



Costacurta

Organisation, management and control model
as of Italian legislative decree no. 231/2001

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and control model
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Costacurta S.p.A.-VICO

Version approved by the board of directors on 30/03/2018

GENERAL PART

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1. ITALIAN LEGISLATIVE DECREE 231/2001, CONCERNING THE ADMINISTRATIVE LIABILITY OF LEGAL ENTITIES, ENTERPRISES AND ASSOCIATIONS ALSO WITHOUT LEGAL STATUS

1.1 The Administrative Liability of Legal Entities

Italian Legislative Decree no. 231 of 8 June 2001, implementing Subordinate Law no. 300 of 29 September 2000, introduced in Italy “*Regulations regarding the administrative liability of legal entities, enterprises and associations also without legal status*” (hereinafter, for the sake of brevity, also **231/01**” or the “**Decree**”), which falls within a broader legislative process of fighting corruption and adapts the Italian law concerning the liability of legal entities to some International Conventions previously signed by Italy.

Legislative Decree 231/01 therefore establishes a system of administrative liability (more or less comparable to criminal liability), of legal entities (hereinafter, for the sake of brevity, the “**Entity/Entities**”), on top of the liability of natural person (more specifically identified below), the actual perpetrator of the crime, and which aims to involve in the punishment of same the Entities in whose interest or to whose advantage the crime was committed. This administrative liability exists solely for the crimes compulsorily listed in Legislative Decree 231/01.

Article 4 of the Decree also states that in some cases and in the conditions established in articles 7, 8, 9 and 10 of the Criminal Code, administrative liability exists for Entities that have their main headquarters in the territory of the state for crimes committed abroad by natural persons (as better identified below) providing that the State of the place where the criminal facts are committed does not take legal action.

1.2 Persons subject to Italian Legislative Decree 231/01

The subjects who, committing a crime in the interest or to the advantage of the Entity, can be held liable, are listed below:

- (i) natural persons holding top positions (representation, administration or management of the Entity or of one of its organizational units that has financial and functional autonomy or persons who de facto carry out management and control activities: hereinafter, for the sake of brevity, “**Top Management**”),
- (ii) natural persons subject to the management of and supervision by a member of Top Management (hereinafter, for the sake of brevity, “**Subordinates**”).

In this respect, it should be noted that it is not necessary for Subordinates to be employees of the Entity as this notion also includes “*those workers who, while not being <employees> of the entity, have with it a relationship such as to believe the existence of an obligation of supervision by the top management of the same entity: think, for example, of agents, partners in joint-ventures, the so-called semi-subordinate employees in general, distributors, suppliers, consultants and collaborators*”.

Indeed, according to prevalent doctrine, for the purpose of administrative liability of the entity, those situations in which a specific task is entrusted to external collaborators, obliged to perform it under the management or control of Top Management, are relevant.

It is in any case opportune to note again that the Entity does not respond, under express provisions of the law (article 5, sub-paragraph 2 of the Decree), if the above-stated subjects act solely in their own interest or in that of third parties. In any case, their conduct must be referable to that “organic” relationship for which the actions of the natural person can be attributed to the Entity.

¹ Article 1 of Italian Legislative Decree no. 231 of 2001 has delimited the range of addressees of the decree to “*entities having legal status, companies and associations also without legal status*”. In the light of the above, the decree applies to:

- entities with private status or entities with legal status and associations “also without” legal status;
- entities with public status or entities with public status but without public powers (so-called “public economic entities”);
- entities with mixed public/private status (so-called “mixed companies”).

Indeed, the following subjects are excluded from the range of addressees of the decree: the State, territorial public entities (Regions, Provinces, Municipalities and mountain communities), non-economic public entities and, in general, all the entities that hold functions of constitutional significance (Chamber of Deputies, the Senate, the Constitutional Court, the General Secretariat of the Presidency of the Republic, Supreme Judicial Council, etc.).

1.3 The Predicate Crimes

The Decree indicates the following cases of crimes (hereinafter, for the sake of brevity, also the “**Predicate Crimes**”):

- (i) **crimes against the Public Administration** (articles 24 and 25 of Legislative Decree 231/01), introduced with the Decree, subsequently amended with Law 190 of 6 November 2012 and Law no. 69/15;
- (ii) **computer fraud and unlawful data processing** (article 24-*bis* of Italian Legislative Decree 231/01) introduced with article 7 of Law n. 48 of 18 March 2008, subsequently amended with Legislative Decree nos. 7 and 8/2016;
- (iii) **organized crime** (article 24-*ter* of Legislative Decree 231/01) introduced with article 2, sub-paragraph 29 of Law no 94 of 15 July 2009, no. 48, subsequently amended with Legislative Law no. 69/15;
- (iv) **forgery of coins, public credit notes, duty stamps and identification tools or marks**, introduced with article 6 of Law no. 406 of 23 November 2001, which included in Legislative Decree 231/01 article 25-*bis*, subsequently amended by Law no. 99/2009 and by Legislative Decree 125/2016;
- (v) **crimes against industry and commerce**, introduced with article 15, sub-paragraph 7, point b), of Law no. 99 of 23 July 2009, which included in Legislative Decree 231/01 article 25-*bis*.1;
- (vi) **corporate crimes**, introduced with Legislative Decree no. 61 of 11 April 2002 which included in Legislative Decree 231/01 article 25-*ter*, subsequently supplemented by Law no. 190 of 6 November 2012, by Law 69/15 and by Legislative Decree 38/2017;
- (vii) **crimes related to terrorism or subversion of democratic order**, introduced with Law no. 7 of 14 January 2003, which included in Legislative Decree 231/01 article 25-*quater*;
- (viii) **female genital mutilation**, introduced with Law no. 7 of 9 January 2006, which included in Legislative Decree 231/01 article 25-*quater*.1;
- (ix) **crimes against the individual**, introduced with Law no. 228 of 11 August 2003, which included in Legislative Decree 231/01 article 25-*quinquies*, subsequently amended by Law no. 199/2016;
- (x) **market abuse**, introduced with Law no. 62 of 18 April 2005, which included in Legislative Decree 231/01 article 25-*sexies* and, in the Consolidated Finance Act, article 187-*quinquies* “*Liability of entities*”;
- (xi) **culpable homicide and grievous bodily harm, committed in breach of health and safety at work protection laws**, introduced with Law no. 123 of 3 August 2007, n. 123, which included in Legislative Decree 231/01 article 25-*septies*;
- (xii) **crimes related to the handling of stolen goods, money-laundering and utilization of cash, assets or profits of illegal origin and self-laundering** introduced with Legislative Decree no. 231 of 21 November 2007, which included in Legislative Decree 231/01 article 25-*octies*, subsequently supplemented by Law no. 186/14
- (xiii) **copyright infringement crimes**, introduced with article 15, sub-paragraph 7, point c), of Law no. 99 of 23 July 2009, which included in Legislative Decree 231/01 article 25-*novies*;
- (xiv) **crime of induction not to make statements or to make untruthful statements to the judicial authorities**, introduced with article 4 of Law no. 116 of 3 August 2009, n. 116, which included in Legislative Decree 231/01 article 25-*decies*²;
- (xv) **crimes against the environment**, introduced with Legislative Decree no. 121 of 7 July 2011, which included in Legislative Decree 231/01 article 25-*undecies*, subsequently supplemented by Law no. 68/15
- (xvi) **transnational crimes**, introduced with Law no. 146 of 16 March 2006, “*Ratification and execution law of the United Nations Convention and Protocols against transnational organised crime*”;
- (xvii) **crime of employment of third-country nationals residing without authorisation**, introduced with Legislative Decree no. 109 of 16 July 2012 concerning “*Implementation of directive 2009/52/EC which introduces minimum rules regarding sanctions and measures for employers who employ third-party nationals without authorisation*”, which included in Legislative Decree 231/01 article 25-*duodecies*;
- (xviii) **crimes of racism and xenophobia**, introduced with European Law 2017 which in article 5 Section II sets forth the inclusion in Legislative Decree 231/01 of article 25-*terdecies*.

² Extracted from: Assonime Circular no. 68, dated 19 November 2002.

³ Originally 25-*novies* and thus renumbered by Legislative Decree 121/2011.

1.4 The Sanctions established in the Decree

Legislative Decree 231/01 establishes the following types of sanctions applicable to entities subject to it:

- (a) fines;
- (b) restraining sanctions;
- (c) confiscation of the price and profit of the crime;
- (d) publication of the sentence.

(a) Fines, regulated by articles 10 et seq. of the Decree, represent the "base" sanction necessarily applied, whose payment is made by the Entity with its equity or with the common fund.

The Lawmaker has adopted an innovative criterion for making the punishment fit the crime, assigning to the judge the obligation to make two different and subsequent assessments. This means greater adaptation of the fine to the seriousness of the fact and to the economic conditions of the Entity.

The first assessment requires the Judge to determine the number of quotas (in any case not less than 100 and not more than one thousand) bearing in mind:

- the seriousness of the fact;
- the degree of liability of the Entity;
- the activities carried out to eliminate or mitigate the consequences of the fact and to prevent the commission of other offences.

In the second assessment, the Judge determines, within the pre-set minimums and maximums for the fined crimes, the value of each quota, from a minimum of Euro 258.00 to a maximum of Euro 1,549.00. This amount is set *"on the basis of the economic and equity conditions of the entity for the purpose of ensuring the efficacy of the fine"* (articles 10 and 11, sub-paragraph 2, Legislative Decree 231/01).

As stated in point 5.1. of the Report on the Decree, *"As regards the method to use to ascertain the economic and equity conditions of the entity, the judge can use the financial statements or other accounting entries able to give a picture of these conditions. In some cases the assessment can also be made by taking into consideration the size of the entity and its position on the market. (...) The judge must, with the assistance of consultants, identify with the reality of the company, where he can also obtain information about the entity's economic, financial and equity strength"*.

Article 12 of Legislative Decree 231/01, sets forth a series of cases in which the fine is reduced. These are summarily shown in the table below, with an indication of the reduction made and the assumptions for the application of same.

⁴ With reference to the crime of market abuse, the second sub-paragraph of article 25-sexies of Legislative Decree no. 231 of 2001 sets forth that: *"if, following the commission of the crimes as of sub-paragraph 1, the product or profit made by the entity is of a significant amount, the sanction is increased up to ten fold such product or profit"*.

Reduction	Assumptions
1/2 (and in any case not more than Euro 103,291.00)	<ul style="list-style-type: none"> The perpetrator of the crime has committed the offence to the main advantage of himself/herself or of third parties <i>and</i> the Entity has not gained benefit from same or has gained a minimum benefit; <i>or</i> the patrimonial damage caused is very limited.
from 1/3 to 1/2	<p>[Before the declaration of opening of the first level hearings]</p> <ul style="list-style-type: none"> The Entity has fully reimbursed the damage and has eliminated the damaging or dangerous consequences of the crime or has in any case effectively acted in this sense; <i>or</i> an organisation model able to prevent crimes of the type committed has been implemented.
from 1/2 to 2/3	<p>[Before the declaration of opening of the first level hearings]</p> <ul style="list-style-type: none"> The Entity has fully reimbursed the damage and has eliminated the damaging or dangerous consequences of the crime or has in any case effectively acted in this sense; <i>and</i> an organisation model able to prevent crimes of the type committed has been implemented.

(b) The following **restraining sanctions** are provided for in the Decree and apply to those crimes for which they are specifically envisaged:

- ban on operations;
- suspension or withdrawal of permits, licenses or concessions used to commit the crime;
- ban on contracting with the public administration except to obtain a public service;
- exclusion from benefits, loans, grants or subsidies and possible revocation of those already granted;
- ban on advertising goods or services.

For the restraining sanctions to be applied, one of the following conditions as of article 13 of Legislative Decree 231/01 must exist:

"the Body has made a significant profit from the crime and the crime has been committed by a member of top management or one of its subordinates when, in the latter case, it was possible to commit the crime or the crime was facilitated by serious organisational weaknesses"; or
"the crime has been committed more than once".

Moreover, the restraining sanctions can be requested by the Public Prosecutor and applied to the Entity by the Judge in a precautionary way, when:

- there are serious indications to believe in the existence of the Entity's liability for an administrative offence dependent on crime;
- grounded and specific elements emerge that lead to the belief that a concrete danger exists of the commission of crimes of the type in question;
- the Entity has gained a significant profit.

⁵ Pursuant to article 20 of Legislative Decree no. 231 of 2001, *"there is reiteration when the entity, already sentenced definitively at least once for an offence dependent on a crime, commits another one in the five years following the definitive sentence".*

In any case, the restraining sanctions are not applied when the crime was committed in the main interest of the perpetrator or of third parties and the Entity has gained a minimum or no advantage, or the patrimonial damage caused is very limited.

The application of restraining sanctions is also ruled out when the Entity has put in place behaviour able to remedy the situation as of article 17, Legislative Decree 231/01 and, more specifically, when the following conditions exist:

- *"the Entity has fully reimbursed the damage and has eliminated the damaging or dangerous consequences of the crime or has in any case effectively acted in this sense;*
- *"the Entity has eliminated the organisation shortcomings that led to the commission of the crime by adopting and implementing organisation models able to prevent crimes of the type that were committed";*
- *"the Entity has made available the profit gained for the purpose of the confiscation".*

Restraining sanctions have a duration of not less than three months and no more than two years and the choice of the measure to apply and its duration is made by the Judge based on the criteria indicated above for making the punishment fit the crime, *"bearing in mind the suitability of the individual sanctions to prevent crimes of the type committed"* (article 14, Legislative Decree 231/01).

The Lawmaker then specified that the ban on operations has a residual nature compared to the other restraining sanctions.

(c) Pursuant to article 19 of Legislative Decree 231/01, with the criminal conviction, **confiscation** - also by way of equivalent measures - of the price (cash or other economic profit given or promised to induce or cause another subject to commit the crime) or of the profit (immediate economic profit gained) from the crime is always ordered, barring the part that can be returned to the damaged party and without prejudice to the rights acquired by third parties in good faith.

(d) Publication of the sentence in one or more newspapers, from the original or in full, can be ordered by the Judge along with the posting of the notice in the municipality where the Entity has its headquarters, when a restraining sanction is applied. The publication is made by the Court Clerk and the cost is charged to the Entity (in accordance with article 18 of Legislative Decree 231/01).

1.5 Attempted crimes

In the case of attempted commission of the predicate crimes as of the Decree, the fines (in terms of amount) and the restraining sanctions (in terms of time) are reduced by one third to a half, while no sanctions are applied in the cases where the Entity voluntarily prevents the occurrence of the action or of the event (article 26 of the Decree).

1.6 Exempting conduct

Articles 6 and 7 of Legislative Decree 231/01, provide for specific forms of exemption from administrative liability of the Entity for crimes committed in the interests of or to the advantage of the same by Top Management or by Subordinates (as defined in paragraph 1.2 above).

Specifically, in the case of crimes committed by Top Management, article 6 of the Decree provides for exemption if the Entity can demonstrate that:

- a) its board has adopted and effectively implemented, before the crime was committed, an organisation, management and control Model able to prevent the Crimes of the type in question (hereinafter, for the sake of brevity, the "**Model**");
- b) the task of supervising the functioning and observance of the Model and of as well as managing its update has been tasked to a body set up by the Entity (hereinafter, for the sake of brevity, the "**Supervisory Board**" or "**OdV**"), having autonomous powers of initiative and control;
- c) the people who have committed the crime acted by fraudulently circumventing the Model;
- d) there has been no lack of supervision or insufficient supervision by the OdV.

As regards Subordinates, article 7 of the Decree provides for the exemption from liability in the case where the Entity has adopted and effectively implemented, before the crime was committed, a Model able to prevent crimes of the type committed.

The exemption from liability of the Entity cannot however be based on the mere adoption of the Model, but on its effective implementation, adopting all of the protocols and controls necessary to limit the risk of commission of the crimes that the Company intends to prevent. Specifically, with reference to the characteristics of the Model, the Decree expressly establishes, under article 6, sub-paragraph 2, the following steps in preparation for the correct implementation of the Model:

- a) identification of the activities in which there is the possibility of crimes being committed;
- b) definition of specific protocols aimed at programming the formation and implementation of the Entity's decisions regarding the crimes to be prevented;
- c) identification of procedures for managing the financial resources used to prevent these crimes from being committed;
- d) definition of reporting obligations to the Supervisory Board;
- e) introduction of a suitable disciplinary system which punishes non-observance of the provisions of the Model.

1.7 Guidelines

As expressly indicated by the delegated Lawmaker, the Models can be adopted on the basis of Codes of Ethic drawn up by trade associations, communicated to the Ministry of Justice which, in liaison with the relevant Ministries, can make observations about the suitability of the models to prevent crimes within 30 days.

This Model has been prepared drawing inspiration from the Guidelines for the preparation of organisation, management and control models as of Legislative Decree 231/01, approved by Confindustria on 7 March 2002 and subsequently updated⁶.

The path indicated by the Guidelines for the preparation of the Model can be summarised as outlined below:

- identification of the areas at risk, aimed at verifying in which areas/sectors of the company there is the risk of the commission of crimes;
- definition of a control system able to reduce risks by adopting specific protocols. Supporting this there is the coordinated series of organisational structures, activities and operating activities applied - as indicated by the top management - by management and consultants, aimed at providing reasonable certainty of the achievement of the aims of a good internal control system.

The most relevant elements of the preventive control system proposed by the Confindustria Guidelines are, as far as regards the prevention of fraudulent crimes:

- the Code of Ethics;
- the organisational system;
- the manual and automatic procedures;
- the authorisation and signatory powers;
- the control and management system;
- communication to the personnel and their training.

⁶ Guidelines updated by Confindustria in the month of March 2014.

With reference to fraudulent crimes (crimes against health and safety at work and - even although subsequent to the issue of the Guidelines - most of the crimes against the environment), the most relevant elements identified by Confindustria are:

- the Code of Ethics (or behaviour) with reference to the crimes considered,
- the organisational structure,
- training and education,
- communication and engagement,
- operating management,
- the safety monitoring system,

the control system must be informed on the following principles:

- ascertainability, documentability, coherence and congruence of every operation,
 - segregation of duties (nobody can autonomously manage all the stages of a process),
 - documentation of controls,
 - introduction of a suitable system of sanctions for breaches of the provisions and protocols set forth in the Model,
 - identification of a Supervisory Board whose main requirements are:
 - autonomy and independence,
 - professionalism,
 - continuity of action.
- obligation of the company functions and, above all, those identified as being at "greater risk of crime", to provide the Supervisory Board with information, on a structured basis (periodic reporting on the implementation of the Model) and to report atypical anomalies detected in the information available.

2. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF COSTACURTA S.p.A.-VICO

2.1 Brief description of the activities of Costacurta S.p.A.-VICO

Established in 1921, "*Costacurta S.p.A.-VICO*" is an Italian company specialised in the design and manufacture of metal components for industry and architecture, serving markets worldwide.

The entire portfolio of the Costacurta S.p.A.-VICO products originates from stainless steel wires and plates, worked to obtain the finished product.

Costacurta S.p.A.-VICO supplies:

- manufacturers of machinery used in various sectors including food, mechanical, textile, paper and wood;
- leading international companies that are involved in developing technology and providing engineering services and equipment for oil & gas, petrochemical and chemical industries.

Finally, it offers supervision during installation and assists its clients in the development of new products.

2.2 Adoption of the Model

Costacurta S.p.A.-VICO, aware of the need to ensure correctness and transparency in the performance of its business and the company's activities, has decided to draw up an Organisation, Management and Control Model as of Legislative Decree no. 231 of 8 June 2001 (hereinafter for the sake of brevity, also referred to as the "Model") as well as a "Code of Ethics" which forms an integral part thereof.

This decision was taken in the firm belief that the adoption of the Model, besides the requirements of the Decree, which it states are optional and not compulsory, can represent a valid tool for raising the awareness of everyone who operates in the name and on behalf of Costacurta S.p.A.-VICO, so that they follow, in the performance of their activities, correct and linear behaviour such as to prevent the commission of crimes, with special reference to those provided for in the Decree.

In this respect Costacurta S.p.A.-VICO first and foremost highlights that it does not tolerate illegal behaviour, of any type and irrespective of the purpose, as such behaviour, also if Costacurta S.p.A.-VICO could apparently gain advantage, is in any case contrary to the ethical principles with which Costacurta S.p.A.-VICO intends to comply in the pursuit of its corporate mission.

This Model, as set forth in the Decree, was approved by the Company's Board of Directors on 30/03/2018.

2.3 This Model

2.3.1 Aims of the Model

The Company's Model has been drawn up based on the identification of the areas of possible risk in the company's activities in which the possibility of the crimes being committed is higher and proposes the following aims:

- setting up of a prevention and control system with the aim of reducing the risk of commission of crimes linked to the company's activities;
- making everyone that operates in the name and on behalf of Costacurta S.p.A.-VICO, and in particular those involved in the "areas of activity at risk", aware of the possibly, in the case of violation of the provisions contained therein, of committing a crime that could be subject to sanctions on a legal and administrative level, not only for themselves but also for the company;
- informing everyone who works for and with the Company that violations of the provisions contained in the Model will result in the application of specific sanctions or termination of contract;
- confirming that Costacurta S.p.A.-VICO, does not tolerate illegal behaviour, of any type and irrespective of the

purpose, as such behaviour (even if Costacurta S.p.A.-VICO could apparently gain an advantage), is in any case contrary to the principles by which the Company's activities are inspired.

2.3.2 The construction of the Model

Based on the indications contained in the reference Guidelines, the Model (and the subsequent drafting of this document) was constructed following the steps indicated below:

- (i) preliminary examination of the company context by analysing the pertinent documentation and interviews with the managers of Costacurta S.p.A.-VICO, informed about the structure and its activities, in order to define the organisation and the activities carried out by the various organisational units/company functions as well as the processes of the various activities and their concrete and effective implementation;
- (ii) identification of the areas of activity and business processes "at risk" or - limited to crimes against the Public Administration - "instrumental" to the commission of the crimes, made on the basis of the above-stated preliminary examination of the company context (hereinafter, for the sake of brevity, cumulatively indicated as the "**Areas at Risk of Crime**");
- (iii) definition in a hypothetical way of the main ways the Predicate Crimes could be committed in the individual Areas at Risk of Crime;
- (iv) detection and identification of the entity's control system aimed at preventing the commission of the Predicate Crimes.

2.3.3 Concept of acceptable risk

When drawing up an organisation, management and control model, like this one, the concept of acceptable risk has to be considered. Indeed, it is necessary to establish, for the purposes of compliance with the provisions introduced with Legislative Decree 231/01, a threshold that allows the number and quality of the prevention tools that have to be adopted to prevent the commission of the crime to be limited.

With specific reference to the sanctions mechanism introduced with the Decree, the threshold of acceptability is represented by the effective implementation of a prevention system that cannot be circumvented unless intentionally, or, for the purpose of the exclusion of administrative liability of the entity, the people who have committed the crime have acted by fraudulently circumventing the Model and controls adopted by the Company.

2.3.4 Structure of the Model and the Predicate Crimes relevant for its construction

The Company intends to define a Model which takes into consideration the particular nature of its business, consistently with its governance system and able to valorise the existing controls and organisms.

The Model therefore represents a coherent set of principles, rules and provisions that:

- affects the internal functioning of the Company and the way in which it relates with the outside world;
- regulates the diligent management of a control system of the Areas at Risk of Crime, with the aim of preventing the commission or attempted commission of the crimes referred to in the Decree.

Specifically, the Costacurta S.p.A.-VICO Model comprises:

- a “**General Part**”, which contains the underlying principles of the Model;
- a “**Special Part 1**” divided into Sections which make reference to the different categories of crimes set forth in Legislative Decree 231/01 and considered relevant for the Company; a short description of the offences that can be a source of an administrative liability (of the Company) and a description of the general rules of conduct implemented by the Company is given for each category of predicate crime;
- a “**Special Part 2**” containing the indication of the Areas at Risk of Crime identified and the description of the preventive controls implemented by the Company in order to prevent the commission of the crimes as of Legislative Decree 231/01 considered relevant for the Company.

Also considering the number of cases of crime that currently represent an assumption of the administrative liability of Entities as of the Decree, some of these have not been considered relevant for the construction of this Model as it is believed that the risk related to the commission of these crimes is only abstractly and not concretely conceivable. In particular, following meticulous evaluation of the activities actually carried out by Costacurta S.p.A.-VICO and its history, the following cases are considered not to be relevant:

1. **Female genital mutilation** (article 25-*quater*.1 of the Decree);
2. **Market abuse** (article 25-*sexies* of the Decree);
3. **Forgery of money, public credit cards or revenue stamps, and of identification instruments or signs** (article 25-*bis*, of the Decree);
4. **Crimes of racism and xenophobia** (article 25-*terdecies* of the Decree);

In any case, the ethical principles on which the Company’s Model is based and its governance structure have the general aim also of preventing these types of crimes which, due to their irrelevance, are not specifically regulated in the Special Part of this Model.

2.4 Documents linked to the Model

The following documents represent an integral and substantive part of the Model:

- Code of Ethics containing the series of rights, duties and responsibilities of Costacurta S.p.A.-VICO vis-à-vis the addressees of the Model itself (hereinafter, for the sake of brevity, the “**Code of Ethics**”);
- disciplinary system and related sanctions mechanism to apply in the case of violation of the Model (hereinafter, for the sake of brevity, the “**Disciplinary System**”)
- commissions and proxies system as well as all of the documents whose aim is to describe and attribute responsibilities and/or duties to everyone who operates in the Areas at Risk of Crime (i.e. organisation charts, services orders, job descriptions, etc.);
- system of procedures (protocols) and internal controls having as an aim that of guaranteeing adequate transparency and clarity of the decision-taking and financial processes as well as the behaviour that must be adopted by the addressees of this Model operating in the Areas at Risk of Crime (hereinafter, for the sake of brevity, the internal commissions and proxies system, procedures and controls mentioned above will be referred to jointly as the “**Procedures**”).

It follows that the term Model must be considered not only as referring to this document but also to all of the other documents and Procedures that will be adopted at a later date according to the provisions in same and that will pursue the aims indicated therein.

2.5 Management of financial resources

Without prejudice to the provisions of the previous paragraph, bearing in mind that pursuant to article 6, point c) of Italian Legislative Decree 231/01 one of the needs the Model must meet is that of identifying ways of managing financial resources able to prevent the commission of the crimes; the Company has adopted specific protocols containing the principles and behaviour to adopt when managing such resources.

2.6 Dissemination of the Model

2.6.1 Addressees:

This Model takes into consideration the specific business reality of Costacurta S.p.A.-VICO and represents a valid tool for raising awareness of and providing information to the Top Management and Subordinates (hereinafter, for the sake of brevity, the “**Addressees**”).

All this so that the Addressees, in the performance of their activities, adopt correct and transparent behaviour in line with the ethical-social values that inspire the Company in pursuing its business purpose and those in any case which can prevent the risk of commission of crimes as of the Decree.

In any case, the competent company functions ensure inclusion in the Company’s Procedures of the principles and rules of conduct contained in the Costacurta S.p.A.-VICO Model and Code of Ethics.

2.6.2 Training and Information for Personnel

Costacurta S.p.A.-VICO aims to guarantee correct knowledge by the Addressees of the content of the Decree and the obligations deriving from same.

For the purpose of the implementation of this Model, the training and information for the Addressees takes place in close collaboration with the Supervisory Board and with the managers of the other company functions involved on a case by case basis in the application of the Model.

The main methods of providing training/information necessary also for the purpose of compliance with the provisions contained in the Decree include the specific information provided at the time of recruitment and the other activities considered necessary to guarantee correct application of the provisions of the Decree. In particular, the following is provided for:

- **initial communication:** the adoption of this Model is communicated to all the resources present in the Company. New employees are given a copy of the Code of Ethics and the Model - General Part of Costacurta S.p.A.-VICO. Employees also sign a form in which they acknowledge that the Model is available on the company intranet and declare to observe the content of the above-stated regulation. Moreover, Top Management and/or Subordinates who work in Areas at Risk of Crime are given information about the Special Parts;
- **specific training activities:** “continuous” training is obligatory and differentiated, both in content and method, depending on the role of the Addressees, the level of risk of the area they work in, and on whether they have authority to represent the Company or not.

In order to guarantee the effective dissemination to the personnel of the Model, of information regarding the content of the Decree and of the obligations deriving from the implementation of same, a specific section has been created on the company’s *intranet* dedicated to the subject in which all the documents comprising the model are present and available for consultation. This section is managed and updated in collaboration with the Supervisory Board.

2.6.3 Information to Third Parties and dissemination of the Model

The Company also disseminates the Model to people who have collaboration relationships with the Company without subordination restriction, consultancy relationships, agency relationships, commercial representation relationships and other relationships that give rise to the supply of professional services, not of a subordinate nature, whether continuative or occasional (hereby including subjects that act for the suppliers and partners, also in the form of joint-venture (hereinafter, for the sake of brevity, **“Third Parties”**)).

Specifically, the company functions, when involved, provide Third Parties in general and the service companies they come into contact with appropriate information regarding the adoption by Costacurta S.p.A.-VICO of the Model pursuant to Legislative Decree 231/01. The Company also invites Third Parties to read the Code of Ethics and the General Part of the Model present on the company's website.

The respective contractual texts include specific clauses aimed at informing Third Parties of the adoption of the Model by Costacurta S.p.A.-VICO, of which same declare to have read and understood the consequences of non-observance of the precepts contained in the General Part of the Model and in the Code of Ethics, and declare that they will not commit and will ensure that its top management or subordinates refrain from committing any of the Predicate Crimes.

3 ELEMENTS OF THE GOVERNANCE MODEL AND GENERAL ORGANISATIONAL SET-UP OF COSTACURTA S.P.A.-VICO

3.1 Company's Governance Model

Costacurta S.p.A.-VICO is a joint stock company and is administered by a Board of Directors comprising 5 members, whose powers are established by the Shareholders' Meeting.

The accounts are audited by external auditors. The Company has also appointed a Board of Statutory Auditors comprising 3 statutory auditors and 2 alternate auditors.

3.2 Costacurta S.p.A.-VICO's internal control system

Costacurta S.p.A.-VICO has adopted the following general tools, aimed at programming the formation and passing of the Company's decisions (also in relation to the crimes to prevent):

- the ethical principles by which the Company is inspired, also on the basis of the content of the Code of Ethics;
- the commissions and proxies system;
- the documentation and provisions regarding the company and organisational hierarchical-functional structure;
- the internal control system and therefore the structure of the company's procedures;
- the procedures related to the administrative and accounting system;
- the company's memos and circulars addressed to the personnel;
- the obligatory, adequate and differentiated training for all the personnel;
- the disciplinary system as of the National Bargaining Agreements;
- the national and international regulatory *“corpus”* when applicable.

3.3 General principles of control in all of the Areas at Risk of Crime

In addition to the specific controls set forth in the Special Part of this Model, the Company has implemented specific general controls applicable in all of the Areas at Risk of Crime.

Specifically, the following:

- **Transparency:** each and every operation/transaction/action must be justifiable, verifiable, coherent and congruent;
- **Segregation of duties/Powers:** no-one can autonomously manage an entire process or hold unlimited powers; the authorization powers must be defined consistently with the organisational responsibilities assigned;
- **Adequacy of the internal standards:** the set of company standards must be consistent with the activities carried out and the level of organisational complexity and such as to guarantee the necessary controls to prevent the commission of the crimes as of the Decree;
- **Traceability/Documentability:** every operation/transaction/action, as well as the related verification and control activities must be documented and the documentation must be appropriately archived.

4 THE SUPERVISORY BOARD

4.1 Characteristics of the Supervisory Board

According to the provisions of Legislative Decree 231/01 (articles 6 and 7), and the indications of the Confindustria Guidelines, the characteristics of the Supervisory Board, to ensure actual and effective implementation of the Model, must be:

- (a) autonomy and independence,
- (b) professionalism,
- (c) continuity of action.

Autonomy and independence

The requirements of autonomy and independence are fundamental so that the OdV is not directly involved in the management activities forming the object of its control activities and, therefore, is not subject to conditioning or interference by the management board.

These requirements can be obtained by guaranteeing the Supervisory Board the highest hierarchical position possible and establishing that it *reports* to the company's top management; that is, the Board of Directors as a whole. For the purpose of independence, it is also essential that the OdV not be assigned any operational duties that would jeopardise the objectiveness of its opinion with reference to controls on behaviour and the effectiveness of the Model.

Professionalism

The Supervisory Board must have appropriate technical-professional know-how for the functions it is called on to perform. These characteristics, along with independence, guarantee the objectiveness of its opinions⁷.

⁷ Reference is made here, inter alia, to: risk analysis and assessment techniques; measures to contain risks (organisational procedures, cross-checking, etc.); *flow charting* of procedures and processes to identify any weaknesses, interviewing techniques and the preparation of questionnaires; methods for the identification of frauds; etc. The Supervisory Board must have inspection type skills (to ascertain how a crime of the type in question could have been committed and who committed it); know-how of a consultancy type (to adopt - at the time of the definition of the Model and its subsequent adaptations - the most appropriate measures to prevent, with reasonable certainty, the commission of these crimes) or, again, coherently to check that the everyday behaviour effectively respects the codified behaviour) and legal know-how. Legislative Decree no. 231 of 2001 is a criminal regulation and, as the Supervisory Board has the aim of preventing the commission of the crimes, it is therefore essential to know the structure and way the crimes are committed (this may be ensured by using the company's resources or external consultancy).

Continuity of action

The Supervisory Board must:

- carry out the activities necessary for the supervision of the Organisation Model with continuity, with adequate commitment and with the necessary powers of investigation;
- be a structure referable to the Company so as to guarantee the due continuity in the supervisory activities.

To ensure the actual existence of the requirements described above, it is opportune that these subjects, in addition to the professional skills described, possess subjective requirements that further guarantee the autonomy and independence required of the role (e.g. honourability, absence of conflicts of interest, family relationships with the members of the boards and with top management, etc.)

4.2 Identification of the Supervisory Body

The Board of Directors of Costacurta S.p.A.-VICO has appointed as Supervisory Body of the Company a multi-member board comprising 3 members with the participation of subjects that possess the requirements of professionalism and competence to carry out the functions and the personal requirements of honourability and independence, which are decisive for the necessary autonomy of action.

After being appointed, the Supervisory Board arranges for the drafting of its own internal regulation and prepares and updates the plan of the activities to carry out.

4.3 Duration of the appointment and causes of termination

The Supervisory Body remains in office for the period of time indicated in the deed of appointment; this term of office can be renewed.

The appointment of the Supervisory Board can be revoked for one of the following reasons:

- expiry of the term of office;
- revocation of the Board by the Board of Directors;
- renouncement of a member, formalised in a specific written communication to be sent to the Board of Directors;
- existence of one of the reasons for termination as of paragraph 4.4 below.

The revocation of the OdV can be ordered only in cases of just cause. These must be considered, by way of example, the following cases:

- a member is involved in criminal proceedings whose object is the commission of a crime;
- a violation of the obligations of privacy necessary for the OdV has been ascertained;
- wilful negligence in the performance of the duties related to the assignment;
- possible involvement of the Company in proceedings, whether criminal or civil, which are connected to non or insufficient supervision, including negligence.

Revocation is ordered with resolution of the Board of Directors, subject to the binding opinion of the Board of Statutory Auditors.

In the case of expiry, revocation or renouncement, the Board of Directors swiftly appoints the new member of the OdV while the outgoing member remains in office until substituted.

4.4 Reasons of non-eligibility and termination

The following represent reasons of non-eligibility and/or termination of a member of the OdV:

- a) ban, disqualification, bankruptcy or, in any case, criminal conviction, also not definitive, for one of the crimes set forth in the Decree or, in any case, a conviction that leads to a ban, including a temporary ban, from public office or disqualification to hold executive offices;
- b) the existence of family, marital or kinship relations with members of the Company's Board of Directors;
- c) the existence of relationships of a patrimonial nature between a member and the Company such as to compromise the independence of same member.

Members of the OdV shall immediately inform the Board of Directors if, during the period of the assignment, a reason for termination should emerge.

4.5 Functions, tasks and powers of the Supervisory Board

In accordance with the indications provided by the Decree and Guidelines, the function of the Supervisory Board consists, in general, in:

- monitoring the actual application of the Model in relation to the various types of crimes taken into consideration in same;
- checking the efficacy of the Model and its real capacity to prevent the commission of the crimes in question;
- identifying and proposing to the Board of Directors updates and modifications to the Model in relation to changing law provisions or to the changing needs or conditions of the company;
- checking that the proposals regarding updates and modifications formulated by the Board of Directors have been correctly included in the Model.

Within the context of the function described above, the OdV has the following tasks:

- periodically check the map of the Areas at Risk of Crime and the adequacy of the control points in order to enable their adaptation to changes in the company's activities and/or structure. To this end, the addressees of the Model, as better specified in the special parts of same, must report to the OdV any situations which may expose the Company to the risk of crime. All communications must be made in writing and transmitted using one of the communication channels established in point 4.7.1 of this Model;
- based on the OdV's action plan established in advance, periodically perform targeted controls and inspections on certain operations or specific deeds performed within the context of the Areas at Risk of Crime;
- collect, process and retain information (including the reports as of the paragraph below) which is relevant for compliance with the Model, and update the list of information that must be obligatorily transmitted to same OdV;

- conduct internal investigations to verify alleged violations of the provisions of this Model reported to the OdV in ad hoc reports or emerging during its supervisory activities;
- check that the elements set forth in the Model for the various types of crime (standard clauses, procedures and related controls, proxies system, etc.) are effectively adopted and implemented and meet the needs of compliance with Legislative Decree 231/01; otherwise arranging for corrective actions and updates to same.

For the performance of the functions and tasks indicated above, the OdV is entrusted with the following powers:

- full and capillary access to the company's documents and, specifically, to those regarding contractual and other types of relationships entered into by the Company with third parties;
- use the support and cooperation of the various company structures and boards that may be interested, or in any case, involved in the control activities;
- grant specific consultancy and assistance assignments to professionals also outside the Company.

4.6 Resources of the Supervisory Board

The Board of Directors assigns to the OdV the human and financial resources deemed opportune for the purpose of the performance of the assignment. Specifically, the OdV is attributed autonomous powers of spending as well the right to stipulate, modify and/or terminate professional assignments to third parties holding the specific know-how required for the optimal execution of the assignment.

4.7 Information flows of the Supervisory Board

4.7.1 Reporting obligations to the Supervisory Board

With the aim of facilitating supervision of the efficacy of the Model, the OdV must be informed, through specific reports from the Addressees of the Model (and, when necessary, from Third Parties) regarding events that could give rise to the responsibility of Costacurta S.p.A.-VICO in accordance with Legislative Decree 231/01.

The following are Addressees of the Model and undertake to comply with the content of same:

- people who hold positions of representation, administration or management of the Company or of one of its units who have financial and functional autonomy and those people who de facto exercise the management or control of the company (executives and directors of the Company);
- people subject to the direction or supervision of one of the subjects indicated in the point above (Company employees);
- collaborators, business partners, consultants and subjects in general who carry out their work autonomously to the extent to which they operate on behalf and in the interests of the Company;
- suppliers and partners who operate in a significant and/or continuative way on behalf and in the interests of the Company;
- more in general, everyone who, for any reason, operates on behalf and in the interests of the Company.

These Addressees are entitled to present, in order to protect the integrity of the company, circumscribed reports regarding illegal conduct which is relevant for the purposes of Legislative Decree 231/2001, and founded on precise and concordant facts; that is, reports whose object is the violation of this Model, of which they have become informed of due to the functions carried out.

The information flows to the OdV are separated into reports of illegal conduct or violations of this Model and specific obligatory information.

Besides reports regarding the violations mentioned above, the following information must be obligatorily and swiftly sent to the OdV:

- measures and/or news arriving from the criminal police, or from any other authority, regarding investigations that involve the Company or the members of the boards;
- any relationships put in place by managers of other boards (e.g. the Board of Statutory Auditors) within the framework of their control activities and from which facts, actions, events or omissions could arise with critical profiles in terms of compliance with Legislative Decree 231/01;
- news related to disciplinary proceedings as well as any sanctions applied or dismissal measures of such proceedings with the relative reasons if these are linked to the commission of crimes or violation of rules of behaviour or procedures of the Model;
- the investigation commissions or internal reports/communications which bring to light responsibility for the cases of crimes as of Legislative Decree 231/01;
- organisational changes;
- updates of the commissions and proxies system;
- particularly significant operations carried out within the context of the Areas at Risk of Crime;
- changes to the Areas at Risk of Crime or potentially at risk;
- any communications of the Board of Statutory Auditors regarding aspects that can indicate shortcomings in the internal control system, censurable facts, observations on the Company's financial statements;
- declaration of truthfulness of the information contained in the company's communications;
- copy of the minutes of the Board of Directors' and Board of Statutory Auditors' meetings.

The Company adopts specific dedicated information channels (*mail box created ad hoc*) in order to guarantee the confidentiality mentioned above and facilitate the flow of reports and information to the OdV.

The main communication channel is the email address odv231@costacurta.it, which can be accessed solely by the Company's OdV.

Besides the communication channel indicated above for the transmission of reports and violations as of article 6 c. 2-*bis* of Legislative Decree 231/01, the Company has adopted another channel for reporting violations to ensure the subjects as of article 5 c. 1 points a) and b) of Legislative Decree 231/01, anonymity for all activities related to the management of the report.

This channel consists in an on-line reporting form accessible on the Company's website. The addressee of the report is the OdV.

The OdV assesses the reports received with discretion and responsibility. To this end it can interview the person who made the report and/or the person responsible for the alleged violation, justifying in writing the reason for any autonomous decision not to pursue the matter. In any case, reporters in good faith will be protected against any form of retaliation or penalisation and they will be guaranteed maximum confidentiality and, in the case of anonymous reports, the anonymity of the reporter will be guaranteed, subject to the obligations of law and the need to protect the Company or people accused erroneously or in bad faith.

In this respect, acts of retaliation or discrimination, direct or indirect, against the reporter for reasons linked directly or indirectly to the report are forbidden.

In any case, any retaliatory or discriminatory measures adopted vis-à-vis the reporter for reasons linked directly or indirectly to the report are null and void.

Moreover, the Company, has included in its disciplinary system sanctions for whoever violates the measures protecting reporters, as well as whoever makes reports with wilful misconduct or gross negligence that turn out to be groundless.

4.7.2 Reporting obligations of the Supervisory Board

Whereas the responsibility to adopt and effectively implement the Model lies with the Company's Board of Directors, the OdV reports on the implementation of the Model and the emergence of any critical questions.

Specifically, the OdV is responsible vis-à-vis the Board of Directors for:

- communicating at the start of each year the plan of the activities it intends to carry out in order to fulfil the tasks assigned. This plan will be approved by the Board of Directors;
- periodically communicating the progress of the plan along with any modifications made to it;
- promptly communicating any problems linked to the activities when considered relevant;
- reporting at least every six months on the implementation of the Model.

The OdV will be obliged to report periodically, besides to the Board of Directors, also to the Board of Statutory Auditors on its activities.

The OdV can request to be convened by the above-stated board to report on the functioning of the Model or specific situations. Minutes of meetings must be prepared for the meetings with the boards to which the OdV reports. A copy of these minutes will be kept by the OdV and by the boards involved in the meetings.

Without prejudice to the above, the OdV can also communicate, bearing in mind individual circumstances:

- (i) the results of its controls to the managers of the functions and/or of the processes if the activities bring to light possible areas where improvement is possible. In this case the OdV will have to receive from the process owners an action plan with related calendar for the implementation of the activities susceptible to improvement as well as the results of such implementation;
- (ii) report to the Board of Directors and the Board of Statutory Auditors conduct/actions that are not in line with the purpose of:
 - a) obtaining from the Board of Directors all of the elements needed to make any communications to the structures assigned the task of assessing and applying disciplinary sanctions;
 - b) giving indications on the elimination of the shortcomings in order to prevent the event from being repeated.

Finally, the OdV is obliged to immediately inform the Board of Directors if the violation regards the members of the Board of Directors.

5 SANCTIONS SYSTEM FOR NON-OBSERVANCE OF THIS MODEL AND OF THE REGULATIONS-DISPOSITIONS CONTAINED THEREIN

5.1 General principles

Costacurta S.p.A.-VICO acknowledges and declares that the preparation of a suitable sanctions system for violation of the provisions contained in the Model, in the related Attachments and in the Procedures is essential in ensuring that the Model is effective.

Indeed, in this respect article 6, sub-paragraph 2, point e) of the Decree sets forth that organisation, management and control models must “introduce a disciplinary system able to sanction non-compliance with the measures indicated in the Model”.

Application of the disciplinary sanctions is independent from the outcome of any criminal proceedings as the rules of behaviour imposed by the Model and Procedures are assumed by the Company in a fully autonomous way and independently from the type of crimes as of Legislative Decree 231/01 that the violations in question can lead to.

More precisely, non-observance of the provisions contained in the Model and Procedures damages in itself the relationship of trust existing with the Company and results in disciplinary actions irrespective of the initiation of a criminal case in the cases where the violation represents a crime. This also in compliance with the principles of timeliness and immediacy of the disciplinary charge made and the application of the sanctions, in accordance with applicable law provisions.

5.2 Definition of “Violation” for the purpose of this Sanctioning System

As a merely general indication and by way of non-limiting example, the following represent a “**Violation**” of this Model and related Procedures:

- putting in place actions or behaviour which is not compliant with law and the provisions of Model and related Procedures, that lead to a situation of mere risk of the commission of one of the crimes indicated in Legislative Decree 231/01;
- omission of actions or behaviour set forth by the Model and related Procedures, that lead to a situation of mere risk of the commission of one of the crimes indicated in Legislative Decree 231/01.

5.3 Sanctions for employees

5.3.1 Employees in a non-executive position

The behaviour of employees that violates the provisions contained in this Model and in the Company's Procedures is defined a *disciplinary offence*.

With reference to the type of sanctions applicable to such employees, these fall within the context of those established in the National Bargaining Agreement applied in the company (hereinafter, for the sake of brevity, the “**CCNL**”), in accordance with the procedures set forth in article 7 of Law no. 300 of 1970 (hereinafter, for the sake of brevity, the “**Statute of labourers**”) and any special applicable regulations.

The Violation by employees, pursuant to paragraph 5.2 of this Model above, can give rise, depending on the seriousness of the Violation, to disciplinary measures that are set forth in application of principles of proportionality as well as correlation between infringement and sanction and, in any case, in accordance with the form and procedures set forth in applicable law provisions and that range, by way of example, from a verbal warning to a written warning, from a fine to suspension without pay to dismissal in the most serious cases.

In any case, without prejudice to the indications of the Disciplinary System in use at Costacurta S.p.A.-VICO, the employee is subject to the provisions of the CCNL of the metalworking and mechanical engineering industry applied in the company.

The disciplinary system is constantly monitored by the company's Management.

5.3.2 Directors

In the case of: (a) Violation pursuant to paragraph 5.2 above or (b) adoption, in the performance of activities in the Areas at Risk of Crime, of behaviour which does not comply with the provisions of the documents mentioned above, by directors, the most suitable disciplinary measures will be applied to the person responsible for the action in accordance with the provisions of the Statute of Labourers and the CCNL of Directors.

5.4 Directors

In the case of Violation of the rules as of the paragraph 5.2 above by one or more Directors of Costacurta S.p.A.-VICO, the OdV will promptly inform the Board of Directors and Board of Statutory Auditors so that the opportune evaluations be made and measures taken.

In the case where one or more Directors have been committed for trial, accused of a crime which gives rise to the administrative responsibility of the Company, the Chairman of the Board of Directors of Costacurta S.p.A.-VICO (or, in his stead the other Director) must convene the Shareholders' Meeting to pass resolution on the revocation of the mandate.

5.5 Statutory Auditors

In the case of Violation of the rules of sub-paragraph 5.2 above by one or more members of the Board of Statutory Auditors, the OdV informs the Board of Directors and same Board of Statutory Auditors and on the request of the Chairman of the Board of Directors, the Shareholders' Meeting will be convened in order to adopt the most opportune measures.

5.6 Third parties: collaborators, agents and external consultants

In the case of Violation of the rules as of sub-paragraph 5.2 above by collaborators, agents or external consultants or, more in general, by Third Parties, the Company, depending on the seriousness of the violation: (i) calls the attention of those involved to the need to strictly comply with the provisions therein; or (ii) will be entitled, depending on the type of contract, to withdraw from the existing relationship for just cause or terminate the contract due to default of the subjects indicated above.

To this end Costacurta S.p.A.-VICO has included a specific clause in the contracts which provide for: **(a)** information to Third Parties regarding the adoption of a Model and Code of Ethics by Costacurta S.p.A.-VICO, which same declare to have read and pledge to respect and not to put in place behaviour that can result in violation of applicable law provisions and standards, or which represent a crime as of Legislative Decree 231/01; **(b)** the right for the Company to withdraw from the relationship or terminate the contract (with or without the application of fines), in the case of non-fulfilment of such obligations.

5.7 Register

The Company holds a register in which it records the names of everyone who has committed a Violation in accordance with sub-paragraph 5.2 above. Entry in this register results in prohibition to enter into new contractual relationships with such subjects.



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