmission of computer (article 617-*quater* of the Italian Penal Code);
- (vi) installation of devices for the purpose of intercepting, hindering or interrupting the transmission of computer data (article 617-*quinquies* of the Italian Penal Code);
- (vii) damage to computer data and computer programmes (article 635-*bis* c.p);
- (viii) damage to computer data and computer programmes used by the State or other public bodies or, in any event for public service purposes (article 635-*ter*);
- (ix) damage to computer systems (article 635-*quater* of the Italian Penal Code);
- (x) damage to computer systems used for public service purposes (article 635-*quinquies* of the Italian Penal Code);
- (xi) computer fraud by electronic signature certification service providers (article 640-*quinquies* of the Italian Penal Code).

greater details on certain of the most common corporate crimes are described in Appendix 1, in Appendix 2 and in Appendix 3.

2.3 Attempted violations/breaches

Art. 26 of Legislative Decree 231 provides that any time there is concrete evidence with regard to the attempt to commit violations, such as those listed in Legislative Decree 231, the monetary sanctions and the suspension of the penalty/probation are reduced from 30% to 50% (with respect to overall

sanctions). The sanctions do not apply when the Organization voluntarily takes action to block the breach in progress or to hinder its completion.

2.4 Perpetrators of crimes: representatives of the management and employees

Pursuant to art. 5 of Legislative Decree 231, Organizations are responsible/liable for violations committed in their interest or for their benefit:

- (a) By persons holding an office involving representation, management or direction of the Organization or of an organizational unit of the same having financial and operating autonomy, as well as by persons who exercise, including on a *de facto* basis, the management and control over the same;
- (b) By persons subject to the direction or supervision of one or more of the persons listed in point 2.4(a) above.

Legal entities may be held liable for the involuntary offences falling within the scope of Legislative Decree 231, and especially involuntary manslaughter and involuntary actual or aggravated bodily harm, only in the case where the legal entity in question gains some benefit from the offence

However, the Organization would not be liable for violations committed by the above persons if they acted in their own interest or in the interest of third parties.

2.5 Crimes committed abroad

The regime of liability set out under Legislative Decree 231 also applies in connection with crimes committed abroad by the Organization which has its main office in Italy, provided that the State of the jurisdiction in which the crime was committed does not take action with regard to such crimes.

The conditions which would lead to the Organization's being held liable for violations committed abroad are the following:

- (a) The breach was committed abroad by persons who are directly related to the Organization;
- (b) The registered office of the Organization is in Italy;
- (c) The Organization is called to respond for one of the crimes referred to in articles 7, 8, 9 and 10 of the Italian Penal Code.

2.6 Jurisdiction of the criminal court

The criminal court is responsible for determining whether or not the Organization is liable, by conducting the following verifications:

- (a) That the violations with respect to which the Organization is deemed liable, have been attempted or actually committed;
- (b) That the Model adopted by the Organization is suitable and adequate for purposes of preventing the commission of violations referred to under Legislative Decree 231.

3. APPROVAL OF THE MODEL, NOMINATION OF THE SUPERVISORY BODY AND SUBSEQUENT AMENDMENTS

Over the course of a meeting held on April 26, 2005, the Company's Board of Directors approved the Model, following consultation with the Board of Statutory Auditors. The Model entered into force on such date.

The Board of Directors nominated the Supervisory Committee referred to in point 7.1(a), by a resolution dated March 1, 2005. Following the change in the party exercising activities of direction and coordination, the Company substituted the two members of the previous group of control with two new members which will hold, respectively, administrative and financial roles within the group, through a resolution by the Company's Board of Directors dated June 14, 2006.

After having subjected the Company to the activities of direction and coordination of the Parent Company, the Company's Board of Directors approved on [•], upon consultation with the Company's Board of Statutory Auditors, the amendments to the Model which the Supervisory Board deemed opportune for purposes of adapting it to comply with the changes in law which have taken place following the adoption of the original text and to incorporate the Ethics Policy and Parent Company's other policies of proper management.

The updated text of the Model is reproduced below.

4. SUITABILITY OF THE MODEL

4.1 Purpose of the Model

The Model must assure that the crimes indicated in point 2.2 may not be committed by the parties indicated in 2.4, except by fraudulently eluding the procedures and controls imposed by the Model, as set out below. Otherwise, even pursuant to Confindustria's Guidelines, administrative liability for involuntary offences pursuant to Legislative Decree 231 shall not apply if the said offence is found to have been (involuntarily) committed by a material breach of the preventive organisational model, despite the legal entity's strict compliance with the supervisory and oversight obligations imposed under Legislative Decree 231.

4.2 Description of the Model

The Model:

- (a) Identifies the ethical principles and codes of conduct which all employees, collaborators and suppliers of the Company must comply with;
- (b) Identifies with activities within the scope of which the violations could be committed;
- (c) Identifies the supervisory body which will be in charge of overseeing the effective and accurate functioning of the Model and the implementation of the same;
- (d) Provides for verification procedures and the documentation of all material transactions;
- (e) Provides for the application of, and compliance with, the principle of separation of functions/offices, pursuant to which no one may manage autonomously an entire process;
- (f) Provides for methods of diffusion and involvement of all corporate levels in the implementation of the rules of conduct and procedures instituted;

- (g) Provides for a human resources policy which is in line with the objectives of the Model and incorporates the Group's policy on human rights;
- (h) Implements a disciplinary system to resolve any instances of non-compliance with the Model;
- (i) Provides for the methods of verifying corporate conduct on an *ex post* basis, as well as the functioning of the Model, and periodical updating of the same;
- (j) Implements adequate financial procedures for the prevention of violations;
- (k) Identifies mandatory information to be provided to the body in charge of ensuring the effectiveness of, and compliance with, the Model;

The Company's board of directors will be responsible for the implementation of the Model.

5. IMPLEMENTATION OF THE GROUP'S ETHICS POLICY AND POLICIES OF PROPER ADMINISTRATION

In the development of its international business activities, the Company undertakes to comply with all applicable laws and regulations in force in all of the countries in which it operates and to apply fully and completely the proper administration policies instituted by the Parent Company which are applicable to all of the Group's companies, and in particular:

- (a) The Ethics Policy prepared by the Parent Company (the "Ethics Policy"), the text of which is reproduced in Appendix 3;
- (b) The policy for the protection of human rights aiming to protect human rights (the "Human Rights Policy"), the text of which is reproduced in Appendix 6;
- (c) The policy of reporting irregularities aimed at ensuring compliance with values and principles pertaining to transparency and correctness/integrity of the conduct of the business activities. (the "Whistleblowing Policy"), the text of which is translated and reproduced in Appendix 7.

6. IDENTIFICATION OF ACTIVITIES AT RISK

A description of the main activities which involve a greater risk of the commission of the crimes referred to under Legislative Decree 231 is set out in Appendix 1, in Appendix 2 and Appendix 3.

7. CORPORATE GOVERNANCE

7.1 Introduction

The Company's board of directors (the "**Board of Directors**") has delegated the responsibility of ensuring an adequate corporate governance to the following decision-making structures of the Company:

- (a) The **Supervisory Committee** ("**Supervisory Committee**" or "**CdS**") – the body in charge, pursuant to art. 6, paragraph 1 lett. b) of Legislative Decree 231, of overseeing the functioning of, and compliance with the Model, as well as handling the updating of the same;

- (b) the **Corporate Senior Management** (“*Direzione Societaria*” or “**DS**”)– comprised of the general director (“**DG**”) and the head of finance (“**DFI**”), who also acts as vice general manager, which have the following duties with reference to corporate governance:
- (i) the development and implementation of adequate internal control procedures. New internal control procedures, pursuant to Legislative Decree 231, must be reviewed by the Supervisory Committee. All of the new internal control procedures must be reviewed and approved by a member of the Parent Company’s board of directors;
 - (ii) the management of human resources in connection with matters relating to the prevention of crimes. The DG is in charge of the management of human resources. The following administrative functions, which do not pertain to the activities at risk of violations of Legislative Decree 231, are carried out by the personnel of the finance personnel, under the supervision of the DFI:
 - (A) management of the system of managing attendance;
 - (B) management of relationships with third party companies to which payroll functions are outsourced
 - (C) management of relationships with third party temporary employment agencies.

The DG and the DFI are both responsible for ensuring that the Company always fulfils its legal obligations. In order to fulfil this function, they may consult with, where necessary, the Company’s legal counsel.

7.2 The Supervisory Committee

(a) *Composition*

The Supervisory Committee is comprised of three members:

- (i) One independent member, who must be a a qualified attorney-at-law with acknowledged experience in business administration within the meaning of Legislative Decree 231, or a professional accountant with a good reputation, without any connections with the company. This person also serves as the Chairman of the Supervisory Committee.
- (ii) Two members from IMI Group plc (the “**Group**”), who are not employees of the Company. These two persons must be qualified accountants and heads of finance or directors of Group companies.

The necessary autonomy of the CdS is guaranteed by the positions held by its members within the Company, as described above. In addition, the Chairman of the Supervisory Committee may, where so requested, participate in the meetings of the company’s board of statutory auditors (the “**Board of Statutory Auditors**”).

The Supervisory Committee defines and fulfils its duties and activities as a collective body, and is endowed with “*autonomous powers of initiative and control*” in compliance with article 6 paragraph 1, letter b) of Legislative Decree 231.

The activities of the Supervisory Committee shall be free from oversight by any other corporate structure or function whatsoever, without prejudice to overall oversight by the executive organ in respect of the appropriateness of the action taken by the Supervisory Committee.

In order to perform its duties and comply with all requirements imposed by law, the Supervisory Committee:

- (i) May use the resources of the Group's central finance and internal auditing department. The central finance department is available to carry out periodical and specific "*internal audits*", and to review the activities on the basis of requirements and instructions of the CdS;
- (ii) Is supported by the Company's financial and administrative resources, from which it may request the information necessary in order to fulfil adequately its supervisory duties, and
- (iii) May request the collaboration of human resources of the Company in general, as needed, in connection with both consulting and audit activities.

The Chairman of the CdS has a veto power with respect to any issue relating to interaction with third parties (i.e. consultants and agents). The Chairman of the CdS also has a veto power with respect to any proposal which would give rise to a reduction in the effectiveness of internal controls.

(b) *Nomination of members and declaration of the absence of reasons for incompatibility with the nomination.*

The single members of the CdS may be nominated through a Board of Directors' resolution, after having consulted with the Board of Statutory Auditors.

In the event that the Board of Statutory Auditors issues a negative opinion on the nomination of the members of the CdS, such opinion must be documented Board of Directors' minutes, which must be promptly brought to the attention of the senior management of the Parent Company.

On the occasion of new nominations of members of the CdS, the designated new members must issue a declaration in which they certify that no conditions subsist which would give rise to their incompatibility for such office, such as for example:

- (i) Conflicts of interest, including potential conflicts of interest, with the Company of such a nature as to prejudice the necessary independence of the role and duties of the CdS;
- (ii) Ownership, whether direct or indirect, of shareholdings which are significant enough to allow the holder to exercise considerable influence over the Company;
- (iii) Administration functions/roles, in the last three financial years prior to the nomination as member of the CdS of companies in bankruptcy, chaotic administrative liquidation or other insolvency procedures;
- (iv) Public employment with central or local government entities which serve institutional regulatory or control functions, or commercial counterparts of the same, in the three years preceding nomination as member of the CdS or commencement of the consulting/collaboration relationship with the CdS;
- (v) A criminal judgment/conviction, even if not yet final and enforceable, or the application of a penalty/punishment upon request (known as "plea bargaining"), in Italy or abroad, for the crimes listed under Legislative Decree 231 or other crimes with repercussions on the candidate's professional ethics;
- (vi) A criminal judgment/conviction, even if not yet final and enforceable, involving a punishment including suspension, including temporary suspension, from public office, or from management positions with legal entities or businesses.

In the event that any of the conditions referred to under points (v) or (vi) were to occur, the member of the CdS who has been sentenced will be deemed unsuitable and dismissed from his office as of the date of the sentence.

(c) *Suspension of the CdS for serious reasons*

In particularly serious circumstances, even prior to a judgment against the majority or all of the members of the CdS is ratified, the Board of Directors may decide, upon consultation with the Board of Statutory Auditors, to suspend the CdS and nominate an interim body.

The single members of the CdS may also be suspended or removed from their office only for just cause and following a Board of Directors' resolution, upon consultation with the Board of Statutory Auditors.

In the event that the Board of Statutory Auditors were to issue a negative opinion on the removal of single members of the CdS, this must be documented in a minutes of the Board of Directors' meeting, which must be promptly brought to the attention of the senior management of the Parent Company.

(d) *Revocation of powers*

For purposes of guaranteeing the stability and the prerogatives of the CdS, the revocation of powers and the attribution of the same to another party, prior to the natural expiry of the mandate could take place only for just cause, or following waiver of the mandate by the CdS, through a special resolution by the Board of Directors, following consultation of the Board of Statutory Auditors. Merely by way of example, just cause may include the following:

- (i) Failure to fulfil his duties;
- (ii) Conflict of interest;
- (iii) Exclusion from a professional association or loss of a professional qualification due to unlawful conduct.

(e) *Duties of the Supervisory Committee*

The Supervisory Committee has the following duties:

- (i) To ensure the efficacy of the Model;
- (ii) To verify the state of implementation of the Model;
- (iii) To review and update periodically the Model to maintain its suitability for purposes of preventing unlawful acts pursuant to Legislative Decree 231;
- (iv) To analyze the solidity and efficiency of the Model in the long term; to promote the updating of the Model in the event that the work carried out should reveal the need to make improvements;
- (v) To ensure the necessary flow of information, to and from the Board of Directors, the Board of Statutory Auditors and the Company's auditors.

The CdS has unlimited access to the information on the Company. Since the CdS' responsibilities include investigation, analysis and audit activities, upon the request of all of the directors, including

the managing director, the executives and other employees of the Company must provide all information related to events and circumstances pertaining to the CdS' responsibilities.

(f) ***Term of office***

The CdS shall remain in office for as long as the Board of Directors which nominated it remains in office.

The new Board of Directors has the right to confirm the CdS or to nominate a new one. The nomination of new members of the CdS takes place through a resolution by the Board of Directors and does not, per se, give rise to the need to draft and approve a new Model.

8. OPERATING PROCEDURES FOR THE VERIFICATION AND DOCUMENTATION OF ALL MATERIAL TRANSACTIONS

8.1 Introduction

The Model sets out specific operating procedures for purposes of addressing the areas at risk and preventing violations/breaches pursuant to Legislative Decree no. 231. Said operating procedures are set out below and in Appendix 1, in Appendix 2 and Appendix 3 with specific regard to types of crimes better described therein.

8.2 Division of duties and tasks

An adequate segregation of duties and tasks has been established in an aim to minimize risks of fraud or irregularities involving collusion by employees. In particular:

- (a) IT services responsibilities are separated from finance responsibilities. As a result, the Head of IT reports directly to the DG. The DFI's access to company systems is limited to the functions pertaining to his area of responsibility;
- (b) Responsibility for the purchasing process is separate such that a single individual may not create a new relationship with a supplier, elaborate a purchase order or approve an invoice for payment;
- (c) There exists an independent auditing system, where separation in the strict sense is not possible (for example control, authorization, insertion in the system of hours worked by production supervisors);
- (d) The exist set-off/counter-balancing controls, thanks to which any person may control more than one phase of a transaction.

8.3 Conflict of interest

Each employee must endeavor to avoid any situation which could interfere with his duties and responsibilities vis-à-vis the Company.

A conflict of interest arises where an employee:

- (a) May benefit from gaining access to confidential information;
- (b) Takes advantage of his position within the Company in order to obtain a personal advantage;
- (c) Has a personal interest in a supplier or client of the Company;

- (d) Holds other employment positions, or provides other services outside the Company which are in conflict with or interfere with his duties within the Company.

If an employee believes that he is in a situation of conflict of interest, including a potential conflict of interest, he must immediately disclose his position to the DG. If the DG is of the view that such conflict of interest does in fact exist, he must immediately communicate his position to the CdS. In the event that the DG fails to do so, the employee in a potential or actual conflict of interest must contact the CdS directly. If the CdS finds that the potential or actual conflict of interest does exist, immediate measures must be taken for purposes of eliminating the conflict of interest.

Each employee of the company must act in compliance with the principles set forth in the Group's Ethics Policy, attached hereto as Appendix 3.

8.4 Delegation of powers

There exist precise limits on powers for all directors and other employees. These include: payments, authorizations for expenses, and the execution of agreements in the name and on behalf of the company. The limits which concern powers-of-attorney and powers are approved by the Board of Directors.

8.5 Banks, payments and treasury

The company maintains a list of persons authorized to sign checks and to effect electronic payments.

In order to make a payment, at least two managers/persons responsible are necessary. Prior to the approval of a payment, the person approving the payment must check the invoices or other documentation justifying the payment, in order to ensure that:

- (a) The data corresponds;
- (b) The documentation has been adequately rechecked and authorized;
- (c) The payment is made in connection with bona fide goods or services supplied to the company.

The above review process is not necessary where the payment is related to the purchase of goods needed for the Company's day-to-day activities, and provided that the amount of the payment is less than €20,000. The review process is always necessary where the payment is related to services (including fees and payments for consulting services, which are excluded from the services on the labor accounts) or in the event that the amount of the payment is greater than or equal to €20,000. In the event of payments for services on the labor accounts (for example mechanical works), the review process applies to amounts exceeding €5,000.

Under no circumstances may a payment exceeding €1,000 be made in cash or by check.

Agreements in a foreign currency may be entered into solely by the Group's treasury. Otherwise, transactions related to them will not be permitted. Under no circumstances may speculative agreements be entered into. It is not possible to open new bank accounts without the Parent Company's approval.

8.6 Participation in bidding contests with public or quasi-state entities

In the event that the Company should participate in bidding contests with public or quasi-state entities, it must avoid any unlawful conduct or activity aimed at influencing the process for the assignment of the contract. All of the agreements must take place transparently and on commercial

terms. A description of possible criminal acts deriving from relationships with public entities and conduct at risk of triggering the commission of violations sanctions by Legislative Decree 231 is set out in Appendix 1.

8.7 Approval of sales quotes

With respect to all principal sales agreements, an “agreement summary form” (for those having a value exceeding €500.000) must be filled out prior to their execution. Said form contains the following information:

- (a) The name of the client
- (b) The amount of the sales and the cost value (in other words, the basis for the determination of the price)
- (c) Key contractual terms, such as:
 - (i) Payment terms;
 - (ii) Guarantees/warranties, and
 - (iii) penalties;
 - (iv) commissions;
 - (v) personal data of the beneficiary/ details on the commission.

8.8 Detailed information on possible fees payable and the beneficiary.

The agreement summary form must be approved by the DG and by the DFI, as well as by the managing director of the division of the Group to which the Company belongs. For agreements having an even higher value, further approvals by the Group’s Senior Management are necessary.

All new clients must be approved by the DFI before their orders can be accepted. The review process carried out by the DFI takes into account the reputation of the client, and whether he has been recently convicted for violations pursuant to Legislative Decree 231, according to the information in the Company’s possession or easily obtainable. All new clients are officially informed of the Model, and a copy of it is provided to them. Where possible, the agreement must include a right of termination and a right to claim damages in the event that the client fails to comply with the Group’s Ethics Policy.

8.9 Nomination of new sales agents and consultants

The list of authorized sales agents and consultants is kept updated and is available for consultation by the CdS.

All new sales agents and consultants are subject to a prior verification process to ensure that:

- (a) The agent or consultant provides services which are adequate and necessary for the Company
- (b) The agent or the consultant are the persons or entities which are suitable for purposes of negotiating on behalf of the Company. This includes factors such as:
 - (i) Experience in the sector;

- (ii) Range of activities;
 - (iii) Number of persons, and
 - (iv) Confirmation of adequate registration in relevant professionals registry if necessary.
- (c) The remuneration to be paid must be adequate and must be paid through normal channels.

All agreements entered into with new agents or consultants must include a reference to Legislative Decree 231. such reference must indicated that the Company undertakes to comply with the Model, a copy of which is delivered to the agent or consultant prior to the establishment of the relationship. The agent or consultant must expressly declare in writing that he agrees to comply with the principles set out in Legislative Decree 231.

Where the agreement includes the supply of technical consultancy services by the agent or consultant, the agreement must specify that such service must be supplied to the Company in writing.

The DG and the DFI must both approve the nomination of all new agents and consultants. The nomination of all new agents or consultants also requires the Parent Company's approval.

8.10 Interest on late payments

In compliance with Italian law, clients are charged interest in the event of late payments. Where such interest is not charged for commercial reasons, this decision must be documented officially.

In the event that the interest charged is not paid by the client, and later re-credited for commercial reasons, the justifications for this must be officially documented and approved by the DFI.

8.11 Settlement/clearing Accounts

All new settlement accounts must be approved by the DFI. Every month, he must review all the documentation related to all settlement accounts, and censure that any unpaid/non-performing items are valid. Written evidence must be kept of the review.

8.12 Expense payments to employees

Before payment, all expenses must be approved by the employee's direct superior. When it is the General Manager, approval must be obtained from the Head of the Group or Division.

Entertainment activities for employees, with the exception of company functions (for example the Christmas party) will not be reimbursed by the Company.

Expenses related to registration in clubs or gyms are borne by the relevant employees and will not be paid by the Company.

The Company does not pay private telephone bills.

8.13 Acquisition of new suppliers

All new suppliers are subject to the joint approval of the DG and the DFI. Prior to approving a new supplier, the DG and the DFI will carry out a review procedure for purposes of verifying that:

- (a) The supplier is adequately registered;

- (b) Prices are agreed on the basis of normal commercial terms;
- (c) Payment terms are normal and appropriate;
- (d) To the Company's knowledge, the new supplier is not subject to judicial investigations and has not been convicted for violations pursuant to Legislative Decree 231;
- (e) The supplier is not an affiliate of the Company or related to any of its executives or directors.

All new suppliers are officially informed of the Model, and are provided with a copy of it. Where possible, the agreement includes a right of termination of the agreement and right to claim damages in the event of failure to comply with the requirements and conduct envisaged under the Model.

In the event that the supplier must use or gain access to company property (including the "Models" and the equipment), the agreement must specify the supplier's responsibilities in connection with such property.

8.14 Gifts and donations

(a) *Gifts and entertainment for clients*

It is absolutely prohibited to offer cash or other incentives. The granting of gifts and entertainment of modest value to clients is at the discretion of the DG and the DFI who decide jointly, but it is in any case not encouraged.

All requests for entertainment activities for clients must set out the name of the client and the company to which he belongs.

(b) *Gifts and entertainment activities for employees*

In the DG's discretion, gifts of reasonable value may be made to employees (for example as a bonus for a long period of service or at retirement).

Entertainment activities for employees, with the exception of those organized by the Company (for example the Christmas party) at a reasonable price are prohibited.

(c) *Gifts and entertainment activities for government employees or public entity/authority employees*

It is strictly prohibited to give any kind of gift to government or public entity employees.

(d) *Donations*

The Company does not make any donation to political parties or charitable organizations.

(e) *Receipts for gifts to clients or suppliers*

NOTHING may be accepted which could possibly prejudice the relationship with a supplier or a client.

Gifts received on the occasion of Christmas and New Year holidays by single employees who work for the purchasing department must be brought to the Company and shared with colleagues.

(f) *Advertising, signatures and sponsoring*

Advertising, signatures and sponsoring are strictly reserved to activities directly related to the Company. Evidence must be provided that the cost incurred generates value for the Company.

9. COMMUNICATION AND TRAINING

9.1 Introduction

The Company is committed to promoting and researching in the context of corporate informational materials, the ethical and conduct issues related to the employees, as well as the prevention of non-compliance. Therefore, the principles set out in the Model must be communicated both within the Company and outside it. The Company undertakes to make the Model known to all of its employees, agents and consultants and encourages them to provide their own feedback on its contents. The level of knowledge required varies depending upon the basis of the employee's position and role.

The CdS is responsible for ensuring that the Model is transmitted, read, and understood by all of the Company's employees. This may be assessed through interviews, questionnaires and discussions.

9.2 Circulation of the Model

(a) *Distribution of the Model and training of the executives of the DS*

The Board of Directors must transmit the Model officially to all members of the DS and to the other executives.

The members of the DS and the other executives must gain an in-depth knowledge of the Model and the requirements imposed under Legislative Decree 231. The CdS is responsible for providing the necessary information to the members of the DS and to the other executives for purposes of allowing them to achieve this objective. The CdS, through its meetings and other interactions with the DS and the other executives, is responsible for evaluating whether they have gained an adequate knowledge of the Model and initiating any corrective measures.

(b) *Distribution of the Model to mid-level managers, white collar employees and blue collar workers*

The Board of Directors must officially transmit the Model to all of the Company's employees.

The Model is distributed to all new employees, upon their acceptance of the employment contract. A specific and mandatory training course on the Model is also provided. As a minimum requisite, the course must cover a general overview of Legislative Decree 231, the main areas of risk, and procedures in place within the Company to address such areas of risk.

(c) *Communication of the Model to third parties and to the market*

The document entitled "Organizational, management and control model of Orton S.r.l. 231/2001 and related Appendices" is available to all parties who collaborate or have financial relationships with the Company.

The Company requests the commitment on the part of third parties, with whom it establishes contractual relationships, for purposes of ensuring that they also comply with the principles set out in the Model.

The Company will evaluate all suitable and/or supplementary methods of disclosing the Model to the market and to third parties who are party to contractual relationships with the Company.

10. HUMAN RESOURCES

10.1 Responsibility for the management of human resources

Functions related to the management of the Company's human resources are delegated by the Board of Directors to the DG.

10.2 Personnel recruiting process

The Company's recruiting process includes the following activities:

- (a) Completion of a specific written manual of tasks and duties, which set out duties and responsibilities;
- (b) Completion of a personal profile setting out the following: experience, qualifications, ethical conduct, criminal record, previous employers who are not in a position of conflict of interest with the Company, etc.;
- (c) Request for oral and written references for the last 3 years.

The Company's general policy provides that the recruiting of new employees is based exclusively on their merits and capacity to carry out the required mandate.

The employment agreement must include a specific commitment to comply with and sustain the Model.

With respect to all executive and white collar employment positions, at least two separate interviews must be organized with executives or supervisors. Usually, the first interview is conducted by the manager directly involved in the position to be held. The second interview will be conducted by a higher level executive, usually the direct superior of the first manager.

The documentation related to all vacant positions, employment applications and recruiting processes (including notes taken during the interviews) must be kept at the Company for 10 years.

Each employee who holds public positions or management roles in political parties, must provide official notification of such circumstance to the Company.

10.3 Debriefing process upon voluntary resignation

All people who decide to leave the Company voluntarily must have a leaving interview. The interview must be conducted by the DG and must be focused on important matters pertaining to the Model.

The leaving interview must be well-documented and said documentation must be made available to the CdS.

10.4 Incentives

All programs and incentives of the Company must be approved in advance by the Parent Company's management. The CdS must be provided with an annual summary of the incentive programs in place, specifying rights of access to such programs by each employee and calculation methods.

The incentive programs for the Company's key directors/managers (DG, DFI and head of production) include an element related to the compliance with and development of the Model. In the

event that the commercial/financial objectives are reached by infringing the Model, any incentive due will no longer be valid and therefore will not be paid.

11. DISCIPLINARY SYSTEM

11.1 Purpose of the disciplinary system

Article 6, paragraph 2 lett. e) of Legislative Decree 231 requires that the Model provide for a “a disciplinary system which is suitable for purposes of imposing adequate sanctions in the event of failure to comply with the measures set out in the model”.

The determination of the sanctions, which includes deterring elements which are commensurate with the breach committed, which are applicable in the event of breach of the measures set out in the Model, are aimed at contributing toward the effectiveness of the model, and of the control process carried out by the CdS.

The system operates regardless of the process or the results of any criminal proceeding brought by the competent authorities.

11.2 Description of the disciplinary system

(a) *Examples of violations of model 231*

Set out below are a few examples of violations of Model 231:

- (i) Actions or practices which do not comply with the procedures set out in the Model, or failure to carry out actions or practices required by the Model, during the conduct of activities in areas in which the risk of violations of Legislative decree 231 exists (“**sensitive processes**”);
- (ii) Actions or practices which do not comply with the procedures set out in the Model, or failure to carry out actions required by the model, during the conduct of activities related to sensitive processes which:
 - (A) Expose the Company to situations in which there is an objective risk that one of the violations indicated in Legislative Decree 231 could be committed, and/or
 - (B) Clearly intend to facilitate the commission of one or more violations related to Legislative Decree and/or
 - (C) Give rise to the imposition of one or more of the sanctions provided under Legislative Decree 231 on the Company.
- (iii) Conduct of actions or practices which do not comply with the principles set out in the Ethics Policy, or the failure to conduct actions or practices required under the Ethics Policy, or the failure to execute actions or practices required under the Ethics Policy, or the failure to execute actions or practices required by the Ethics Policy, during the conduct of sensitive processes or activities.

(b) *Disciplinary measures against mid-level managers, white collar employees and blue collar workers*

Once the CdS has discovered a breach of the Model, the investigation procedure provided for in the National Collective Bargaining Agreement in force at the time is commenced. Therefore, the head of Human Resources (the DG) commences the evaluation procedure with respect to each report of

breach of the Model. If, under the procedure, the breach of the Model is confirmed, the disciplinary sanctions provided under the National Collective Bargaining Agreement, and under company trade union agreements are imposed. The sanction imposed is proportional to the seriousness of the violation. The disciplinary sanctions currently applied under the National Collective Bargaining Agreement are the following:

- (i) Oral reprimand;
- (ii) Written warning;
- (iii) Suspension from work without pay for up to three days;
- (iv) Dismissal for just cause.

The DG is responsible for informing the CdS of the disciplinary sanctions applied. The CdS is responsible for monitoring the application of the disciplinary sanctions.

In applying the sanctions, the person responsible must comply with all obligations arising under the legal and contractual provisions.

(c) *Sanctioning measures against the executives*

Once the CdS has discovered a breach of the Model, if such breach has been committed by one or more executives responsible, the Company must adopt all of the rules and sanctions as required by law and under the terms of the National Collective Bargaining Agreement currently in force. In the event that the breach of the Model prejudices the fiduciary bond of the individual or individuals involved with the Company, he or they could be dismissed for just cause.

(d) *Sanctioning Measures against the Directors*

The CdS informs the Board of Statutory Auditors on any breach of the Model by one or more of the members of the Board of Directors.

If the person who allegedly committed the breach is a single director, the Board of Statutory Auditors informs the Group's Company Secretary and, if he deems it opportune, the Board of Directors, such that the initiatives necessary to minimize the consequences of the breach and to prevent its repetition, may be taken.

If the breach is attributable to more than one member of the Board of Directors or to the entire Board of Directors, the Board of Statutory Auditors will promptly inform the Group's Legal Counsel such that the initiatives necessary to minimize the consequences of the breach and to prevent its repetition, may be taken.

The personal details of the Company Secretary are set out in the Appendix 8 and are updated by the DS.

(e) *Sanctioning Measures against the Board of Statutory Auditors*

CdS informs the Board of Directors of any breach of the Model by one or more members of the Board of Statutory Auditors.

If the person who allegedly committed the breach is a single auditor, the Board of Directors informs the Group's Company Secretary and, if he deems it opportune, the Board of Statutory Auditors, such that the initiatives necessary to minimize the consequences of the breach and to prevent its repetition, may be taken.

If the breach is attributable to more than one member of the Board of Statutory Auditors or to the entire Board of Statutory Auditors, the Board of Directors will promptly inform the Group's Company Secretary such that the initiatives necessary to minimize the consequences of the breach and to prevent its repetition, may be taken.

The personal details of the Company Secretary are set out in the Appendix 8 and are updated by the DS.

(f) *Sanctioning measures against third parties*

Where possible, agreements entered into with third parties must include a clause pursuant to which the agreement may be terminated, and claims for damages may be brought, in the event that failure to comply with the Model is discovered. A copy of the Model will be sent to all the clients, suppliers and third parties which whom the Company collaborates.

11.3 Disciplinary procedure

Set out below are the procedures defined by the Company for purposes of enforcing the disciplinary system and the related sanctions applicable to the Company's employees:

(a) *Representation*

The Company acknowledges and honours the employee's right to be accompanied by a representative during any phase of the disciplinary procedure. The person who accompanies the employee is entitled to be present at all interviews, but he is not authorized to answer on behalf of the employee.

(b) *Right to bring an appeal*

All employees are entitled to raise an appeal against any disciplinary decision deemed unjustified. Such appeals must be submitted in writing to the General Manager within 5 business days.

(c) *Procedures*

With the exception of serious unlawful conduct (including the alleged commission of the crimes referred to in Legislative Decree 231, in which case the employee under investigation is immediately suspended from office), the Company, in compliance with the terms and conditions provided under art. 7 of Law no. 300 of May 20, 1970, and with the procedure provided by the National Collective Bargaining Agreement, may sanction the employees who commit breaches of the Model through the following procedure:

(i) First oral reprimand.

When the professional conduct of an employee appears not to comply with the principles of the Model, the DS must discuss the situation over the course of an individual interview with the employee. In the event that, upon consideration of all of the facts, and after having considered all explanations provided by the employee, the DS is convinced that there is a basis for taking disciplinary actions, the DS will formulate an oral reprimand.

(ii) First written warning.

In the event that the employee, following the oral reprimand, fails to change his conduct in compliance with the principles of the Model, or a more serious breach of

the same occurs, the DS must discuss again the situation with the person in question during a private interview. If, after having considered all of the explanations provided by the employee, the DS is convinced that there are grounds for taking disciplinary action, he or she must issue an initial written warning.

(iii) Final written warning or suspension.

In the event that the employee, despite the issuance of an initial written warning fails to change his conduct so as to make it comply with the principles of the Model, or in the event that the unlawful conduct is sufficiently serious to warrant the issuance of an additional written warning, or the imposition of a disciplinary sanction such as a suspension, but not sufficient to justify a dismissal, the DS must discuss once again the situation with the person in question in a private interview. In the event that, following due consideration of all of the facts, she is convinced that there are grounds to take disciplinary actions, she must issue a final written warning or suspend the employee.

(iv) Dismissal for just cause.

Dismissal for just cause is usually proper following two written warnings or the adoption of a suspension decision following which the employee has failed to change immediately and on a continuous basis his professional conduct so as to comply with the principles set out in the Model.

(d) *Lapse of reprimands and warnings*

Reprimands and warnings will lapse/be cancelled from the employee's personnel form, in line with the following timetables:

- (i) Oral reprimands – after 6 months of satisfactory conduct
- (ii) Written warnings – after 9 months of satisfactory conduct
- (iii) Final written warning – after 12 months of satisfactory conduct

12. PROCESS AND CONTROL AND REVIEW OF RISKS

12.1 Periodical controls by the CdS.

The Supervisory Committee must conduct three types of periodical controls:

(a) *Controls over documents*

The CdS must carry out, on an annual basis, a verification of the Company's most important documents/agreements related to areas considered at risk.

(b) *Controls over procedures*

The CdS must conduct regular reviews to ensure the effectiveness of the Model. It must carry out an analysis of all reports received, the actions taken by the DS and other parties involved, factors considered at risk, and the awareness on the part of the Company's executives and personnel of the breaches referred to in Legislative Decree 231.

(c) *Other controls*

Any other controls may be carried out at any time at the CdS' discretion, including controls of third parties. Where possible, new agreements with third parties must include a right to visit their offices, for purposes of ensuring the compliance with the terms of the agreement and those of the Model.

12.2 Meetings for the review of the Group's business and processes for review of financial controls

At least twice per year, the Company is subject to a review by the Group's management in charge of the internal review. During these meetings, the Group's representatives proceed with carrying out a review over the Company's financial transactions, as well as commercial and production transactions and compliance with health and safety requirements. Over the course of the above meetings, the state of implementation of the Model is always verified. The members of the CdS are invited to participate in these meetings and will receive a copy of the minutes.

In addition, the Company is subject to a detailed financial review on an annual basis. This review must take place during the visit of a financial executive of the Parent Company or another Division of the Group and may also coincide with one of the reviews referred to under the preceding point. The financial review includes an analysis of internal controls, as well as agreements for stock option plans proposed in order to resolve any weaknesses which may be identified. The review includes a detailed evaluation of the corrective measures taken to improve the level of compliance with Legislative Decree 231. The members of the Supervisory Committee will receive copies of the minutes and other information.

The minutes of these meetings and the notes on the financial reviews are made available to the CdS.

12.3 Process of annual review of risks

At least once per year, the DG carries out a review of the risks pertaining to the crimes sanctioned under Legislative Decree 231. The outcome of the review is discussed and agreed with the CdS, which will include it in its annual report.

The annual review over risks covers the following areas:

- (a) *Area at risk*
- (b) *Adaptation and thoroughness of the operating procedures*
- (c) *Adequacy of the Model*

13. INFORMATION

13.1 Information transmitted by the Supervisory Committee to the DS.

The CdS reports to the DS on the implementation of the Model, the identification of possible critical issues and the results achieved by the activities conducted. Upon the conclusion of each meeting of the Supervisory Committee, the Committee reports such information to the chairman of the Board of Directors, which in turn informs the CdS.

Each report by the Supervisory Committee to the chairman of the Board of Directors includes:

- (a) Details on the activities carried out (compliance with review activities, specific audits, the updating of plans);
- (b) Timely information on the new legal clauses regarding corporate administrative responsibilities;

- (c) Timely information on the breaches discovered during supervisory activities.

13.2 Annual Report of the CdS

On the basis of the controls referred to under point 12.1, the CdS drafts an annual report, which is presented to the Board of Directors for review. It must set out the problems found, as well as the corrective measures to be implemented.

On an annual basis, the Board of Directors and the DS undertake to create a plan of action, including the phases of implementation of any corrective measure required.

13.3 Reporting to the Supervisory Committee: general and specific information

The Supervisory Committee must be informed by all employees or by third parties, on any event with respect to which the Company could be deemed liable pursuant to Legislative Decree 231, and in particular:

- (a) Each employee of the Company must inform the DS and the CdS of the breaches or of the attempts to commit one or more of the crimes referred to under Legislative Decree 231, or of conduct which is not in line with the provisions of the Model and the attachments hereto, on the part of the parties referred to under point 2.4.
- (b) Each of the Company's employees must inform the CdS of breaches or attempts to commit one or more of the crimes referred to under Legislative Decree 231, or of conduct which is not in line with the provisions of the Model and the attachments hereto, on the part of the members of the DS.
- (c) The consultants and business partners must report any non-compliance with the Model found within their business activities directly to the CdS, through "dedicated communication channels", as specified in the respective agreements.

The CdS evaluates the notices received and the actions to be taken; any corrective actions are determined and applied in compliance with the disciplinary system.

For purposes of contacting the CdS, employees and third parties may use a dedicated e-mail address and a telephone number outside the company through which they may contact the Chairman of the CdS.

Individuals in good faith who report incidents of non-compliance are protected from possible retaliations, discrimination and/or any other type of penalty. Their anonymity will be safeguarded, subject to legal requirements and the rights of the Company, as well as those of persons unjustly or illegally accused.

In addition, in order to report the above-mentioned general breaches, the CdS must be informed of any disciplinary measure taken as a consequence of a breach of the Model, of any sanction applied (including those against employees) and of the dismissal of any breach reported, with an indication of the grounds for such dismissal.

APPENDIX 1

CRIMES AGAINST THE GOVERNMENT

1. INTENDED RECIPIENTS OF THE SPECIAL PART

This Special Part refers to conduct engaged in by directors, executives and employees (the “**Company Representatives**”) of the Company in business activities most at risk, as well as external collaborators and partners (the “**Collaborators**”) (the Company Representatives and Collaborators to be jointly referred to as the “**Recipients**”).

The objective of this Special Part is that all Recipients, as defined above, adopt rules of conduct in line with the provisions hereof, for purposes of preventing the occurrence of the crimes referred to under Legislative Decree 231.

The description of the types of crime indicated herein does not constitute an exhaustive list of crimes for which the company could be called to answer for pursuant to Legislative Decree 231, but is limited to types of crimes to which the Company is most exposed in consideration of the activities engaged in.

2. TYPES OF CRIMES COMMITTED IN THE CONTEXT OF RELATIONSHIPS WITH THE GOVERNMENT (ARTS. 24 AND 25 OF LEGISLATIVE DECREE 231)

2.1 Types of crimes

With regard to this Special Part “A”, there follows a brief description of the crimes contemplated under arts. 24 and 25 of Legislative Decree 231.

(a) ***Corruption through an official act or an act conflicting with official duties (arts. 318-319 of the Italian Penal Code)***

Such type of crime occurs where a public official or person in charge of the public service receives, on his own behalf or on behalf of others, cash or other benefits, or accept the promise of the same, to carry out acts conflicting with official duties, or to carry out, omit or delay acts by his office. It should be recalled that the crime of corruption is a crime in which complicity is necessary, where both the corrupting party and the corrupted party are punished (see art. 321 of the Italian Penal Code).

This type of crime is distinguished from extortion, since an agreement exists between the corrupted and corrupting party to achieve a reciprocal benefit, while in the case of extortion the private person is merely a passive party who is subject to the conduct of the public official or of the person in charge of the public service.

(b) ***Corruption in judicial acts (art. 319-ter of the Italian Penal Code)***

Such type of crime may occur where the Company is party in court proceedings and, in order to achieve an advantage in the proceeding, through its own manager or representative, corrupts a public official (not only a magistrate, but also a court clerk or other official).

(c) ***Instigation to commit corruption (art. 322 of the Italian Penal Code)***

This type of crime arises where, in the case of conduct aimed at corruption, the public official or person in charge of the public service refuses the offer illegally proposed to him.

(d) *Extortion (art. 317 of the Italian Penal Code)*

This type of crime occurs where a public official or person in charge of a public service abuses his position and forces or induces someone to give cash or benefits which are not due to him or to others. It is possible for the private party to be an accomplice of the public official or person in charge of a public service to the detriment of another private party.

(e) *Extortion, corruption, and instigation to corruption by members of the bodies of the European Union and officers of the European Union and of foreign States (art. 322-bis of the Italian Penal Code)*

The provisions of articles 317 to 320 and 322, third and fourth paragraph of the Italian Penal Code, also apply to members of the European Union Institutions, as well as to officers of the same, and of the entire EU administrative structure, and to persons seconded to the European Union entities or working in entities provided for under the treaties. The same provisions also apply to persons who within members States of the European Union engage in activities analogous to those in our legal system which are engaged in by public officials or persons in charge of a public service.

That said, it should be noted that art. 322-bis of Italian Penal Code also incriminates (and this is relevant for private parties who have dealings with the above-mentioned parties) those who engage in activities affected by arts. 321 and 322 of the Italian Penal Code (and that is corruption activities) against the same persons, and not only the passive parties in the corruption. In addition, art. 322-bis of the Italian Penal Code also incriminates the offer or promise of cash or other goods “*to persons who exercise functions or activities corresponding to those of public officials and persons in charge of a public service in other foreign States [other than those of the European Union, note added by author] or international public organizations, in the event that the act is committed in order to obtain, for oneself or others, undue benefit in international economic transactions*” (art. 322-bis, paragraph 2 no. 2).

(f) *Misappropriation to the detriment of the State (art. 316-bis of the Italian Penal Code)*

This type of crime occurs where, after having received loans or grants from the State or other public entity or from the European Union, the amounts obtained are not used for the purposes for which they were intended (the conduct indeed consists in having misappropriated, including partially, the amount obtained, regardless of whether or not the planned activity was actually carried out).

Given that the moment of perfection of the crime coincides with the executory phase, the crime may be found even with reference to loans already obtained in the past which only subsequently are used for purposes other than those for which they were originally disbursed.

(g) *Undue receipt of disbursements to the detriment of the State (art. 316-ter of the Italian Penal Code)*

This type of crime occurs where, by using or presenting false declarations or documents, or by the omission of information due, contributions, loans, subsidized loans or other disbursements of the same type granted or disbursed by the State or other public entities or the European Union, are obtained.

In this case, unlike as seen in the previous point on the matter of misappropriation, the purpose for which the disbursements are used is not relevant, since the crime is committed at the moment in which the loans are received.

In addition, it should be noted that such type of crime is residual in nature with respect to fraud against the same parties, in the sense that it is punishable only in cases where it is not punishable as a fraud (see below).

(h) *Fraud against the State, another public entity or the European Union (art. 640, paragraph 2 no. 1, Italian Penal Code)*

The crime in question is committed where, in order to realize an un just profit, tricks or frauds are put in place to mislead or cause damages to the State (or other Public Entity or the European Union).

This crime can be committed, for example, in the preparation of documents or data for the participation in bidding procedures, untruthful information is provided to the Government which is supported by falsified documentation, for purposes of obtaining the adjudication of the contract.

(i) *Aggravated fraud for purposes of obtaining public financing (art. 640-bis of the Italian Penal Code)*

The subject matter/purpose of the fraud in this case is the undue attainment of public financings/disbursements.

This crime can arise where tricks or frauds are used, for example by providing untruthful information or preparing falsified information to obtain public financings.

(d) *Computer fraud to the detriment of the State, the European Union or other public entities (art. 640-ter Italian Penal Code)*

This crime arises where, by altering the functioning of a computer or telematic system, or manipulating data contained in the same, an unjust profit is achieved, causing damages to the State, the European Union or other public entity.

The crime may arise, for example, where, once a financing is obtained, the computer system is breached for purposes of inserting an amount which is higher than that actually obtained legitimately.

2.2 Areas at risk

The above-described crimes arise where there is a relationship with the Government (in the broadest sense) and/or the conduct of public activities or public services.

In consideration of the relationships which the Company is party to with the Government or with persons in charge of the public serve, the activities deemed more specifically at risk, in light of the evaluation of risks carried out, are described here merely on the basis of possible types of criminal conduct, listed within the context of the corporate process of reference and are accompanied by the description of the existing preventive measures. In the event that specific measures appear ot be lacking, the more general standards of conduct provided under this Model shall apply. The CdS will be responsible for evaluating any proposal for the adoption (in such cases as well) of specific procedures/guidelines.

(a) *Management of verifications and inspections*

This is the management of verifications/inspections on safety and hygiene in the workplace and environmental matters carried out by the competent authorities (for example: NAS, ASL, etc.) and the handling of the related formalities, and management of relationships with

the tax authorities (for example: the *Guardia di Finanza*) and social security entities on the occasion of checks/verifications/inspections.

Sensitive activity

- Management of inspections on safety and hygiene in the workplace;
- Management of inspections on social security/insurance matters;
- Management of tax inspections;
- Management of environmental inspections.

(b) *Management and receipt of financings*

This includes activities of request, management and report of financings, contributions or other funds/subsidies granted by the State, the European Union or other public entities.

Sensitive activity

- Preparation of the documentation to be sent to the Public Entities;
- Preparation and transmission/ mailing of the application;
- Maintaining relationships with the Public Entities granting the financings.

(c) *Management of court and out-of-court proceedings with the Government*

This includes activities pertaining to the management of litigation arising following both active and passive lawsuits vis-à-vis public entities.

Sensitive activity

- Participation and hearings and court activities in general;
- Grant of mandates for legal/professional assistance;
- Management of relationships with the consultant appointed;
- Transmission of data for financial statement/balance sheet;
- litigation;
- assessment of risks associated with pending disputes/litigation (activities which are material for purposes of drafting of the financial statement/balance sheet);
- evaluation of the receivables risk fund (activities which are material for purposes of drafting of the financial statement/balance sheet).

(d) *Management of purchasing process*

This consists in the management of purchasing goods and services pertaining to the company's business activities. This is carried out by the Purchasing department.

Sensitive activity

- Management of orders;
- Selection of suppliers;
- Verification of the effective performance/supply/delivery by the supplier.

(e) *Selection, hiring and management of personnel*

This consists in the activities pertaining to the selection, hiring and management of personnel.

Sensitive activity

- Selection of personnel;
- Hiring of personnel;
- Transmission of documentation related to employees to public entities.

(f) *Consultants*

This consists in the selection and management of consultants.

Sensitive activity

- Grant of the consultancy mandate (legal, technical, etc....);
- Selection of the consultant;
- Relationships between the consultant with public officials or persons in charge of a public service;
- Verification of the actual performance by the consultant;
- Determination of the compensation.

(g) *Management of free gifts and representation expenses*

This consists in the management of authorization, administrative/accounting matters related to the offer of free gifts and representation expenses.

Sensitive activity

- Grant of free gifts or any other benefit to persons belonging to the Government.

Any additions to the above-mentioned areas of risk may be determined by the board of directors, upon agreement with the Supervisory Body, which is delegated to identify the related scenarios and determining opportune operating decisions.

2.3 General standards of conduct and implementation of the conduct required for the areas at risk

- (a) This Special Part provides for the express obligations, imposed on the Company Representatives, directly, and on the Collaborators, through special contractual clauses, to:

- (i) Strictly comply with all laws and regulations (including the Ethics Policy of the IMI Group) which apply to the company's business activities, with particular reference to the activities involving contacts and relationships with the Government and activities related to the fulfilment of a public function or public service;
 - (ii) Establish and maintain any relationship with the Government on the basis of standards involving the utmost fairness/correctness and transparency;
 - (iii) Establish and maintain any relationship with third parties in the context of all activities related to the fulfilment of a public function or public service on the basis of standards of fairness/correctness and transparency which ensure the successful fulfilment of the function or service and impartiality in carrying out the same.
- (b) This Special Part provides for, therefore, the express prohibition, imposed on Company Representatives, directly, and on Collaborators, through special contractual clauses, on:
- (i) Engaging in conduct which could amount to the crimes envisaged above (arts. 24 and 25 of Legislative Decree 231);
 - (ii) Engaging in conduct which, while appearing not to constitute per se a crime falling within those envisaged above, could potentially become one;
 - (iii) Causing any situation at potential risk in connection with the above-mentioned types of crimes, and the provisions set out in connection with the same.
- (c) In addition to the provisions set out in point 8.14 of the Model, in connection with the above-mentioned conduct, the following acts, in particular, are prohibited:
- (i) The grant of cash to public officers/officials;
 - (ii) The distribution of free gifts outside of the scope of the company practice/policies, meaning, any form of gift exceeding the normal commercial practices or courtesy practices or aimed at obtaining favorable treatment in the conduct of any business activity. In any case, any form of gift to Italian and foreign public officials or their family members is prohibited;
 - (iii) The grant of other advantages of any nature (such as, for example, promises of direct hirings or of relatives) in favor of representatives of the Government, which could give rise to the same consequences provided under point b);
 - (iv) The performance of favors/services in favor of Collaborators which is not justified by adequate reasons in the context of the relationship established with the Collaborators themselves;
 - (v) The grant of compensation to Collaborators which is not justified on the basis of the type of duty/mandate to be carried out and the practices in place in the local area;
 - (vi) The receipt or solicitation of grants of cash, free gifts or other benefits in the context of the exercise of public functions/duties or public services, to the extent that they exceed normal commercial and courtesy practices; anyone who receives gifts or advantages of another nature not included within the scenarios which are permissible, is required, in accordance with the procedures in place, to provide notice to the CdS, which evaluates the appropriateness of the same, and procure that the person who has granted such gifts the Company's policy on such matter;

- (vii) The presentation of incomplete or untruthful declarations to national or community public entities for purposes of obtaining public disbursements, grants or subsidized financings;
 - (viii) The application of amounts received from national or community public entities in the form of disbursements, grants or financings towards purposes other than the intended purposes.
- (d) For purposes of implementing the conduct referred to above:
- Association agreements with Collaborators must be entered into in writing and set out all the conditions of the agreement, with particular reference to the agreed economic conditions and must be proposed, verified and approved specifically by at least two authorized persons belonging to the Company;
 - Mandates granted to external Collaborators must also be drafted in writing, with an indication of the agreed compensation and must be proposed, verified and approved by authorized persons (who are specially designated) belonging to the Company. The agreement must set out a clause which ensures compliance with the principles provided under Legislative Decree 231.
 - All payments must be carried out in compliance with the provisions set out in point 8.5 of the Model;
 - Declarations made to national or community public entities for purposes of obtaining disbursements, grants or financings, must set out only truthful information and, upon the obtaining of such amounts, a proper report must be issued;
 - Those who perform functions of control and supervision over the formalities related to the performance of the above activities (payment of invoices, application of financings obtained from the State or community entities, etc.) must pay close attention to the implementation of the same by the persons in charge and report immediately to the CdS any situations of non-compliance/irregularities.

2.4 The system of controls

The system of controls, which has been perfected by the Company also on the basis of the indications provided under Confindustria's Guidelines, on fraud and corruption risks, provides for the following:

- (a) With reference to the sensitive activities identified:
 - (i) "general" control standards which apply to all sensitive activities;
 - (ii) "specific" control standards which apply to certain sensitive activities;
- (b) With reference to the persons who have relationships with the Government:

Rules of conduct and control standards which are instrumental in assuring the compliance with such rules.

(i) General control standards

The general control standards to consider and apply with reference to all sensitive activities identified are the following:

- **Segregation of activities:** application of the principle of the separation of activities is required such that no one may manage autonomously all of the phases of a process, in compliance with the provisions of point 8.2 of the Model.
- **Rules/Circulars:** there must exist company formalized provisions and procedures which are suitable for purposes of providing standards of conduct, operational methods for the conduct of sensitive activities as well as methods of filing the relevant documentation.
- **Approval powers and signatory powers:** powers of authorization and signatory powers must be: i) consistent with the organizational and management responsibilities assigned; ii) clearly defined and known within the Company.
- **Traceability:** each transaction relating to the sensitive activity must, where possible, be adequately registered. The process of decision-making, authorization and conduct of the sensitive activity must be verifiable ex post, including through documentary support and, in any case, the possibility of cancelling or destroying the registrations effected must be governed/regulated in detail.

(ii) Specific control standards

There follow additional control standards identified for specific sensitive activities.

- **Process: management of verifications/checks and inspections**

During any verifications and inspections by competent authorities, the employees must act in accordance with the principles set out in the Ethics Policy.

- **Process: management and obtaining of financings**

To be carried out in compliance with point 8.5 of the Model.

- **Process: management of in-court and out-of-court legal proceedings against the Government**

The management of in-court and out-of-court proceedings against the Government must take place in full compliance with the principles set out in the Ethics Policy.

- **Process: Management of the purchasing process and consultancies**

Purchasing: to be carried out in compliance with 8.13

Consultancies: the grant of consultancy mandates must take place in accordance with the procedures set out in point 8.9 of the Model.

- **Process: Selection, hiring and management of personnel**

the selection, hiring and management of personnel must take place in compliance with the procedures set out under point 10 of the Model.

- **Process: Management of free gifts and representation expenses**

The management of free gifts and representation expenses must take place in compliance with the procedures set out in point 8.14 of the Model.

- **Utilization of the Company's goods for purposes of image/sponsoring**

The use of the Company's goods for purposes of image or sponsoring must take place in compliance with point 8.14(f) of the Model.

2.5 Duties of the CdS

The CdS' supervisory duties concerning the compliance with and effectiveness of the Model on the matter of crimes against the Government are the following:

- Gathering and harmonizing all existing internal guidelines, put in place to safeguard areas of risk as indicated in point 2.2 of this Appendix 1;
- Monitoring of the effectiveness of the internal guidelines and of the system of corporate proxies and powers-of-attorney for the prevention of crimes against the Government;
- Examination of specific reports originating from the control bodies or any employee and determination of the verifications deemed necessary or advisable in connection with the reports received;

The CdS is also required to verify periodically, including with the support of the other competent departments/functions:

- Compliance on the part of Collaborators with the provisions of Legislative Decree 231;
- The possibility for the Company to take effective control measures against the recipients of the Model for purposes of verifying compliance with the requirements set out in the same;
- Implementation of sanctioning mechanisms (such as the withdrawal from, or termination of the agreement with external collaborators) in the event that breaches of the requirements are found;
- Reporting to the Board of Directors any supplements/additions to the financial management systems already existing at the Company, with an indication of the precautions which may be opportune for purposes of identifying the existence of possible financial flows which are atypical and characterized by a higher degree of discretion than as ordinarily provided for.

The Supervisory Body reports the results of its supervisory and control activities to the Board of Directors and to the Board of Statutory Auditors in the context of the annual report referred to under point 12.1.

APPENDIX 2

CORPORATE CRIMES

1. INTENDED RECIPIENTS OF THE SPECIAL PART

The recipients of this Special Part “B” are the directors, the DG, the Board of Statutory Auditors, representatives and special attorneys (“**Senior Persons**”) of the Company, as well as the employees subject to the supervision and control on the part of senior persons in the areas of activity at risk (hereinafter to be referred to as the “**Recipients**”).

With regard to the directors, the law also treats persons who carry out such functions on a “de facto” basis as if they were directors who are formally vested with such qualifications. Pursuant to art. 2639 of the Italian Civil Code, persons who are responsible for fulfilling the same function, even if holding a different position/office, as well as those who exercise on a continuous and significant basis the typical powers pertaining to such position/office or function.

The purpose of this Special Part is to ensure that all Recipients (as defined above) are specifically aware of the seriousness of the prohibited conduct and that they adopt rules of conduct in line with the provisions of the same, in order to prevent the occurrence of the crimes referred to under Legislative Decree 231.

2. THE TYPE OF CORPORATE CRIMES (ART. 25 TER AND SEXIES OF LEGISLATIVE DECREE 231)

With regard to this Appendix 2, set out below is a brief description of the crimes contemplated in the same (art. 25 *ter* of Legislative Decree 231) which may be classified, without purporting to show scientific rigor for rather for each of application, into four types.

Pursuant to the above-mentioned art. 25 *ter*, the auditors, although they fall within the category of active persons with respect to certain types of crimes envisaged hereunder, they are excluded from the list of parties who may trigger liability for the company pursuant to Legislative Decree 231.

2.1 False information in communications and reports

(a) *False company communications (arts. 2621 and 2622 of the Italian Civil Code)*

These consist in two types of crime (the first a misdemeanour and the second a crime), the typical conduct of which coincide virtually completely, which may be distinguished from one another on the basis of whether or not economic damages are caused to the company’s shareholders or creditors.

The two types of crime are committed through the declaration on the financial statements, in the reports or in other company communications provided by law, addressed to the shareholders or the public, of material facts which are untruthful, even if still subject to evaluations, which could mislead the recipients of the financial condition of the company or its group), with the intention of misleading shareholders, creditors or the public; or the omission, with the same intention, of information on such situation the communication of which is required by law.

It should be noted that:

- (i) The conduct must be aimed at achieving for oneself or for others an un just profit (from a standpoint of the application of Legislative Decree 231, the company would fall within the category of “others”);

- (ii) False or omitted information must be material and of such a nature as to change considerably the representation of the financial condition of the company (or of its group);
- (iii) If the false information or omissions give rise to a change in the gross earnings (prior to taxes) for the financial year which does not exceed 5%, or a change in net assets/equity which does not exceed 1%, such misrepresentation or omission would not be punishable; in any case, it is not punishable if resulting from estimates which, individually considered, differ from the correct figure by an amount not exceeding 10%;
- (iv) Liability is also extended to cases where information concerns assets held or managed by the company on behalf of third parties.

The active persons in connection with the crime are the directors, the auditors, the general managers, the liquidators, the executives in charge of the preparation of corporate accounting documents (own crime), save in cases where there is complicity on the part of third parties.

(b) *False information in reports or communications of the auditing firm (art. 2624 of the Italian Civil Code)*

The crime consists in false certifications or the concealment of information by the persons responsible for the audit, concerning the company's financial condition, for purposes of achieving for himself or for others unjust profit/enrichment.

The sanction is more serious where the conduct generates economic damages to the recipients of the communications.

The active persons in connection with the crime are the managers of the auditing firm (own crime), but the members of the management and control bodies of the company, its executives and employees may be involved as accomplices in the crime.

2.2 Criminal protection of the share capital

(a) *Undue restitution of contributions (art. 2626 of the Italian Civil Code)*

The typical conduct consist in the restitution of contributions to shareholders or the release of the same from the obligations to effect contributions, in an evident or simulated manner, other than in circumstances involving a reduction in share capital.

Active parties in the crime are the directors (own crime). There remains however a possibility of complicity, pursuant to the general rules of arts. 110 et seq. of the Italian Penal Code, on the part of shareholders who have engaged in the instigation, determination or support vis-à-vis the directors.

(b) *Illegal allocation of earnings or reserves(art. 2627 of the Italian Civil Code)*

The criminal conduct of such crime, which is considered an infraction (*contravvenzione*), consists in the distribution of earnings or advances on earnings not effectively achieved or applicable by law to the reserves, or the distribution of reserves, including those not established using earnings, which by law may not be distributed.

It should be noted that:

The replenishment of earnings or reserves prior to the term envisaged for the approval of the balance sheet cancels the crime.

The active parties in this crime are the directors (own crime).

(c) ***Unlawful transactions involving the shares or quotas of the company or of the controlling company (art. 2628 of the Italian Civil Code)***

This crime is perfected through the acquisition or subscription of shares or quotas of the company or of the controlling company, which causes damage to the integrity of the share capital and of the reserves which are by law may not be distributed.

It should be noted that:

If the share capital or the reserves are replenished prior to the term envisaged for the approval of the balance sheet, for the financial year during which the conduct was engaged in, the crime is cancelled.

The crime may be committed by the company's directors in connection with the company's shares.

(d) ***Transactions causing prejudice to creditors (art. 2629 of the Italian Civil Code)***

This crime is committed when, in breach of provisions of law for the protection of creditors, reductions in share capital or mergers with other companies or split-offs/demergers are carried out which cause damages to creditors.

It should be noted that:

compensation for damages to creditors prior to a court sentence cancels the crime.

The active parties in the crime are, in this case as well, the directors.

(e) ***Fictitious formation of capital (art. 2632 of the Italian Civil Code)***

The crime consists in the following conduct: a) fictitious formation or increase in share capital through the attribution of shares or quotas in an amount lower than their nominal value; b) mutual subscription of shares or quotas; c) excessively high appraisal/valuation of contributions in kind, receivables or assets of the company in the case of transformation.

The active parties in the crime are the directors and contributing shareholders.

It should be noted that the directors' failure to review the valuation of contributions in kind set out in the estimate report drafted by the Court-appointed expert would not constitute such crime.

(f) ***Undue distribution of corporate assets by liquidators (art. 2633 of the Italian Civil Code)***

The crime is committed through the distribution of corporate assets among shareholders prior to the payment of corporate creditors or the setting aside amount necessary to satisfy them, which could cause damages to creditors.

It should be noted that:

The payment of compensation for damages to creditors prior to court judgment cancels the crime.

The active parties in the crime are the liquidators.

2.3 Criminal protection of the regular functioning of the company

(a) *Impediments to control (art. 2625 of the Italian Civil Code)*

The conduct consists in impediments or obstacles, through the concealment of documents or other mechanism, the conduct of the control activities or review activities legally attributed to the shareholders, to other corporate bodies or to the auditing firms.

This would be a crime only where the above-described conduct causes damages to shareholders.

The active parties in the crime are the directors.

(b) *Unlawful influence on the shareholders' meeting (art. 2636 of the Italian Civil Code)*

The typical conduct involves the determination/generation, through simulated fraudulent acts, of a majority in shareholders' meetings (crime of event), for purposes of achieving, for oneself or others, an unjust profit/enrichment (specific wilful misconduct).

The crime is construed as a "common crime", which may therefore be committed by anyone, including persons who are extraneous to the company.

2.4 Criminal protection against frauds

(a) *Agiotage (art. 2637 of the Italian Civil Code)*

The realization of the crime involves the circulation of false information or the commission of simulated transactions or other artificial acts, which are concretely capable of causing a significant change in the price of unlisted financial instruments or financial instruments with respect to which no request for admission to trading on a regulated market has been submitted, or of having a material impact upon the public's reliance upon the economic stability of banks or banking groups.

This is also deemed a common crime and therefore may be committed by anyone.

3. AREAS AT RISK

In relation to each of the types of crimes described above, there are specific areas theoretically at risk, which involve activities which may be carried out by the corporate bodies over the course of the fulfilment of their functions.

The areas deemed to be specifically at risk in relation to corporate crimes are the following:

- Drafting of the balance sheet, the management report and other corporate communications;
- Company transactions which can impact upon the integrity of the share capital;
- Control activities carried out by the board of statutory auditors and by the auditing firm.

The Board of Directors may decide to report other areas as involving a particular level of risk, including upon the indication of the CdS, which must receive any notices/reports to such effect.

4. GENERAL STANDARDS OF CONDUCT AND IMPLEMENTATION OF THE CONDUCT REQUIRED FOR THE AREAS AT RISK

4.1 This Appendix expressly prohibits the Recipients from:

- (a) Putting in place, collaborating or giving rise to conduct which could amount to the types of crime in question (art. 25 *ter* and *sexies* of Legislative Decree 231);
- (b) Putting in place, collaborating or giving rise to conduct which, although not amounting to any of the types of crimes in question above, could potentially become one.

4.2 This Appendix therefore expressly imposes the following obligations on the Recipients:

- (a) To act in a correct, timely, transparent and collaborative manner, in compliance with the provisions of law and internal company procedures, in the context of all activities aimed at formulating the annual balance sheet, the periodical balance sheets, the budget and other company notices/communications, for purposes of providing to the functions in charge, the controlling company and third parties (to the extent entitled) information which is truthful and correct on the Company's financial condition;
- (b) To rigorously comply with all provisions of law aimed at protecting the integrity of the share capital and to always act in compliance with internal company procedures based on such provisions, in order to avoid prejudicing the guarantees of creditors and third parties in general;
- (c) To censure the regular functioning of the Company and the corporate bodies, ensuring and facilitating all types of internal controls over the company management provided by law, as well as the free and fair/correct formation of the will of the shareholders' meeting.

In the context of the above conduct, the following conduct is prohibited in particular:

- With reference to point 4.2(a) above:
 - (i) To represent and transmit for purposes of the elaboration and representation in balance sheets/financial statements, reports, or other company communications/information, false, incomplete or untruthful/misleading information on the Company's assets, financial condition and results of operation;
 - (ii) Represent or transmit for purposes of the elaboration and representation in the consolidated balance sheet/financial statement of the controlling company, false, incomplete or untruthful/misleading information on the Company's assets, financial condition and results of operation;
 - (iii) Fail to report information which is required by law on the Company's assets, financial condition and results of operation;
- With reference to point 4.2(b) above:
 - (i) To return contributions to shareholders or release the same from the obligation to make contributions, except in the case of legitimate reduction in share capital, in any form not specifically falling within those described below;
 - (ii) To distribute earnings or advances on earnings not actually earned or which must be paid into reserves by law;

- (iii) To carry out reductions in share capital, mergers or split-offs, in breach of provisions of law for the protection of creditors;
 - (iv) To carry out fictitious formations or increases in share capital, by assigning shares or quotas for a value lower than their nominal value in the context of the establishment of a company or increase in share capital;
 - (v) To carry out purchases and sales of quotas in the Company except in the circumstances provided by law;
 - (vi) To misappropriate corporate assets, during the Company's liquidation, away from creditors, distributing them among shareholders prior to the payment of creditors or the setting aside of amounts necessary to satisfy them;
- With reference to point 4.2(c) above:
 - (i) To engage in conduct which materially impedes, through the concealment of documents or by other fraudulent means, or which constitutes an obstacle to control or auditing activities by the board of statutory auditors or the auditing firm;
 - (ii) To determine or influence the approval of shareholders' resolutions, by committing simulated or fraudulent acts aimed at altering the regular procedure for the formation of the will of the shareholders' meeting.

5. STANDARDS FOR THE IMPLEMENTATION OF THE CONDUCT REQUIRED AND CONTROL SYSTEM

The standards for the implementation of the conduct referred to above in relation to the different types of corporate crimes are described below.

5.1 Balance sheets/financial statements and other company reports/communications

- (a) The drafting of the annual balance sheet/financial statement, the management report and any other act which could be deemed a corporate communication is elaborated on the basis of specific company procedures on the matter, in addition to which, the implementation of the following supplementary precautions is called for:
 - (i) A program of information and training aimed at all of the persons in charge of the functions involved in the drafting of the balance sheet/financial statement and the other corporate communications, in connection with the principal notions and legal and accounting issues related to the balance sheet/financial statement, focusing in particular on the training of new employees and the holding of necessary updating courses in the event of changes in the legal and regulatory provisions;
 - (ii) An obligation on the part of the managers of departments/functions involved in the elaboration of the draft balance sheet/financial statement to sign a declaration that the information transmitted is truthful and complete;
 - (iii) A confidentiality obligation on the part of the managers of departments/functions involved in the elaboration of the draft balance sheet/financial statement providing for a prohibition on the disclosure outside the company of information which is known by virtue of their roles within the company;

- (iv) Timely delivery to all of the members of the Board of Directors of the draft balance sheet/financial statement and the auditing firm's report on the same, and preparation of suitable documentation to be sent to the CdS;

5.2 Protection of share capital

All transactions involving the share capital, as well as those involving the establishment of companies, the purchase and sale of shareholdings, mergers and split-offs must be carried out in compliance with applicable provisions of law in force.

In addition to these rules, the implementation of the following supplementary precautions is called for:

- (a) Periodical informational/training program for directors and employees of the Company on matters pertaining to corporate governance and provisions of law on administrative crimes and unlawful conduct for the protection of the share capital, particularly in the event of changes in applicable laws and regulations;
- (b) Initiatives and proposals originating from the DS must be made available to the CdS, in order to allow for the compliance with the above-mentioned company rules and procedures;
- (c) Periodical meetings between the Board of Statutory Auditors and the CdS, to verify compliance with corporate laws and regulations, as well as compliance with the standards of conduct for directors, management and employees.

5.3 Regular functioning of the company

In order to prevent the commission of the crime of impediments to the control over the company management by the corporate bodies and the auditing firm, the following internal rules and procedures apply:

- (a) All documents related to the matters on the agenda of shareholders' meetings or board of directors' meetings, or on which they must express an opinion by law, must be transmitted to the board of statutory auditors;
- (b) Delivery to the board of statutory auditors and the auditing firm of all of the documentation on the company management which such parties require for their periodical checks;
- (c) Circulation of standards of conduct on such matter set out in this model in the context of the entire company organization, such that the directors, executives and all employees may collaborate fully and fairly/correctly with the board of statutory auditors and auditing firm;
- (d) Implementation of a periodical training and informational program for directors, executives and employees on the rules of Corporate Governance and rules on administrative crimes or unlawful conduct on corporate law matters;
- (e) Periodical meetings between the board of statutory auditors, the auditing firm and CdS – including outside the context of ordinary meetings of the board of statutory auditors – in order to verify compliance with corporate law and corporate governance provisions on the matter, as well as compliance with the relevant standards of conduct on the part of directors, executives and employees.

6. DUTIES OF THE CDS

6.1 Supervisory duties

The CdS' supervisory duties concerning the compliance with and the effectiveness of the Model on matters of corporate crimes, are the following:

- (a) With reference to the balance sheet/financial statement and other corporate communications, since the Company's balance sheet/financial statement is certified by an auditing firm, the CdS' duties are limited to the following:
 - (i) Monitoring of the effectiveness of internal procedures and rules of Corporate Governance for the prevention of the crimes of false corporate communications/reporting;
 - (ii) Review of specific reports from the control bodies or from any employee and preparation/implementation of the checks deemed necessary or opportune with respect to the reports received;
 - (iii) Supervisory controls that the auditing firm effectively maintains its independent status necessary to ensure an effective control over the documents prepared by the Company;
- (b) With reference to the other activities at risk:
 - (i) Periodical checks on the compliance with internal procedures and rules of Corporate Governance;
 - (ii) Examination of any specific reports from the control bodies or from any employee and preparation/implementation of the checks deemed necessary or opportune with respect to the reports received.

6.2 Other periodical checks

The CdS is also required to verify periodically, also with the support of other competent officers/departments:

- (a) The Collaborators' compliance with the provisions of Legislative Decree 231;
- (b) The possibility for the Company to take effective control/enforcement actions over the recipients of the Model for purposes of verifying compliance with the provisions of the same;
- (c) The implementation of sanctioning mechanisms (such as the withdrawal from or termination of contracts with third party collaborators) in the event that breaches in such provisions are found;
- (d) An indication to the Board of Directors of possible supplements/additions to financial management systems already in place at the Company, with an indication of the opportune adaptations/improvements/precautions for purposes of revealing the existence of atypical cash flows characterized by higher levels of discretion with respect to that ordinarily provided for.

The CdS must report the results of its supervisory and control activities to the Board of Directors and to the Board of Statutory Auditors in the context of the annual report.

APPENDIX 3

INVOLUNTARY MANSLAUGHTER AND INVOLUNTARY ACTUAL OR AGGRAVATED BODILY HARM, COMMITTED IN BREACH OF ACCIDENT-PREVENTION AND OCCUPATIONAL HEALTH AND HYGIENE REGULATIONS

1. ADDRESSEES

This Special Part regulates the conduct of directors, executives, managers, proxy-holders and employees of the Company (“**Company Staff**”) serving corporate functions found to be most at risk, as well as outside partners, consultants and collaborators (the “**Collaborators**”) (Company Staff and the Collaborators being collectively referred to as the “**Addressees**”).

This Special Part is intended to ensure that, when operating in Risk Areas, all Addressees comply not only with all applicable statutory and regulatory occupational safety and health provisions, but also the rules of conduct set forth herein, with a view to preventing hindering and deterring the commission of the offences contemplated in article 25-*septies* of Legislative Decree 231, taking due account of the specific position of each of the Addressees and, therefore, of the diversity of their obligations pursuant to the Model.

2. THE TYPE OF OFFENCE

Article 25-*septies* of Legislative Decree 231, which was inserted into text of the latter pursuant to article 9 of Law no. 123 of 2007, extends the scope of the said Decree to the offences of involuntary actual or aggravated bodily harm and involuntary manslaughter committed in breach of accident-prevention and occupational health and hygiene regulations. Provision had already been made in the delegating statute (*legge-delega*) no. 300/2000 underlying the Decree, for administrative liability to extend to these offences, although no mention was made of the latter in the original text of Legislative Decree no. 231/2001. As a result of this extension, legal entities may be held liable for the said offences as an independent legal person, in addition to the individual who materially committed the offence, with a significant broadening of the risk area, given the very general wording of the article which refers to “breach of accident-prevention and occupational health and hygiene regulations”.

A careful reading of the relevant provisions suggests that corporate liability could be said to arise as a result of the Company’s advantage or interest in investing as few economic and other resources as possible in occupational safety. From this standpoint, the requirement of interest or advantage could be held to be met in the case of a breach of accident-prevention regulations resulting from an undue reduction in the resources dedicated to workplace safety, or an increase in the speed of production processes or fewer difficulties in the organisation of work tasks. To avoid liability, the legal entity must, therefore, show that, before the offence occurred, it had in fact dedicated adequate resources, investments and efforts to ensuring occupational health and safety, and had implemented tested and effective organisational and managerial tools towards such end.

To avoid administrative liability for offences arising from breaches of occupational safety and health regulations, the legal entity must be able to show that the risk of the commission of the offences of involuntary manslaughter or involuntary actual or aggravated bodily harm, through breaches of accident-prevention regulations, was reduced to an “acceptable” level for the purposes of exemption from liability within the meaning of Legislative Decree no. 231/2001, by establishing that the internal control system exerted all due diligence to ensure compliance with the statutory accident-prevention framework which includes as “system” of cogent principles and mandatory requirements, the proper implementation of which – following extension/adjustment if necessary in light of the “organisational model” contemplated in Legislative Decree no. 231/2001 – would be sufficient to exempt the legal entity from liability in such regard.

At this juncture, it is worth repeating that the main statutory provisions governing workplace accident prevention and occupational safety and health are currently set forth in **Legislative Decree no. 81 of April 9, 2008**, regarding the "Implementation of article 1 of Law no. 123 of August 3, 2007 on occupational safety and health " which recently replaced Legislative Decree no. 626/1994, as well as in the general provision set forth in article 2087 of the Italian Civil Code on the "protection of working conditions".

Article 30 of the new Decree lays down specific provisions pertaining to the organisational and management model, requiring the latter to be "*adopted and effectively implemented, providing for a corporate system for performing all the related legal obligations, including:*

- (a) *monitoring compliance with the statutory technical-structural standards applicable to equipment, plant, workplaces, and chemical, physical and biological agents;*
- (b) *risk assessment and the drawing up of related preventive and protective measures;*
- (c) *preparing operating procedures for emergencies, first aid, tender management, periodic safety meetings, consultations with trade union representatives in charge of occupational safety issues;*
- (d) *implementation of occupational health regulations;*
- (e) *staff training and outreach initiatives;*
- (f) *monitoring workers' compliance with safety regulations in carrying out work procedures and instructions;*
- (g) *obtaining statutory mandatory certificates and similar documents;*
- (h) *periodic checks of the implementation and effectiveness of the procedures adopted".*

The article in question specifies that the organisational and management model must make provision for a suitable system for keeping records of the completion of the aforesaid activities, and, at any rate, as long as it is deemed necessary in light of the nature and size of the organisation and its core business, for a team of duly skilled technicians in charge of identifying, assessing, managing and containing risks, as well as a disciplinary system designed to punish conducts in breach of the measures specified in the model. The organisational model must also provide for a control system in charge of overseeing the implementation of the model itself, and of ensuring the continued appropriateness, over time, of the measures implemented. The organisational model must be reviewed and, if necessary, amended, upon the emergence of significant breaches of accident-prevention or occupational hygiene regulations, as well as in the case of changes in the organisation or its business as a result of scientific and technological advances. Lastly, when applied for the first time, corporate organisational models drawn up in accordance with UNI-INAIL Guidelines on the occupational safety and health system (OSHS) issued on September 28, 2001 or the British Standard OHSAS 18001:2007, are to be deemed compliant with the corresponding requirements imposed under Decree 81/2008.

Pursuant to article 25-*septies* of the Decree, as most recently amended by article 300 of Decree 81/2008:

- the offence of involuntary manslaughter committed in breach of article 55, paragraph 2 of Decree 81/2008, is punishable by a fine of an amount equivalent to 1,000 units, and the imposition of interdictory sanctions for a period of no less than three months and no more than one year.

- the offence of involuntary manslaughter committed in breach of occupational health and safety regulations, is punishable by a fine of an amount equivalent to no less than 250 and no more than 500 units, and the imposition of interdictory sanctions.
- the offence of involuntary bodily harm committed in breach of occupational health and safety regulations, is punishable by a fine of an amount equivalent to no more than 250 units, and the imposition of interdictory sanctions for a period of no more than six months.

For risk mapping purposes, no area of activity may be summarily precluded, given that the risk of the commission of the offences of involuntary manslaughter or involuntary actual or aggravated bodily harm by breaching occupational safety and health regulations, arises in respect of each and every person serving the company, regardless of position, job description or capacity.

In light of the above, the company is in the process of overhauling its current system of occupational health and safety controls, so as to ensure constant and consistent compliance with new statutory requirements.

The company shall adopt a specific procedure setting up and regulating dedicated information flows between the Safety Manager, the CdS and the various corporate functions, with a view to creating a stable platform for dialogue and collaboration on prevention-related issues, as well as for constantly monitoring the company's compliance with occupational health and safety rules and regulations.

3. RISK AREAS

3.1 Warehouse

Risks identified	Preventive and Protective Measures
Noise, back injuries, squashing, falls, slinging and handling of materials, falling materials, collisions, encumbrances, structural stability, cuts, lacerations, handling of materials using hoists and means of transport, slipping.	Staff training, periodic inspections of hoisting cables and slings, load slinging procedures, maintenance sheets, replacement of non-conforming stairs, additional warning signs on the floor and walls

3.2 Assembly

Risks identified	Preventive and Protective Measures
Noise, back injuries, squashing, falls, slinging and handling of materials, falling materials, collisions, encumbrances, structural stability, cuts, lacerations, manual handling of loads, handling of materials using hoists and means of transport, projection of materials, accidental activation of machines, shocks, securing of pieces, posture during work processes, dust, fumes, safety of tools, slipping, electrocution.	Staff training, periodic inspections of hoisting cables and slings, load slinging procedures and use of the jib crane, maintenance sheets, operating procedures, additional warning signs on the floor and walls, micro switch-controlled anti-handling screens, on-off terminal board, filter replacement procedure

3.3 Cutting area

Risks identified	Preventive and Protective Measures
Noise, back injuries, squashing, falls, slinging and handling of materials, falling materials, collisions, encumbrances, handling of materials using hoists and means of transport,, safety of tools, cuts, abrasions lacerations, grasping by machinery, projection of materials, emulsionable oils, accidental activation of machines, electrocution, slipping	Staff training, periodic inspections of hoisting cables and slings, load slinging procedures and use of the jib crane, maintenance sheets, operating procedures, additional warning signs on the floor and walls, oil replacement schedule.

3.4 Machine Tools

Risks identified	Preventive and Protective Measures
Noise, back injuries, squashing, falls, slinging and handling of materials, falling materials, encumbrances, handling of materials using hoists and means of transport, cuts, grasping or dragging by machinery, projection of materials, accidental activation of machinery, shocks, securing of pieces, postures during work processes, emulsionable oils, safety of tools, abrasions, lacerations, slipping, electrocution.	Staff training, periodic inspections of hoisting cables and slings, load slinging procedures and use of the jib crane, maintenance sheets, operating procedures, oil replacement schedule, additional warning signs on the floor and walls, update of safety sheets.

3.5 Packaging

Risks identified	Preventive and Protective Measures
Noise, back injuries, squashing, falls, slinging and handling of materials, falling materials, safety of tools cuts, abrasions, lacerations, slipping, electrocution.	Staff training, periodic inspections of hoisting cables and slings, load slinging procedures and use of the jib crane, maintenance sheets

3.6 Testing

Risks identified	Preventive and Protective Measures
Noise, back injuries, squashing, falls, slinging and handling of materials, falling materials, safety of tools, cuts, abrasions, lacerations, slipping, electrocution, accidental activation of machinery, shocks, postures during work processes	Staff training, periodic inspections of hoisting cables and slings, load slinging procedures and use of the jib crane, maintenance sheets

3.7 Welding - Repairs

Risks identified	Preventive and Protective Measures
Noise, back injuries, squashing, falls, slinging and handling of materials, falling materials, encumbrances, slipping, electrocution, structural stability, cuts, lacerations, manual handling of loads, dragging by machineries, fumes, dust, light radiation, burns, projection of incandescent materials, vibrations, posture during work processes	Staff training, periodic inspections of hoisting cables and slings, load slinging procedures and use of the jib crane, maintenance sheets, operating procedures, oil replacement schedule, additional warning signs on the floor and walls, update of safety sheets.

3.8 Checks of incoming goods

Risks identified	Preventive and Protective Measures
Noise, back injuries, squashing, falls, slinging and handling of materials, falling materials, encumbrances,, cuts, lacerations, manual handling of loads, projection of materials, safety of tools, inhalation of fumes from penetrating liquids, splashing of liquids, slipping, electrocution.	Staff training, periodic inspections of hoisting cables and slings, load slinging procedures and use of the jib crane, maintenance sheets, operating procedures, oil replacement schedule, rear anti-handling apron of the machine to be improved additional warning signs on the floor and walls, update of safety sheets.

3.9 Bunker

Risks identified	Preventive and Protective Measures
Noise, back injuries, squashing, falls, slinging and handling of materials, falling materials, falls from heights, micro-climate, scalding and cold burns, postures during work processes, explosions, safety of tools, cuts, abrasions, lacerations	Staff training, periodic inspections of hoisting cables and slings, load slinging procedures and use of the jib crane, maintenance sheets, operating procedures, oil replacement schedule, additional warning signs on the floor and walls, update of safety sheets.

3.10 Offices

Risks identified	Preventive and Protective Measures
Ergonomics of workstations, tiring of the eyes, handling of toner, ozone, shocks, posture, falls, slipping, manual handling of files and records	Staff training

3.11 Truck drivers

Risks identified	Preventive and Protective Measures

Posture, mental and physical stress, tiring of the eyes, bodily harm, back injuries	Staff training, periodic breaks, operating procedures
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3.12 Outside warehouses

Risks identified	Preventive and Protective Measures
squashing, falls, falling materials, collisions, cuts, abrasions, handling of materials using hoists and means of transport, encumbrances, structural stability.	Staff training, periodic inspections of hoisting cables and slings, operating procedures, additional warning signs on the floor and walls.

3.13 Outside yard

Risks identified	Preventive and Protective Measures
Vehicular and pedestrian traffic, collisions, falling materials, squashing, cuts, abrasions, handling of materials using hoists and means of transport, shocks, fire, explosion, electrocution	Staff training, additional warning signs on the floor and walls..

The Board of Directors may identify additional risk areas, in consultation with the CdS which will then pinpoint the individual risks involved and define appropriate preventive measures.

4. GENERAL RULES OF CONDUCT AND PRINCIPLES FOR IMPLEMENTING THE REQUIRED PREVENTIVE AND PROTECTIVE MEASURES WITHIN RISK AREAS

4.1 All Addressees are expressly required to:

- (a) strictly comply with all statutory provisions focusing on the prevention of occupational risks, set forth in the Consolidation Law as well as in related regulations;
- (b) comply with all the statutory technical and structural standards applicable to plant and equipment, workplaces and chemical, physical and biological agents;
- (c) act with propriety and transparency at all times, in strict compliance with applicable statutory provisions and company procedures;
- (d) comply with any and all specific rules and procedures drawn up as well as to-draw-up and disseminated by the occupational risk prevention and protection service set up pursuant to the Consolidation Law as further amended and extended;
- (e) comply with the provisions of the Code of Ethics, attached hereto as Appendix 5.

4.2 All Addressees are expressly required to refrain from:

- (a) engaging in and/or aiding, abetting or soliciting third parties to engage in behaviour that may directly or indirectly result in the commission of one or more of the offences contemplated in article 25-*septies* of Legislative Decree 231);

- (b) engaging in behaviour which, albeit without in itself entailing the commission of one or more of the aforesaid offences, could potentially result in the commission of such an offence;
- (c) using, even if only on an occasional basis, the company or any of its organisational units for the purpose of allowing or facilitating the commission of one or more of the offences contemplated in this Special Part “C”.
- (d) breaching any of the principles entrenched in this Special Part.

Moreover, without prejudice to the above:

4.3 The employer is expressly required to:

- (a) comply with both, the general and specific statutory accident-prevention regulations imposed pursuant to article 2087 of the Italian Civil Code, and the Consolidation Law as further amended and extended, respectively, and accordingly, *inter alia*:
 - (i) to ensure the highest possible level of technical, organisational and procedural safety by implementing all technically feasible safety and prevention measures deemed necessary or useful to protect the physical safety of workers, in light of the specific features of work processes, past experience and technical advances, with specific reference to generally accepted best practices within each industry or sector;
 - (ii) to launch appropriate job-specific training and outreach initiatives, as may be required on a periodic basis to ensure that all employees are provided in-depth information on occupational hazards and related risk prevention and containment measures, and most especially at the time of recruitment, transfer or a change in job description, as well as whenever new machinery, equipment, technology or hazardous substances or compounds, are used within the Company for the first time.
 - (iii) to ensure that all Collaborators are fully aware and strictly comply with all the occupational health and safety policies set forth herein;
 - (iv) to include in the job-descriptions of certain employees specifically appointed for such purpose, the implementation of fire-prevention and fire-fighting measures, the management of workplace evacuations in cases of imminent serious danger, the coordination of rescue operations, the administration of first aid, and emergency management, in general;
 - (v) to define the job-descriptions of employees, taking due account of their abilities and limitations in terms of health and safety;
 - (vi) to provide all employees with appropriate individual safety devices and equipment as deemed necessary in consultation with the prevention and protection manager;
 - (vii) to ensure that all employees required to access areas in which they are exposed to a serious and specific risk, are properly trained and provided in-depth information in respect of the same;
 - (viii) to enforce compliance by each individual employee, with any and all applicable regulations and in-house rules on occupational health and hygiene, and the use of the collective and individual safety devices made available;

- (ix) to draw up the specific risk containment measures to be implemented in emergency situations, as well as procedures for ordering employees to evacuate workplaces or areas threatened by imminent serious and unavoidable danger, making due provision for the use of alarms, warnings and safety signs;
- (x) to ensure that any and all employees exposed threatened by imminent serious danger are immediately informed thereof and are made aware of the related protective action already underway or to be taken;
- (xi) to refrain from requesting and/or requiring employees to return to work despite the persistence of exposure to imminent serious danger, other than in the sole interest, which has to be duly motivated, of protecting the health and safety of the employees themselves;
- (xii) to allow employees to monitor the employer's compliance with occupational health and safety regulations, through checks to be carried out by the trade union representative in charge of safety issues;
- (xiii) to organise the Risk Prevention and Protection Service in accordance with the procedures and requirements set forth in the Consolidation Law;
- (xiv) to assess all relevant risks and drawn up the risk assessment document;
- (xv) to appoint the Risk Prevention and Protection Manager.

Pursuant to the Consolidation Law, the employer may not entrust or delegate performance of the tasks and obligations mentioned in points (xiv) and (xv) to third parties.

4.4 All employees are expressly required to:

- (a) contribute, together with the employer, executives and managers, towards ensuring full compliance with any and all the obligations arising pursuant to occupational health and safety rules and regulations;
- (b) comply with the provisions and instructions imparted by the employer, executives and managers in respect of collective and individual safety;
- (c) make proper use of work tools and equipment, hazardous substances and compounds, means of transport as well as safety devices;
- (d) make proper use of the safety devices made available to them;
- (e) immediately report to the employer, one or more executives or managers, any and all defects or shortcomings found in any plant, equipment or device whatsoever, as well as any and all risks, threats or situations of danger of which they may become aware, directly taking preventive action in cases of emergency, within the limits of the abilities and possibilities, and further reporting the matter to the trade union representative in charge of safety issues;
- (f) refrain from removing or changing safety devices, warning signs or monitoring equipment, without prior authorisation;
- (g) refrain from carrying out, without prior authorisation, any operation or manoeuvre whatsoever falling outside the scope of their job-description, or otherwise constituting a potential threat to their own or others' safety;

- (h) participate in the staff training and outreach initiatives launched by the employer;
- (i) undergo the medical check-ups required pursuant to the Consolidation Law or otherwise ordered by the appointed Occupational Physician.

4.5 The Company is expressly required to:

- (a) draw up a detailed organisational chart of the Company;
- (b) organise and coordinate initiatives focusing on occupational health and safety, such as periodic safety meetings and consultations with trade union representatives in charge of safety issues, elected pursuant to the Consolidation Law as further amended and extended;
- (c) making available the resources required to ensure the proper planning and implementation of technical, organisational and managerial measures aimed at constantly improving occupational safety levels;
- (d) obtain and maintain on record, all the mandatory documents and certificates required under law;
- (e) maintain records of all the activities mentioned in paragraph 1 of article 30 of the Consolidation Law.

5. OCCUPATIONAL HEALTH SURVEILLANCE

Occupational health surveillance must be implemented in accordance with the relevant provisions of the Consolidation Law, and primarily comprises:

- (a) preventive medical check-ups aimed at determining the absence of contraindications to the discharge of the tasks and duties assigned to each employee, with a view to assessing the latter's fitness for work within the framework of his or her specific job description, in accordance with the provisions of the Consolidation Law;
- (b) periodic medical check-ups to be carried out at least once a year to determine the health status of each employee and express an opinion on the latter's fitness for work within the framework of his or her specific job description;
- (c) medical check-ups carried out at the employee's request, in the case where the appointed Occupational Physician finds that the request could possibly be connected with occupational risks or the employee's state of health, with a view to expressing an opinion on the employee's fitness for work within the framework of his or her specific job description;
- (d) medical check-up following any change in job-description;
- (e) medical check-up upon termination of the employment relationship, where required under applicable law.

6. PREVENTION AND CONTROL SYSTEM

In the specific interest of promoting occupational health and safety, as well as in compliance with the provisions of the Consolidation Law, any and all work activities to be undertaken within Risk Areas must be carried out in accordance with specific procedures, pursuant to which:

- (a) the Prevention and Protection Service is required to periodically identify occupational health and safety risks, taking due account of, *inter alia*: (i) the nature of the work activities in

question; (ii) the company's structure; (iii) the organisation of the labour force; and (iv) the specific machinery used, following which appropriate procedures are to be proposed, adopted and disseminated with a view to containing the risks identified and improving occupational health and safety.

- (b) the Risk Assessment Document drawn up pursuant to the Consolidation Law as further amended and extended, must be updated on a periodic basis, and in any event, immediately following significant organisational changes;
- (c) in assessing risks, the Prevention and Protection Service is required to use objective indicators and benchmarks selected specifically in light of the likelihood of the adverse outcome and historical accident-incidence data pertaining to each specific activity;
- (d) the prevention and protection plan, as well as any and all related staff training and outreach programmes must be designed and periodically updated on basis of the results of risk assessment;
- (e) the CdS is in charge of monitoring compliance with the procedures drawn up and disseminated by the Prevention and Protection Service, and of promptly notifying the latter of any and all shortcomings or other findings;
- (f) emergency operating procedures must be drawn up.

7. FUNCTIONS OF THE CDS

The oversight functions entrusted to the CdS in respect of compliance with and the effectiveness of the Model's provisions aimed at preventing involuntary manslaughter and involuntary bodily harm, include:

- (a) monitoring the effectiveness of internal procedures and compliance with accident-prevention regulations;
- (b) examining and ordering further investigations, as deemed appropriate, into specific reports or complaints received;
- (c) carrying out periodic checks for compliance with internal procedures, availing of the Internal Auditing function for such purpose;
- (d) recommending additional procedures with a view to boosting the Model's effectiveness in preventing and deterring the commission of the offences in question, especially when significant breaches of accidental-prevention and occupational hygiene regulations, are discovered or the organisation and its business undergo changes as a result of scientific and technological advances.

APPENDIX 4

MANAGEMENT OF E-MAIL AND INTERNET ACCESS

The company shall adopt internal rules regulating the use of computer resources, drawn up in clear language free from vagueness and ambiguity.

The aforesaid rules shall also regulate procedures for the monitoring and internal control of the use of e-mail and internet access by employees, on the basis of the guidelines on e-mail and internet use by employees, issued by the Privacy Protection Authority by order dated March 1, 2007, and in compliance with the provisions of the Privacy Code. The said internal rules must: (i) be adequately disseminated amongst all employees, within the internal network, by the prominent posting thereof at workplaces; (ii) be updated on a periodic basis; and (iii) specify clearly and in detail:

- (a) information regarding the web-surfing system installed and the procedures for the use the computer devices made available to employees;
- (b) the extent to which employees are authorised to store files on the internal network or surf the web (for instance, downloads of software or music), as well as systems settings and filters that block access to certain functions;
- (c) that any and all e-mail addresses assigned to employees by the company, are to be used solely for work-related purposes;
- (d) if employees are to be permitted to make personal use of e-mail accounts assigned to them by the company, the restrictions on and procedures for such use (for instance, whether or not such personal use is restricted to specific workstations or accounts or employees – or categories or types thereof – or limited to webmail);
- (e) that no employee may ever use any of the computer devices, electronic systems or e-mail accounts made available thereto by the company, for the purpose of transmitting or otherwise forwarding content that is intimidating, offensive or hostile to others in light of their gender, race, colour, marital status, invalidity or ethnic or national origin, specifying, further, the civil and criminal liability arising from such improper use;
- (f) the categories of the websites that employees are permitted and not permitted to access in the performance of their assigned tasks and duties;
- (g) the data and information stored on a temporary basis and the persons and/or parties (including outside the company) authorised to access the same, further specifying the intervals at which e-mail messages are irretrievably deleted from the company's server;
- (h) that maintenance operations may require the collection and processing of certain data pertaining to employees;
- (i) that the company reserves the right to carry out checks and inspections, pursuant to law, including on a random or occasional basis, especially with a view to ensuring data security and system functionality;
- (j) the disciplinary and other action that may be taken against employees found to have made improper use of their e-mail and internet access privileges;
- (k) that the Company is duty-bound to give each employee prompt notice of any improprieties detected or suspected in the latter's use of computer devices, electronic systems and/or e-mail accounts,

further specifying the manner and form of such prompt notice (such as, warnings displayed on the screen), save in the case of compelling evidence justifying continued surveillance;

- (l) the employee's right to contest and challenge any and all allegations of improper e-mail and network use raised against him or her, as well as his or her right to request, require and obtain the involvement of a trade union representative in any and all investigations into the said allegations;
- (m) solutions to ensure, with the employee's cooperation, the uninterrupted performance of the tasks and duties assigned to the employee in the latter's absence, with specific reference, for instance, to the activation of systems generating automated responses to incoming e-mail providing the sender with the contact details of another person, further specifying that the absent employee's incoming e-mail messages may be read by others within the company, in cases of necessity;
- (n) if backup copies of e-mail messages are made and stored, the duration of such storage;
- (o) if computer devices, electronic systems and/or e-mail may be put to personal use by employees, provided that the latter pay for or are billed the related services directly;
- (p) the measures implemented in the case where certain specific employees are bound to professional secrecy;
- (q) where applicable, the sharing of the costs of the use of e-mail accounts made available by the employer;
- (r) internal data and systems security requirements;
- (s) that data are subject to processing in anonymous form and in strict compliance with statutory data protection provisions;
- (t) the circumstances in which the personal data of employees may be processed by the employer in pursuit of a legitimate interest of the latter, even without the consent of the related data subjects, albeit in strict compliance with the provisions set forth in the order issued by the Privacy Authority on March 1, 2007;
- (u) that the employer is barred and prohibited from subjecting the personal data of employees to electronic processing for the purposes of the remote monitoring of the latter, especially through: (i) the systematic reading and recording of e-mail messages or related outside content, other than to the extent necessary for the supply of e-mail services; (ii) the systematic copying of stored web pages accessed by employees; (iii) the reading and recording of characters input using the keyboard or similar devices; (iv) covert analysis of the notebook and laptop computers entrusted to employees for use in the performance of work tasks;
- (v) the procedures for the involvement of trade union representatives in policy-making decisions;
- (w) the procedures for the use of software, further specifying:
 - the software programmes made available to employees for use in the performance of their assigned tasks and duties, together with a general outline of related company policies, and the intellectual property regime to which the said software programmes are subject;
 - the definition and type of software in use within the company, and the purposes for which the software is to be used;
 - that all employees are barred and prohibited from independently installing any software whatsoever on the company's computer devices and electronic systems;

- that systems have been installed and activated to block the download of copyrighted content from the internet, and briefly illustrating copyright regulations and the civil and criminal liability arising in the case of copyright infringement;
- that the use, by employees, of software made available to the latter by the company, is monitored by control procedures, systems and technologies;
- the persons in charge of monitoring compliance with company policies on the use, by employees, of software made available to the latter by the company, as well as the disciplinary consequences of breaches.

APPENDIX 5

CODE OF ETHICS OF THE IMI GROUP

1. Introduction by the Chief Executive Officer of IMI plc

IMI plc has adopted this Code of Ethics pursuant to the Group's policies of good corporate governance, especially in terms of business ethics, with a view to ensuring that all IMI Group employees behave in a responsible manner that reflects the core values of the parent undertaking, at all times.

Although due account has been taken of differences between local regulations and the situations in which our business divisions operate worldwide, the spirit of this code reflects the high ethical principles all employees are expected to follow throughout the Group.

This code has been adopted by IMI plc's Board of Directors and is binding on all the Group's divisions and employees. IMI plc's Executive Committee is responsible for overseeing the proper implementation of the code, reporting to the parent undertaking's Board of Directors through quarterly updates and an annual report.

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2. Goals

- To promote honest and ethical behaviour, especially in terms of the ethical management of potential or actual conflicts of interest
- To discourage fraud, improper conduct and corruption
- To define responsibilities with regard to compliance with the code
- To ensure the timely reporting of any and all instances of non-compliance with the code

3. Rules of Conduct

Each Group employee is bound to behave in an ethical manner in the performance of any and all of his or her assigned tasks and duties, strictly complying with the principles of honesty and integrity. Untruthfulness, dishonesty and corruption run counter to ethical business practices, and will not be tolerated.

A few examples of situations in which compliance with these rules of conduct is crucial, are provided below.

All employees must ensure that they are free from conflicts of interest, and that is to say, that they do not stand in any situation in which they could directly or indirectly secure some personal benefit or gain (whether for themselves, their family members or other persons close to them) as a result of their work-related actions or decisions.

Should an employee stand in doubt about whether a particular situation entails an unacceptable conflict of interest, he or she may refer to the matter to an executive or the General Manager of the Company. Timely reporting of any and all such matters to the Company is often crucial, since a failure to report could later be interpreted as a deliberate attempt at concealing an alleged conflict of interest, casting aspersions on the employee, even in respect of circumstances or conduct that, had it been reported to the Company, would have been found to be quite innocuous.

Examples of possible conflicts of interest, include:

- Any and all proprietary interests in suppliers, competitors or customers.
- Any and all agency, consultancy or employment relationships with a supplier, competitor or customer;
- Any and all work activities that limits the employee's ability to dedicate the time and care necessary to ensure the prompt and proper performance of his or her assigned tasks and duties within the Group.
- Improperly making or receiving gifts or payments in exchange for business opportunities: while entertaining current or potential business partners is often key to forging and nurturing professional relationships, all such entertainment must always be commensurate with the circumstances and the seniority of the guest, and must never be excessive or inappropriate or entail cash payments.
- Any and all situations in which an employee is called upon to recruit, supervise, assess or have an influence on the assessment of the salaries or benefits of close family members, shareholders or associates.
- Any and all situations in which an employee is called upon to use (or to authorise others to use) expense accounts or other assets belonging to the Company, for purposes unconnected to work-related activities. Any and all situations in which an employee is called upon to authorise, tolerate or overlook conduct by agents and intermediaries, which, if engaged in by a Group employee, would be found to be unlawful (for instance, engaging in corruption or other illegal activities).
- Employees are required to protect the Company's confidential information defined as any and all non-public information which, if divulged, could be useful to competitors or harmful to the Company or its customers. The obligation to refrain from disclosing confidential information shall continue to be binding on all employees, even after termination of the employment relationship with the Group.
- Employees must not attempt to secure competitive advantages or other benefits by dishonest means or by engaging in corruption, illegal activities or conduct in breach of anti-trust regulations.
- Employees must provide full, correct, accurate and timely information in the management reports and other internal documents through which they report on business transactions negotiated or concluded on behalf of the Group.

4. Reporting and disclosure obligations

The Company shall ensure that any and all disclosures made and/or values carried in the financial statements and other documents subject to submission to the competent authorities, are timely, understandable and accurate in all relevant respects.

All employees must:

- refrain from knowingly describing or causing others to describe, in an inaccurate manner, any facts whatsoever concerning the Company, to third parties within or outside the Company, including auditors and the representatives of regulatory authorities.

- to the extent appropriate in light of their respective spheres of responsibility, properly assess and critically analyse the accuracy and completeness of the information to be reported to regulatory authorities.

5. Reporting of breaches and disciplinary action

Any and all employees who become aware of actual or potential breaches of this code must report the same in a timely manner to the General Manager, or where appropriate, in accordance with the provisions of the Code for Reporting Non-Conformities.

In enforcing this code, the company shall, in strict compliance with statutory provisions and the contents of the applicable national collective bargaining labour agreements, impose any and all the disciplinary measures it deems fit, reserving the right to dismiss the offending employee, if necessary.

6. Requests for clarifications

Any and all requests for clarifications in respect of this code or its applicability to particular positions or situations, must be addressed to an executive or the General Manager.

APPENDIX 6

THE HUMAN RIGHTS PROTECTION CODE OF THE IMI GROUP

1. Introduction by the Chief Executive Officer of IMI plc

IMI plc has adopted this Human Rights Protection Code pursuant to the Group's policies of good corporate governance, especially in terms of business ethics, with a view to ensuring that all IMI Group employees behave in a responsible manner that reflects the core values of the parent undertaking, at all times.

This code has been adopted by IMI plc's Board of Directors and is binding on all the Group's divisions and employees. IMI plc's Executive Committee is responsible for overseeing the proper implementation of the code, reporting to the parent undertaking's Board of Directors through quarterly updates and an annual report.

2. Goals

- To promote respect for fundamental human rights
- To ensure that all work-related conduct is respectful of applicable statutory regulations and reflects the high ethical principles of all IMI Group companies
- To define responsibilities with regard to compliance with the code
- To ensure the timely reporting of any and all instances of non-compliance with the code

3. Human Rights Policy

The IMI Group's policy is to respect universally acknowledged human rights at the workplace, and to ensure that all business and work-related conduct complies with applicable laws.

This policy is based on the Universal Declaration of Human Rights and other relevant international conventions and guidelines.

This human rights policy which is binding on all the business units and employees of Group companies, features the following main points:

- The IMI Group strives to ensure that all its employees are afforded a work environment that is free of physical, mental, verbal or sexual abuse or other forms of harassment.
- The IMI Group is an equal opportunity employer with the result that all staff recruitment, compensation, promotion, dismissal or retirement decisions are made solely on the basis of merit, and no discrimination on the basis of race, class, skin colour, ethnic origin, sex, religion, disability or marital status, is tolerated.
- The Group does not employ persons subjected to restrictions on their personal liberty, or forced, compulsory or involuntary labour.
- The Group strives to ensure that all its employees are afforded a work environment that is safe, hygienic and healthy, taking due account of applicable standards, accepted best practices and industry-specific risks. The Group also aims at minimising the environmental impact of its operations and products and at ensuring that the latter do not endanger the health and safety of consumers or local communities in areas in which the Group's

production facilities are located. Further details on these goals are provided in the “Health, Safety and Environment Policy”.

- The IMI Group does not employ children and supports the long-term goal of eliminating child labour pursuant to the UN Convention on the Rights of the Child.
- The compensation packages of employees must be equivalent to or exceed the national minimum wage for a normal working week.
- The working hours of all IMI Group employees must be established in compliance with applicable statutory provisions.
- The IMI Group respects statutory and constitutional individual rights to freedom of assembly and association, and complies with all the applicable national collective bargaining labour agreements, at all times.

4. Reporting of breaches and disciplinary action

Any and all employees who become aware of actual or potential breaches of this code must report the same in a timely manner to the General Manager, or where appropriate, in accordance with the provisions of the Code for Reporting Non-Conformities.

In enforcing this code, the company shall, in strict compliance with statutory provisions and the contents of the applicable national collective bargaining labour agreements, impose any and all the disciplinary measures it deems fit, reserving the right to dismiss the offending employee, if necessary.

5. Requests for clarifications

Any and all requests for clarifications in respect of this code or its applicability to particular positions or situations, must be addressed to the Human Resources Manager or the General Manager.

APPENDIX 7

THE IMI GROUP'S CODE FOR REPORTING NON-CONFORMITIES

1. Introduction by the Chief Executive Officer of IMI plc

IMI is firmly committed to ensuring the highest levels of transparency, probity and responsibility and expects all its employees to report any and all actual or suspected inappropriate behaviour or other breaches or violations, within the Group.

As a general rule, employees are required to refer any and all doubts regarding work-related issues to their direct supervisors or an executive serving at a higher managerial level. However, in light of the seriousness and delicate nature of certain situations, as well as the risk of the reported perpetrator of the alleged breach learning of the report, it may be difficult, if not impossible, to follow the general rule in some cases.

This document lays the procedures to be followed by individual employees to report breaches or violations, without fearing retaliation.

This code has been adopted by IMI plc's Board of Directors and is binding on all the Group's divisions and employees. IMI plc's Supervisory Committee is responsible for overseeing the proper implementation of the code, reporting to the parent undertaking's Board of Directors through quarterly updates and an annual report.

2. Purposes of the reporting policy

This policy regulates the reporting of inappropriate behaviour and other non-conformities and is aimed at covering all issues of public interest, including:

- breaches of any of the Group's internal policies or controls
- financial offences or fraud
- non-compliance with statutory obligations
- conduct that could endanger health, safety or the environment
- criminal activity
- judicial errors
- improper or unethical conduct
- attempts at concealing any and/or all of the above.

The above list is not intended to be exhaustive and due consideration shall be given to any and all issues reported pursuant to this reporting policy.

3. Safeguards

3.1 Whistle-blower protection

This reporting policy is intended to afford protection to employees who report inappropriate behaviour or other non-conformities, provided that the report is made:

- (a) in accordance with the procedures set forth below;
- (b) in good faith; and
- (c) in the reasonable belief that the report pertains to inappropriate behaviour or other non-conformities.

3.2 Confidentiality

The Group shall treat all reports made pursuant hereto, as confidential, and shall ensure the anonymity of the employee making the report, where necessary. However, in the course of related investigations, the source of the information contained in the report may have to be revealed and in such case, the employee making the report may be required to issue a statement that may not be covered by privilege or confidentiality in the event the report leads to legal action.

3.3 Anonymous reports

Employees making reports are encouraged to provide an indication of their names in the report itself. However, while anonymous reports will always be treated as less convincing, they will not be ignored, especially if they are credible, raise serious concerns and are confirmed by other alternative credible sources.

3.4 False reports

The Group shall take no action whatsoever against any employee who, in good faith, filed a report that subsequent investigations revealed to be unfounded. If, however, an employee is found to have intentionally raised false and malicious accusations, the Group reserves the right to take disciplinary action against the same, especially if the employee persists in repeating the accusations.

4. Reporting procedures

As a general rule, employees are required to address reports made pursuant to this policy, to the Chairman of the Supervisory Committee, or if they prefer, directly to the Company Secretary of the parent undertaking IMI plc.

The Company Secretary's contact information is provided in Appendix 9.

APPENDIX 8

ADDENDUM TO THE CODE OF ETHICS

PRINCIPLES AND POLICIES UNDERLYING OCCUPATIONAL SAFETY DECISIONS

1. Occupational health and safety

The basic principles and policies that must inform all occupational health and safety decisions at all managerial and operating levels of the Company, include:

- (a) risk avoidance;
- (b) assessment of unavoidable risks;
- (c) risk abatement at source
- (d) the centrality of the human person in the design of all work processes, with specific reference to workplace layout and the choice of tools and equipment and work and production methods, especially with a view to attenuating the monotony of repetitive work process and reducing the adverse health effects of the same;
- (e) keeping abreast of technical advances;
- (f) replacing all dangerous materials with non-dangerous or less dangerous ones
- (g) prioritisation of collective protection measures over individual protection devices;
- (h) the issue of adequate instructions to employees.

APPENDIX 9
COMPANY SECRETARY

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