

**EPS Elvi Energy S.r.l.**

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**Organization, Management and  
Control Model**

**Pursuant to the provisions under art. 6 of the Leg. Decree no. 231 of 8<sup>th</sup> June 2001**

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Adopted by a resolution of the Board of Directors on 8<sup>th</sup> February 2017

And updated by a resolution of the Board of Directors on 14 December 2017

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## 1 THE LEGISLATIVE DECREE NO. 231 OF 8<sup>TH</sup> JUNE 2001

### 1.1 Characteristics and nature of the Entities' liability

The Legislative Decree no. 231 of 8<sup>th</sup> June 2001 (hereinafter also the “**Leg. Decree no. 231/2001**” or the “**Decree**”) details the Regulations for the administrative liability of legal entities, companies and sundry associations, even though not a legal entity (hereinafter “**Entities**”). For the first time in the Italian legal order, it has introduced a form of administrative liability for the Entities, which is generated by the commission of an offence and that adds up to the liability of the natural persons who have physically committed the offence.

This is a new and more extended form of liability, which affects the Entity for the crimes committed – in its interest or advantage – by any individuals functionally connected to the same (top managers and individuals subject to their direction and control).

The Decree intended to update the internal regulations on the legal entities' liability to some international conventions that Italy has already agreed to and provided for the Entities to be deemed liable and thus sanctioned only as regards the commitment of some offences that are specifically listed in the same (the so-called predicate offences).

### 1.2 The Predicate Offences

The offences whose commission involves the Entities' administrative liability are identified specifically by the Decree. Even though the legislator may still change and integrate their list, the predicate offences currently provided for in the Decree (hereinafter the “**Predicate Offences**”) are as follows:

- a) Crimes committed in the relationships with the Public Administration (articles 24 and 25 of the Decree);
- b) Cyber-crimes and illegal treatment of data (art. 24-*bis* of the Decree);
- c) Organized crime (art. 24-*ter* of the Decree);
- d) Crimes connected to false currency, public credit cards, stamp values and recognition instruments or signs (art. 25-*bis* of the Decree);
- e) Crimes against industry and trade (art. 25 *bis*.1 of the Decree);
- f) Corporate crimes (art. 25-*ter* of the Decree);
- g) Crimes aimed at terrorism or eversion of the democratic order (art. 25-*quarter* of the Decree);
- h) Mutilation of female genitals (art. 25- *quater*.1 of the Decree);
- i) Crimes against the individual person (art. 25-*quinquies* of the Decree)<sup>1</sup>;
- j) Market abuse (art. 25-*sexies* of the Decree);
- k) Transnational crimes (Law no. 146 of 16<sup>th</sup> March 2006);
- l) Manslaughter and serious or very serious injuries committed with a violation of the rules on the protection of health and safety in the workplace (art. 25-*septies* of the Decree);

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<sup>1</sup> Including the crime of “*Illegal intermediation and work exploitation*” pursuant to art. 603 *bis* of the Italian Criminal Code

- m) Graft, laundering and use of laundered money, assets or profits obtained illegally and self-laundering (art. No. 25-*octies* of the Decree);
- n) Violation of copyrights (art. 25-*novies* of the Decree);
- o) Induction not to render any statements or to render false statements to the judicial authorities (art. 25-*decies* of the Decree);
- p) Environmental crimes (art. 25-*undicies* of the Decree);
- q) Exploitation of citizens from third party countries whose stay is irregular (art. 25-*duodecies* of the Decree).

Fully aware that the understanding of the single cases represents an essential requirement for the implementation of the model, **Annex A** to this model fully recall and describe the Predicate Offences included in the Decree and in the special laws integrating it, with the related sanctions.

### 1.3 Criteria for the attribution of liability to the Entity

If one Predicate Offence is committed, the Entity can be punished only in case specific conditions apply, which are defined as criteria for the attribution of the offence. Such criteria can be distinguished between “objective” and “subjective” criteria.

- a) The first objective criterion to apply for the Entity to be punishable is that the committed offence must be listed among those expressly described as Predicate Offences in the Decree.
- b) The second objective criterion is that the offence must be committed in the interest or to the benefit of the Entity. Thus, it must be committed within the scope of the Company’s specific activities and the latter must have benefitted from it, even though only potentially. At least one condition alternatively of the two needs to apply:
  - The “interest” applies when the offender acts with the intent to benefit the company, independently upon the case whether such goal was really attained or not;
  - The “benefit” applies when the Company gains – or might have gained – a positive economic advantage or otherwise from the offence.

Pursuant to the Court of Cassation (Court of Criminal Cassation, no. 10265 of 4<sup>th</sup> March 2014), the concepts of interest and benefit shall not be considered as a single concept. In fact, they are separated, since the distinction between what could be intended as a possible earning from the offence and a benefit effectively attained thanks to the offence is clear.

To this purpose, both the Court of Milan (Order of 20<sup>th</sup> December 2004) and the Supreme Court of Cassation (see the pronouncement by the Criminal Court of Cassation no. 10265 of 4<sup>th</sup> March 2014) expressed on the subject. In their opinion, the finalization of the criminal conduct aimed at attaining a given useful purpose is enough, without prejudice to the fact that such purpose was really attained.

The Entity’s liability does not only apply when the same gains an immediate asset benefit from the committed crime, but also when the fact is motivated by the Entity’s interest even though such result was not gained. The enhancement of the own position on the market or the concealment of a financial crisis, for instance, both involve the Entity’s interests without however generating any immediate and direct economic advantage for the same.

- c) The third objective criterion is that the Predicate Offence must be committed by one or more qualified individuals. This means “people who hold representation, administrative or management offices in the Entity or in one of its business units endowed with financial and functional autonomy” or whoever “exercises the Entity’s management and control even factually” (“top managers”), or, again, “people subject to a top manager’s direction and control” (“subordinates”).

The authors of the crime that may originate an administrative liability for the Entity, can thus be: (i) “top managers”, e.g. the legal representative, the director, the director general or the manager of a plant, and the people as well who exercise the management and control over the Entity even factually; and (ii) «subordinates», typically employees, however individuals outside the Entity too, who are assigned with a task under the top managers’ direction and control.

If more individuals participate in the crime (joint liability in the crime pursuant to art. 110 of the Italian Criminal Code), the “qualified” individual needs not perform the typical action as provided for in the criminal law. The same only needs to contribute consciously and casually to the commission of the crime.

The subjective criterion for the attribution of liability applies when the offence follows a characteristic corporate policy or depends on a faulty organization at least.

The provisions in the Decree exclude the Entity’s liability if – before the commission of the Predicate Offence – the same adopted and effectively implemented an “organization and management model” appropriate to prevent the commission of crimes within the scope of the one already committed.

The Entity’s liability under this point of view is limited to a “failed adoption or failed compliance with the due standards” related to the Entity’s organization and activity, a fault which can be attributed to the corporate policy or to structural and prescriptive deficits inside the company organization.

Substantially, for the crime not to be attributed to the same in a subjective manner, the Entity must prove to have done everything in its power to prevent the commission of one crime listed in the Decree in the exercise of its corporate activity (as regards the conditions for exemption from liability given in the Decree, please see sub-par. 1.5).

#### **1.4 The sanctions applicable to the Entity**

The sanctions provided for the Entity in the Decree to punish the commission or attempted commission of Predicate Offences, are of four types:

- a) Financial penalty

It is always applied when the judge believes that the Entity is liable. It is defined through a system based on “quotas” (in a number not lower than one hundred and not exceeding one thousand), each with value between minimum EUR258.23 and maximum EUR1,549.37. The financial penalty thus goes from minimum EUR25,823 to maximum EUR1,549,370 (except for corporate crimes whose financial penalties are doubled based on the provisions by the Law no. 262/2005, “Legge sul Risparmio”, art. 39, par. 5). The judge shall define the number of quotas considering how serious the facts have been, the Entity’s level of liability, and the possible activity performed by the same as well to eliminate or mitigate the consequences of the fact and to prevent the commission of additional crimes. The amount of each quota is defined based on the Entity’s economic and asset conditions, for the penalty to be effective.

The financial penalty is cut by one third to a half before the opening statements during the first instance proceedings if:

- The Entity has fully reimbursed the damage and eliminated the harmful or dangerous consequences of the crime, e.g. it has effectively worked to this purpose.
- An organization model has been adopted or implemented to prevent any other offences of the same kind.

In addition, the financial penalty can be halved too if:

- The offender committed the crime in the own prevalent interest or in the interest of third parties and the Entity did not gain any benefits or gained a minimum benefit only;
- The asset damage caused is particularly soft.

The fundamental principle driving the entire Entity liability question defines that the obligation to pay the financial penalty inflicted to the Entity applies only to the Entity, with its assets or common funds. However, the regulations exclude any direct asset liability for shareholders or associates, independently upon the collective Entity's legal nature.

#### b) Bans

The Entity is banned from the operating activity; its authorizations, licences or concessions functional to the commission of the crime are suspended or revoked; it may not negotiate with the Public Administration; it is excluded from any facilitations, funds, contributions, aids and those already granted are possibly revoked; and it may not advertise its goods or services.

Bans are inflicted, together with the financial penalties, if they are expressly prescribed for that kind of crime and if at least one of the two following conditions apply:

- The Entity has already committed a crime before (repeated instances of crime).
- The Entity has gained a relevant profit from the crime.

#### c) Forfeiture

The State confiscates the price or profit from the crime, even in equivalent form (thus confiscating money, assets or sundry valuable utilities corresponding to the price or profit of the crime).

#### d) Publication of the sentence

The sentence is published (in full or in extract and paid by the Entity) on one or more newspapers listed by the judge and posted at the Municipal Offices of the place where the Entity has its main office. The judge may order the publication of the sentence when a ban is inflicted upon the Entity.

In the end, the Public Prosecutor may ask for the implementation of bans as a precautionary measure as well, if serious evidence exists that the Entity may be liable or if specific elements prove that similar crimes could be committed again.

### **1.5 Exemption from liability: the organization, management and control model pursuant to the provisions under the Leg. Decree no. 231/2001**

When introducing the administrative liability system described above, the Decree also included a specific form of exemption if the Entity proves the adoption of all the organizational measures required to prevent the commission of the crimes provided for in the Decree by the individuals working for the same.

Particularly, the Entity shall be exempted from liability if it proves the following:

- a) The management has adopted and effectively implemented some organization, management and control models before the crime was committed, appropriate to prevent any offences like that already committed;
- b) The task to monitor the working and compliance with the models and to care for their update was assigned to a committee inside the entity that is endowed with autonomous powers of initiative and control;
- c) Vigilance by the said committee is performed in an appropriate manner.

The listed conditions must all apply together for the Entity's liability to be excluded. The Company's exemption from fault thus depends on the adoption and effective implementation of a model to prevent crimes and by the establishment of a Supervisory Board that is assigned with the responsibility to monitor the compliance of the activities with the standards and procedures defined in the model.

Even though the model can act as a cause for no punishability whether the predicate offence was committed by a top manager or by a subordinate, the Decree is much stricter if a top manager commits the crime since in this case the inverted burden of proof applies. The Entity must then demonstrate that the top manager committed the offence and fraudulently disregarded the model. The Decree requires a stronger proof of non-involvement since the Entity must evidence a sort of "internal fraud" operated by the top managers.

If subordinates commit offences, the Entity may instead be liable only if it is proved that the offence was possibly committed only because of a non-compliance with the direction and control obligations borne by the same. In this case, this is a real organizational fault: the Company indirectly allowed the commission of the crime since it did not exert any control over those activities and individuals that were at risk of committing a Predicate Offence.

The law does not compulsorily provide for the adoption of a model pursuant to the Decree, even if, based on the criteria for the attribution of the offence to the Entity, the model is the only tool that – if effectively implemented – can possibly prevent the Entity's involvement in the commission of the offences provided for in the Decree. Thus, the adoption of an effective and efficient model is in the Company's interest.

Art. 6 of the Decree provides for the content of the model in paragraph two, which must have the following characteristics:

- a) Identify the Entity's activities whose scope may include room for the commission of the offences under the Decree;
- b) Provide for specific protocols to plan training and the implementation of the decisions made by the Entity as regards the crimes to be prevented;
- c) Identify the modalities to manage the financial resources appropriate to prevent the commission of such crimes;
- d) Provide for compulsory information to the Supervisory Board;
- e) Introduce internal regulations appropriate to sanction the failed compliance with the measures detailed in the model.

## **1.6 Crimes committed abroad**

The liability provided for in the Decree also applies to crimes committed abroad by the Entity on condition that:

- a) The crime was committed by an individual who is functionally connected with the Entity, either a top manager or a subordinate, as shown above;
- b) The Entity has its main office in Italy;
- c) The general conditions for indictability apply as provided for in articles 7, 8, 9 and 10 of the Italian Criminal Code to prosecute in Italy a crime committed abroad (if the law provides that the faulty natural person is punished upon a request by the Ministry of Justice, the Entity will be prosecuted only in case the request is formulated against the same Entity as well);
- d) The State Authorities of the place where the crime was committed do not prosecute the Entity.

## **1.7 The guidelines by Confindustria**

The Decree (art. 6, par. 3) provides that the Entities can adopt the organization, management and control models based on the codes of ethics drawn up by the trade associations and reported to the Ministry of Justice.

The first trade association to draw up a guideline document for the construction of such models was Confindustria that issued the own “Guidelines for the construction of organization, management and control models pursuant to the Leg. Decree no. 231/2001” in March 2002 (later amended and updated, first in May 2004, then in March 2008 and last in March 2014).

## **2 THE COMPANY EPS ELVI ENERGY S.R.L.**

### **2.1 Activity and organizational structure of EPS**

EPS Elvi Energy S.r.l. (hereinafter “**EPS**” or “**the Company**”) is a limited liability Company 100% owned by Electro Power Systems S.A. – an entity established under the French law – and subject to the direction and coordination of the latter.

EPS, together with the mother company Electro Power Systems S.A. and the subsidiaries Electro Power Systems Manufacturing S.r.l., MCM Energy Lab S.r.l., Electro Power Systems INC. and Electro Power Systems India Ltd, belongs to Electro Power Systems Group (hereinafter “**the Group**”).

EPS mainly operates in the research, design, creation, realization, development, production, marketing and service of products for the production of electric, thermal or cooling energy or parts thereof.

The corporate object includes the following activities:

- Research, design, creation, realization, development, production, marketing, free or paid concession for use of new technologies and applications in the energy and environmental fields, with special reference to hydrogen fuel cells, natural gas, propane (LPG) or sundry types of liquid and/or gaseous fuels;
- The design and management of technological research projects in the energy and environmental fields, both independently and in collaboration with public and private research centres, power companies, universities, foundations, local, national, international institutions and, in general, with all private and public parties interested in the development of new technologies and applications in the energy and environmental fields;
- The retail sale, wholesale, mail-order sale and web-sale of technologies for the production and storage of energy in general;

- The management of agreements with public or private entities for activities in the energy and environmental fields.

The corporate object likewise includes the following activities:

- Installation, maintenance, transformation, realization of the following civil, industrial and farming plants:
  - Plants for the production, transformation, storage, transportation, distribution, use of electric energy, plants for the protection against atmospheric discharges, and plants for the automation of doors, gates and barriers as well;
  - Radio and TV systems, antennas and electric plants in general;
  - Heating, air-conditioning, cooling and refrigeration systems of all kinds and/or type, including systems for the evacuation of combustion and condensation by-products and for room ventilation and aeration.

EPS has its registered office in Milan, Piazza del Tricolore no. 4 and operating offices in Via Anton Francesco Grazzini 14, Milan, Via Tavani 1, Delebio (province of Sondrio) and Via Paracca 12/D, Rivoli (province of Turin).

To better integrate the activities and exploit the originating synergies, to cut costs and redesign the business model, and to allocate the EPS Group's resources in a more effective way, the company stipulated the following company lease contracts:

- On 16<sup>th</sup> March 2016, the company signed a company lease contract with MCM Energy Lab S.r.l. (hereinafter "**MCM**"), with registered office in Milan, via Anton Francesco Grazzini 14. The company belongs to Electro Power Systems Group: it is 70% owned by Electro Power Systems S.A. and 30% owned by EPS, and it is subject to the direction and coordination of the former too.

- On 8<sup>th</sup> February 2017, the company signed a company lease contract with Electro Power System Manufacturing S.r.l. (hereinafter "**EPS Manufacturing**"), with registered office in Milan, Piazza del Tricolore 4, a company 100% owned by and subject to the direction and coordination of Electro Power Systems S.A. The contract was retroactively effective as of 1<sup>st</sup> January 2017.

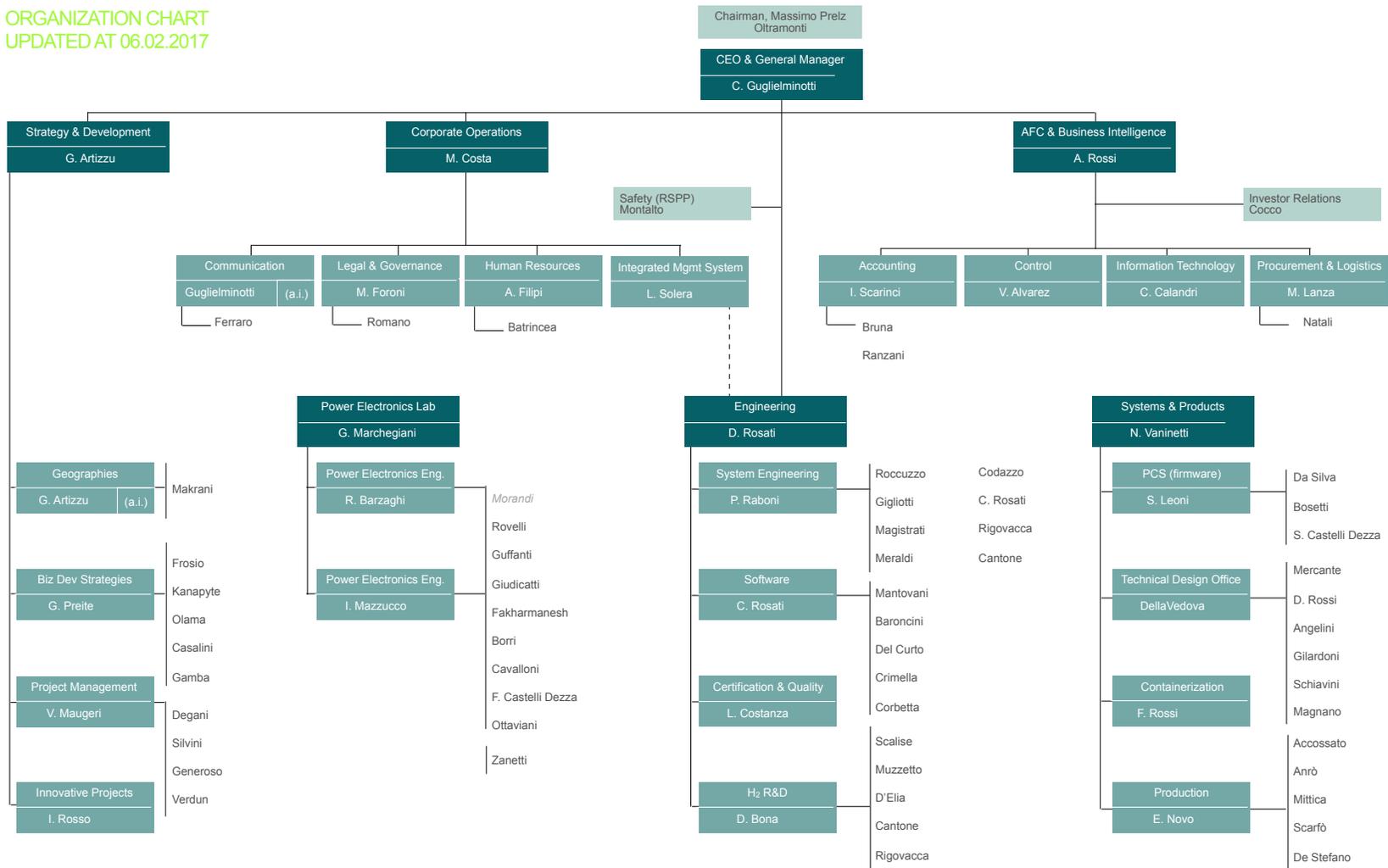
By virtue of such contracts, MCM and EPS Manufacturing were fully leased to EPS, and the ownership of all the existing/current relationships referred to MCM and EPS Manufacturing, including open orders and contracts with clients, was transferred to EPS without solution of continuity pursuant to the provisions in art 2558 of the Italian Civil Code.

Thus, this Model targets the organization of the activity performed by EPS also availing of the leased assets, of the transferred staff and, in general, of the leased legal relationships.

## **2.2 The current corporate organization**

The Company is currently organized as follows:

ORGANIZATION CHART  
 UPDATED AT 06.02.2017



## **2.3 EPS Corporate Governance System**

The structure of the corporate and control bodies of EPS is as follows:

- a) The Sole Shareholder;
- b) The Board of Directors that is currently made up by nine directors, one of them selected as the Chairman and one endowed with the power to represent the Entity.

## **2.4 Powers and proxies adopted by the Company**

The system to assign corporate powers and proxies is an integral part of the internal control system; in the Model view, it represents an effective system to prevent the offences referred to in the Decree.

The definition of the criteria to assign powers and proxies is attributed to the Board of Directors.

The power and proxy system must represent:

- a) A management tool to fulfil the acts with external or internal relevance required to pursue the corporate goals; it must be consistent with the management responsibilities assigned to each single individual;
- b) A factor to prevent the abuse of the assigned functional powers, through the definition of the financial limits of each act or series of acts;
- c) An incontrovertible element for the attribution of all corporate acts, with either external or internal relevance, to the natural persons who adopted them. The system usefulness depends thereon both in preventing any crimes from being committed and in identifying thereafter the parties who adopted any acts directly or indirectly connected to the commission of the offence.

The Company policy provides for only the parties endowed with formal, specific powers to take up commitments towards third parties in the name and on behalf of the same Company.

In such context, the Company is implementing a system of proxies, which is consistent with the organizational responsibilities assigned and implying effective representation needs with the forecast – when appropriate – of a precise indication of the quantitative thresholds for payment defined by internal measures inside the company.

The concerned corporate units, possibly with the support by the Supervisory Board, regularly check the proxy system in force, also by examining the documents that certify the activity concretely implemented by the parties who operate on behalf of the Company. The units also suggest the required changes if the management and/or qualification functions do not meet the requirements of the representation powers conferred upon them.

## **3 ADOPTION OF THE MODEL BY EPS**

### **3.1 The goal of the Model**

By adopting this organization, management and control model pursuant to the provisions under art. 6 of the Decree (hereinafter, the “**Model**”), the Company intends to fulfil correctly the provisions in the Decree to improve the own already existing internal control and Corporate Governance systems and to make them as much effective as possible.

The main goal of the Model is to create an organic and structured system of control principles and procedures to prevent – where possible and concretely feasible – the commission of the crimes provided for in the Decree. The Model represents a fundamental component in the Company's governance system and it shall implement the process to spread a management culture aimed at correctness, transparency and legality.

In addition, the Model aims at the following goals as well:

- a) To prohibit any behaviours that may integrate the crimes provided for under the Decree;
- b) To provide appropriate information on the activities involving the risk to commit crimes to whoever acts on behalf of the Company or is connected to the same by relevant relationships for the purposes of the Decree;
- c) To spread the awareness that the violation of the Decree, of the prescriptions in the Model and of the principles in the Group's Code of Ethics can originate the application of sanctions (both financial penalties and bans) onto to the Company in addition to those inflicted upon the single parties;
- d) To spread a management culture based on legality, since the Company condemns all behaviours that do not comply with the law or sundry internal provisions and particularly with the provisions in the own Model and Code of Ethics;
- e) To spread a control and risk management culture;
- f) To implement an effective and efficient organization of the activity, by highlighting the decision-making process, its transparency and documental traceability, raising the decision-makers' awareness on the decisions to make and the related implementation, performing both preventive and subsequent controls and correctly managing internal and external information as well;
- g) To implement all the required measures to minimize the risk to commit crimes, thus valorising the existing controls to prevent any illegal conducts under the measures in the Decree.

### **3.2 Method applied to arrange the Company's Model**

The EPS Model, inspired by the Guidelines, was arranged considering the activity concretely performed by the Company, its structure and the nature and size of its organization as well.

It remains understood that the Model shall be updated as required, based on the future evolution of the regulations, the Company's organizational structure and the context where the same shall operate.

EPS provided for a preliminary analysis of the own context and, thereafter, an analysis of the areas of activity with potential risk profiles as regards the commission of the Predicate Offences detailed in the Decree. Specifically, the following was analysed: the Company's history, the corporate context, the sector of belonging, the organizational arrangement, the existing governance system, the proxy and power system, the main existing legal relationships with third parties, the operating reality, the formalized practices and procedures spread within the Company to control the most sensitive activities.

The analysis was performed through a number of interviews with the functions affected by such sensitive processes. Specifically, the following corporate and Group functions were involved in the analysis: Chief Executive Officer, Senior Vice President, Chief Operating Officer, Executive Director, Administration&Finance, Legal&Governance, Safety System (RSPP), Human&Resp. Planning, Communication, Accounting, Innovation, Technology, Business Intelligence, Procurement, ICT (Internal Control), System Production, Project Management, System Production&R&D, Engineering, Safety, Qualification&Certification, System Development, Research&Development, Sales&Marketing.

To arrange this document in compliance with the provisions in the Decree, the Guidelines and the indications by the law to now, the Company thus provided for the following:

- a) Interviews with the management to identify processes, sub-processes or activities where the Predicate Offences given in the Decree are likely to be committed;
- b) A risk self-assessment on the commission of crimes and the internal control system appropriate to prevent any illegal behaviours by drawing up the Risk&Gap Analysis document, shared on 28<sup>th</sup> October 2016;
- c) The identification of control stations – already existing or to be implemented in the operating procedures and corporate practices – required to prevent or mitigate the risk to commit the Predicate Offences;
- d) The analysis of the own power and proxy system and of the responsibility attribution system.

### **3.3 Model structure: general part and special part**

This Model is made up by a “General Part” and by a “Special Part” arranged for the different types of crimes included in the Decree and deemed as abstractly referable to the Company after the outcome of the self-risk assessment activity.

In addition, the introduction of some crimes in this Model is reported as being merely prudential since they are crimes on which the Company intends to maintain a high level of attention even though there are no specific elements to infer the existence of such risks.

The Special part is made up by different sections related to the following categories of crimes grouped together as follows:

Section A: Crimes committed in the relationships with the Public Administration;

Section B: Cyber-crimes and illegal treatment of data;

Section C: Organized crimes, transnational crimes and induction not to render any statements or to render false statements to the Judicial Authorities;

Section D: Crimes against industry and trade, and violations of copyrights;

Section E: Corporate crimes;

Section F: Manslaughter and serious or very serious injuries committed in violation of the regulations on the protection of health and safety in the workplace;

Section G: Reception of stolen goods, recycling and use of money, assets or utilities from illegal origin, and self-recycling;

Section H: Environmental crimes;

Section I: Exploitation of citizens from third-party countries not in possession of a regular permit to stay.

### **3.4 The Addressees of the Model**

The Model provisions are binding on:

- a) The directors and whoever actually performs management, administration, direction, control, disciplinary, consulting and proposal functions inside the Company or in one of its autonomous business units;
- b) The Company's employees, intending as such all the people who are connected to the Company by a subordinate work relationship, even if relocated abroad for the performance of their activity;
- c) All those parties who work with the Company by virtue of a para-subordinate work relationship and for the collaborators under the direction or supervision of the Company's corporate management;
- d) The distributors, commercial partners and agents who operate on behalf of the Company;
- e) Those who do not belong to the Company, however operate by proxy or on behalf of the same, such as lawyers, advisors, etc.;
- f) Those parties who act in the Company's interest since they are connected to the same by contractual legal relationships or by agreements of other nature, such as, for instance, partners or third parties for the realization or the acquisition of a project (hereinafter, jointly, the "**Addressees**").

All area managers/function holders shall refer to the Supervisory Board in case of doubts on the applicability or the modalities to apply the Model to a party or to a class of third parties.

### **3.5 Approval, changes and update of the Model**

The EPS Board of Directors shall be in charge of providing for a special resolution to adopt the Model pursuant to the Decree, depending on the risk profile related to the activities performed by the Company.

In addition, the responsibility for the application of the Model shall be attributed to the Company as concerns its concretely implemented activity. To this purpose, the Supervisory Board shall primarily be in charge of exercising controls over the implementation of the same Model pursuant to the procedures described therein.

In the end, the Company shall be responsible, upon a request by the Supervisory Board as well, for the update of the Model as required in time, concerning both the regulatory evolution and the changed corporate conditions.

Particularly, the EPS Board of Directors shall – upon a request by the Supervisory Board – integrate and update this Model, through a special resolution, with the Predicate Offences provided for in the regulations in force from time to time. As regards the changes and updates in the Model, the Company shall avail of all the corporate functions and of external advisors where deemed appropriate.

## **4 THE SUPERVISORY BOARD**

### **4.1 Identification of the Supervisory Board. Composition, appointment, causes for ineligibility and termination**

Art. 6 of the Decree provides for the Entity to be exempted from the liability originating from the commission of predicate offences if the administrative body has, *inter alia*, "assigned the task to monitor

the Model functioning and compliance and to care for its update to a board within the Entity endowed with autonomous powers of initiative and control”.

The attribution of the said tasks to the Supervisory Board and, of course, the correct and effective performance of the same, are fundamental to exempt the Entity from any liabilities, whether the crime was committed by Top Managers or Subordinates.

To implement the provisions of the Decree, the Company established a Supervisory Board (hereinafter the “**Supervisory Board**”) made up by three effective members. The composition of the Supervisory Board guarantees the compliance with the following requirements:

a) Autonomy:

The Supervisory Board must have decision-making autonomy, which is considered a fundamental freedom to self-determination and action, with full technical discretionary power in the performance of the own functions.

b) Independence on the Company:

The Supervisory Board must not be conditioned by any subordinate connections with the top management and it must be a third-party body, in a hierarchically independent position, able to adopt autonomous measures and initiatives.

c) Professionalism:

The Supervisory Board must be professionally able and reliable, both as regards its single members and in total. It must avail of the technical cognitions and the professionalism required for the best performance of its functions. It is appropriate that at least one member of the Supervisory Board has legal skills.

d) Continuity of action:

The Supervisory Board must perform the functions attributed to the same in a continuous way, even though in a not exclusive way.

e) Honourability and absence of conflicts of interest:

The individual who is disqualified, barred or gone bankrupt, or who was however sentenced for one of the crimes provided for under the Decree or for one of the sentences that originate even temporary disqualification from public offices or the inability to exercise management functions, shall not be appointed as a member of the Supervisory Board. If appointed, the same shall be terminated from office.

The Company's Board of Directors shall provide for a resolution to appoint and revoke the members in the Supervisory Board.

The Company's Supervisory Board is a collegial body made up by three members chosen among the people endowed with specific corporate professionalism, competence and experience on corporate and inspection activities. Particularly, at least two members, among them the Chairman, must be external professionals boasting special skills in corporate issues, internal control procedures and corporate risks. Among them, at least one shall have legal skills. One member may be selected among the Company's resources, if endowed with a high level of expertise on corporate procedures.

The members of the Supervisory Board remain in office for 3 (three) years and their office is automatically renewed for three more years unless otherwise resolved by the Board of Directors for one or some of its members within 60 (sixty) days before each termination date.

In case of waiver, occurred inability, death or decadence of a member in the Supervisory Board, the latter shall immediately inform the Board of Directors that will promptly provide for its replacement.

The members of the Supervisory Board may not be elected or may be terminated in the cases listed below:

- a) They were subject to prevention measures ordered by the judicial authorities pursuant to the provisions in the law no. 1423 of 27<sup>th</sup> December 1956 (law on prevention measures against individuals considered dangerous for public morality and safety) or in the law no. 575 of 31<sup>st</sup> May 1965 (anti-mafia provisions);
- b) They were investigated or sentenced, even though the sentence is not final yet, pursuant to the provisions in articles 444 and the following of the Italian Code of Criminal Procedure (plea-bargaining) or even if the sentence has been suspended conditionally. The above without prejudice to the effects of rehabilitation (i) for one or more offences among those peremptorily provided for by the Decree, and (ii) to jail for a period not shorter than two years for any wrongful offence.
- c) They were interdicted, disqualified, gone bankrupt or sentenced, even though the sentence is not final yet, to an even temporary interdiction from public offices or the inability to exercise management functions.

The occurrence of even only one of the mentioned conditions involves the impossibility to become a member of the Supervisory Board and, in case of election, the automatic termination from the office, without the Board of Directors needing to resolve for the revocation. However, the same Board of Directors shall provide for the terminated member to be duly replaced.

The following conditions shall legitimate the revocation for just cause:

- a) Loss of the eligibility requirements;
- b) Non-compliance with the obligations related to the assigned office;
- c) Failed good faith and diligence in the exercise of the own office;
- d) Failed collaboration with the other members in the Supervisory Board;
- e) Unjustified absence from more than two Supervisory Board meetings.

In case of just cause, the Board of Directors shall revoke the appointment of the Supervisory Board member who is not suitable for the office anymore and, after an appropriate motivation, provides for the same to be replaced immediately.

Each Supervisory Board member may withdraw from the office in any moment, with minimum one-month's early notice sent with motivations in writing to the Board of Directors.

In case of termination or withdrawal of one Supervisory Board member, the Board of Directors immediately provides for the replacement of the member who has become unsuitable, also upon an indication by the Supervisory Board Chairman.

## **4.2 Functions and Powers**

The Supervisory Board of the Company is assigned with the task to supervise:

- a) The Addressees' compliance with the provisions in the Model;

- b) That the Model is really effectively and efficiently able to prevent the commission of Predicate Offences;
- c) The appropriateness of the Model, reporting any opportunities for the same to be updated if the Board detects any needs thereof related to any changed corporate conditions and/or the introduction of any changes in the reference regulations.

At operating level, the Supervisory Board shall be in charge of the following:

- a) Activating the required control procedures, considering that the primary responsibility on the activity control – also as regards those related to risky activity areas – shall however be assigned to the Company's operating management and it represents an integral part of the corporate process, confirming the importance of the HR training process;
- b) Regularly completing targeted checks on specific operations or acts implemented within the risky activities as defined in the single Special Parts of the Model;
- c) Collecting, processing and maintaining the relevant information as regards the compliance with the Model, and updating the list of information that must be compulsorily sent to the Supervisory Board or kept available for the same (to this purpose, please see item 4.5 on Information Flows);
- d) Coordinating with the other corporate functions (also by holding special meetings) to enhance the monitoring on the activities in the risky areas. To this purpose, the Supervisory Board shall be constantly informed on the evolution of the activities in the said risky areas and shall have free access to all the relevant corporate documents. The Company's management must also report any possible situations in the corporate activity to the Supervisory Board, which may expose the company to the risk of committing a crime;
- e) Promoting appropriate initiatives to spread the knowledge and understanding of the Model and to arrange the internal organizational documents required for the same Model to work;
- f) Examining any possible specific reports from the control bodies or from third parties, thus assessing their reliability and performing all the checks deemed necessary or appropriate;
- g) Performing internal investigations to ascertain the alleged violations of the provisions in this Model, which the Board has come to know;
- h) Informing the competent Company's bodies of any possible violations of the Model based on the disciplinary system for the adoption of sanctions;
- i) Coordinating with the people in charge of other corporate functions for the different aspects related to the Model implementation;
- j) Maintaining a constant connection with the Company's control bodies and with sundry consultants involved in the activities to implement the Model;
- k) Implementing an internal communication system aimed at allowing the reception of any relevant news pursuant to the provisions in the Leg. Decree no. 231/2001 to guarantee the protection and confidentiality of the reporting party (to this purpose, please see item 4.5 on Information Flows).

The activities implemented by the Supervisory Board may not be questioned by any corporate body or structure, it being understood that the Company's Board of Directors shall monitor the appropriateness of its intervention since it is assigned with the final responsibility on the Model working and effectiveness and with the power to adopt and implement it.

The Supervisory Board must have free access to all the Company documents – without need to obtain any previous authorization – so as to collect the information and data required to perform the own tasks.

The members of the Supervisory Board are obliged to maintain confidential the news and information obtained during the exercise of the own functions and they must refrain from searching for and using the said information for any reasons differing from the fulfilment of their tasks.

Once appointed, the Supervisory Board provides for the drawing up of the document ruling its own activity (Supervisory Board Rules).

The Company's Supervisory Board was endowed with appropriate cost autonomy, through the allocation of an annual budget equal to EUR10,000 to be used for its own activities. The Board of Directors shall have to approve any possible extraordinary costs.

### **4.3 Regular controls**

Consistently with the principles in the Decree and with the contents of the Model, the Supervisory Board shall draw up an annual program of its activities and regularly perform specific checks on the Model's real ability to prevent offences, particularly in the most sensitive activity areas, and on the resolution of any non-compliances detected before. In addition, the Supervisory Board shall have the possibility to perform unplanned interventions in specific areas if deemed necessary.

While performing the control activity, the Supervisory Board may avail of the support by advisors and third parties with appropriate professionalism and independence and by other functions inside the Company as from time to time required for the performance of the checks.

At the end of each check, the Supervisory Board shall draw up a report to summarize the outcome and improvements to implement if any critical issues were detected. Such reports are sent to the competent corporate bodies.

### **4.4 Reporting activity**

Following the inspections performed and the filing of any possible reports or the occurrence of any critical issues, the Supervisory Board shall refer to the Board of Directors through different forms of reporting:

- a) The first – when required – to report any possibly detected violations and/or inappropriateness of the Model;
- b) The second – regularly every year – to show the activities performed during the reference period to the Board of Directors, with the indication of any possible violations detected throughout the year or the required recommendations to guarantee that the Model is effective and appropriate;
- c) The third – when required – to the Board of Directors in case of violations committed by one or more members of the Board of Directors.

In addition, the Supervisory Board makes available to the Board of Directors all the summary reports on the inspections performed and the reports received during the own activity, and it must inform the Directors immediately in case of any extraordinary situations.

In the end, the Supervisory Board may request the convocation of the Board of Directors' meeting for any urgent matters. The Board of Directors may in turn request the convocation of the Supervisory Board in any moment.

#### 4.5 Information obligation and information flows to the Supervisory Board

The Supervisory Board must be informed as regards any events that may originate a liability for the Company pursuant to the Decree, through special reports made by the single directors, by the managers, the employees, the function holders and, more in general, by all the Addressees on violations or possible violations of the Model.

Particularly, the following events must be reported immediately:

- a) The news on the commission or on the reasonable belief of a crime being committed, as provided for under the Decree;
- b) The violations of the behavioural or procedural rules contained in this Model and in the Code of Ethics;
- c) The request for legal support submitted by managers or employees towards whom the magistrates shall proceed for any crimes provided for under the Decree;
- d) The measures and news from the judicial police bodies or from any other Authorities which may explain the performance of investigations against unknown parties too, for the crimes provided for in the Decree, if such investigations involve the Company, its employees, managers, members of the corporate bodies, of the internal committees or sundry Addressees;
- e) The news on the real implementation of the Model at all corporate levels, with evidence of any possible disciplinary measures applied and of the possible sanctions inflicted.

In addition to the information above, the Company – consistently with the provisions in the Model – adopted a resolution of the Board of Directors of 29<sup>th</sup> September 2017 to implement the “Information Flows to the Supervisory Board” procedure (I MSGI A 1 0). It was arranged with the support by the Supervisory Board based on the minimum flows described, for each category of crimes, in the special part of this Model.

The definition of the aspects related to the Supervisory Board’s action continuity, like the scheduling of the activities and the discipline of information flows from the corporate structures to the Supervisory Board, was assigned to the latter within the discipline of the own internal working.

Whoever wants to report a violation (or alleged violation) of the Model can submit it to the Supervisory Board, thus informing the own line manager, or submitting it directly to the Supervisory Board.

Reports can be sent to:

Organismo di Vigilanza (Supervisory Board)  
c/o EPS ELVI ENERGY S.r.l.  
Piazza del Tricolore 4  
Milan

With the wording CONFIDENTIAL on the envelope.

Alternatively, they may be sent to the e-mail address of the Supervisory Board: [odv@eps-mail.com](mailto:odv@eps-mail.com).

The same Board of Directors may possibly detect any violations of the Model by the Chairman of the Board of Directors, the CEO or a director and the same must report them to the Supervisory Board.

The Company does not foster any anonymous reports and guarantees whoever makes any report in good faith against any form of retaliation, discrimination or criminalization. In addition, the Company

guarantees the utmost confidentiality about the reporter's identity, without prejudice to the legal obligations and the protection of the Company's rights or of the people who were accused by mistake and/or in bad faith.

The Supervisory Board shall maintain all information, indications and reports provided for in the Model, and make them accessible to all its members for 10 years.

## **5 THE DISCIPLINARY SYSTEM AND MEASURES IN CASE OF NON-COMPLIANCE WITH THE MODEL**

### **5.1 General principles**

EPS condemns all behaviours that do not comply with the law and the provisions in the Model and in the Code of Ethics, even if the same behaviour is implemented in the Company's interest or with the intention to gain a benefit for it.

The arrangement of an appropriate penalty system for the violation of the provisions in the Model and in the Code of Ethics is an essential condition to guarantee the effectiveness of the same Model and to make the Supervisory Board's control activity effective.

To this purpose, in fact, article 6, paragraph 2, letter e) of the Decree provides that the organizational and management models must "introduce a disciplinary system appropriate to sanction the non-compliance with the measures in the model".

In compliance with this provision, EPS, by a resolution of the Board of Directors on 14 December 2017 adopted a Disciplinary System that represents an integral part of this Model and one of its Protocols.

In compliance with the provision provided for under art. 7, paragraph 1, Law no. 300/1970 ("Statuto dei Lavoratori"), the Disciplinary System is published on the digital platform (internet) of the Company which all the Addressees can access. In any case, it is made recognizable to all the Addressees.

The application of disciplinary sanctions does not affect the establishment and the outcome of a possible criminal proceeding by the judicial authorities, in case the censurable behaviour is considered a relevant offence pursuant to the provisions of the Decree no. 231. In fact, the Company takes up the behavioural rules imposed by the Model in full autonomy and without prejudice to the type of crime that the Model violations may determine. Moreover, it does not affect the Company's right to act against the perpetrator to obtain the compensation for any damage originating for the Company because of the violation.

The ascertainment of the violations may be started upon a report by the Supervisory Board if it detects a possible violation of the Model during the own control and supervision activities.

The infliction of the sanctions against middle managers, employees and managers is assigned to the CEO, in full compliance with the conferred proxies.

In addition, the Supervisory Board may be asked to perform a consulting activity during the disciplinary proceeding to gain possible useful elements for the Model to be constantly updated. However, the ascertainment of any possible responsibilities originating from the violation of the Model and the attribution of the consequent sanction must be performed in compliance with the law in force, the protection of the individual privacy, the dignity and reputation of the involved parties.

In general, violations may be due to the following behaviours and classified as follows:

- a) Conducts that integrate the offences provided for in the Leg. Decree no. 231/2001.

- b) Conducts that represent a criminal offence, however aimed univocally to violating the Model.
- c) Conducts that do not comply with the Protocols and the Procedures in the Model or in the Code of Ethics.
- d) Non-collaborative conducts towards the Supervisory Board. As a mere example, however not limited thereto: the refusal to provide the required information or documents; the non-compliance with the general and specific directives issued by the Supervisory Board to obtain the information deemed fundamental to perform the own tasks; the non-participation without justified reason in the inspections planned by the Supervisory Board or in the agreed interviews; the non-participation in the training meetings; or, more in general, the violation of the information obligations to the Supervisory Board;
- e) The violation of the confidentiality obligations towards whoever makes a report and the implementation of retaliatory or discriminatory acts towards the person/people who has/have made a report in compliance with the provisions in this Model.

## 5.2 Sanctions for employees

As regards the employees, the Company complies with the limitations under art. 7 of the Law no. 300/1970 (Workers' Statute) and the provisions contained in the Metalworkers' National Collective Agreement, concerning both the sanctions to be inflicted and the modalities to exercise the disciplinary power.

The employees' non-compliance with the provisions and the procedures provided for in the Model and with the principles defined in the Code of Ethics represents a violation of the obligations originating from the work relationship pursuant to art. 2104 of the Italian Civil Code and, thus, a disciplinary offence.

The following sanctions may be inflicted to the employees:

- a) An oral or written reprimand;
- b) A financial penalty not exceeding 3 hours of normal pay;
- c) Pay and service suspension for maximum 3 days;
- d) Dismissal.

If the mentioned employees hold the proxy to represent the Company, the automatic revocation of the same proxy shall follow the infliction of the strictest sanction.

In order to highlight the correlation criteria between the violations and the disciplinary measures, please note the following:

- a) An employee shall be inflicted an oral or written reprimand – depending on the level of seriousness – if he/she negligently violates the internal procedures provided for or recalled in this Model and/or the provisions in the Code of Ethics or if he/she adopts a conduct violating the provisions in the same Model and in the Code of Ethics while performing his/her activity in the risky areas, since such behaviours are a violation of the contract involving a prejudice for the Company's discipline and morality without any external relevance;
- b) An employee shall be inflicted a financial penalty not exceeding 3 hours of normal pay if he/she:
  - reiterates the violations for which the written reprimand is inflicted within the course of two years

- depending on the level of his/her hierarchical or technical responsibility, or in the presence of aggravating circumstances, damages the Model effectiveness by implementing behaviours such as, for instance, however not limited to:
  - i) The non-compliance with the information obligation to the Supervisory Board;
  - ii) The repeated non-compliance with the provisions in the Model procedures and prescriptions, if they relate to a procedure or a relationship in which the Public Administration is a party;
- c) An employee shall be inflicted the pay and service suspension for maximum three days if he/she:
  - Commits plural recidivism (at least three times) during two years, committing again the violations under letter a) here above, for which a financial penalty can be applied to an extent not exceeding 3 hours of normal pay;
  - Violates the internal procedures provided for in the Model or in the Code of Ethics and thus damages the Company or exposes it to an objectively dangerous situation for the integrity of its assets. For instance, the violation of the behaviours to be adopted in the management of donations or charities, or of the provisions related to the power of signature and the system of proxies assigned for acts and documents addressed to the Public Administration;
- d) An employee shall be dismissed:
  - with entitlement to previous notice, if he/she is a recidivist as regards the non-compliances that involve suspension under letter c) here above;
  - for just cause without notice, if he/she (i) fraudulently eludes the procedures and prescriptions in the Model and/or Code of Ethics through a behaviour that is unequivocally aimed at committing one of the offences in the Decree no. 231 or (ii) violates the internal control system by subtracting, destroying or altering the documents or preventing the competent parties' control of or access to the information and documents, including the Supervisory Board, thus preventing their transparency and verifiability.

The Company shall not adopt any disciplinary measures against any employees unless they comply with the procedures in the Metalworkers' National Collective Labour Agreement for the single cases.

The type and entity of sanctions mentioned above, inflicted to the employees, shall be applied pursuant to the principle of proportionality provided for under art. 2106 of the Italian Civil Code, since the following will have to be considered for each case:

- a) The intention and the level of reiterated behaviour, the level of negligence, imprudence or malpractice with reference to the possibility to foresee the event as well;
- b) The objective seriousness of the fact representing a disciplinary violation;
- c) The worker's general behaviour with special reference to the existence or not of previous disciplinary misconducts, within the limits allowed by the law;
- d) The worker's tasks;
- e) The functional position of the people involved in the facts representing the non-compliance;
- f) Any sundry special circumstances accompanying the disciplinary violation.

### **5.3 Sanctions for subordinate workers in office as managers**

The managers' non-compliance with the Model provisions and procedures, including the violation of the information obligations to the Supervisory Board and of the principles in the Code of Ethics, shall originate the infliction of the sanctions detailed in the collective bargaining for sundry categories of employees, pursuant to articles 2106, 2118 and 2119 of the Italian Civil Code, and to art. 7 of the Law no. 300/1970.

In general, the following sanctions may be inflicted to the managers:

- a) Oral or written reprimand;
- b) Suspension from work;
- c) Early termination of the work relationship.

The identification of any possible violations, of inappropriate supervision and of failed immediate report to the Supervisory Board shall originate the precautionary suspension from work for the managers. This shall not affect the manager's entitlement to his/her pay, and his/her assignment to different tasks – again temporarily and for precautionary purposes for a period not exceeding three months – in compliance with art. 2103 of the Italian Civil Code.

In case of serious violations, the Company may terminate the work contract in advance and without notice, pursuant to and for the effects of art. 2119 of the Italian Civil Code.

### **5.4 Sanctions for collaborators under direction or control**

The non-compliance by collaborators subject to the Company's direction or control with the Model provisions and procedures, including the violation of the information obligations to the Supervisory Board, and with the principles in the Code of Ethics shall originate the termination of the related contract in compliance with the regulations in the specific work relationship. This shall not affect the Company's power to request the compensation for the damage incurred because of the said behaviours, including the damage caused by the application of the sanctions provided for in the Decree.

### **5.5 Measures against the Directors**

If one or more directors violate the Model and the Code of Ethics, the Supervisory Board shall immediately inform the Administrative Body. This, in turn, shall take or promote the most appropriate and suitable initiatives depending on the level of seriousness of the detected violation and pursuant to the powers given in the regulations in force and in the corporate By-laws. If, instead, the whole Administrative Body is allegedly violating the law, the Supervisory Board shall inform the sole shareholder directly and in writing.

Particularly, if one or more directors violate the provisions in the Model, the Board of Directors may directly provide for the infliction of a formal written reprimand, for the temporary suspension from office and for the – even partial – revocation of the powers and proxies assigned, based on the entity and seriousness of the committed violation.

## **5.6 Measures against agents and sundry parties connected with the Company through contractual and commercial relationships**

Pursuant to the provisions in the specific contractual relationship, the violation of the provisions and principles defined in the Model and in the Code of Ethics by agents and sundry parties with contractual, commercial relationships or partnership agreements with the Company, shall entitle EPS to terminate the contract under art. 1456 of the Italian Civil Code. This shall not affect the Company's right to request the compensation for the damage incurred because of the said behaviours, including the damage caused by the application of the sanctions provided for under the Decree.

## **5.7 Measures against advisors**

Pursuant to the provisions in the specific contractual relationship, the violation of the provisions and principles defined in the Model and in the Code of Ethics by professionals and advisors under a contractual relationship with the Company shall entitle EPS to terminate the related contract. This shall not affect the Company's right to request the compensation for the damage incurred as a direct consequence of the said behaviours, including the damage caused by the application of the sanctions provided for under the Decree.

# **6 DISSEMINATION OF THE MODEL AND TRAINING**

## **6.1 Dissemination of the contents in the Model**

Once approved and/or amended by the Board of Directors, the Model shall be published on the Group's website [www.electropowersystems.com](http://www.electropowersystems.com) and sent by the corporate intranet to all the employees who must comply with the document in turn. The same is valid for all newly hired employees. The modalities to disseminate the Model to further stakeholders in need of complying with its contents (suppliers, external collaborators and third parties in general) shall be defined from time to time.

## **6.2 Staff training**

EPS is aware of the importance that training and information aspects take up for the sake of prevention. Therefore, it has defined a communication and training program to guarantee the dissemination to all the employees of the main contents of the Decree, of the obligations originating from the same, the provisions in the Model and the principles in the Code of Ethics as well.

The information and training activities to the staff are organized in several different levels depending on the different level of staff involvement in the risky areas. In any case, the training activity aimed at disseminating the knowledge of the Decree and the Model provisions has differentiated contents and dissemination modalities depending on the Addressees' office, on the area risk level where they operate and on the fact that they are assigned any representation or management tasks for the Company or not.

The training activity involves all the staff and the resources that will become part of the corporate organization in the future. To this purpose, the related training activities shall be provided and concretely implemented both upon hiring, in case of any possible changes in the assigned tasks and following updates and/or amendments to the Model as well.

Such activities are managed in strict coordination with the Supervisory Board.

With reference to the dissemination of the Model within the Company, EPS shall commit to the following:

- a) To send a notice to all the employees whose object is the occurred adoption or update of this Model;
- b) To publish the Model and the Code of Ethics on the corporate intranet and/or on any other communication tool deemed appropriate;
- c) To organize training activities aimed at spreading the knowledge of the Decree and of the provisions in the Model, and to plan training sessions for the staff in case of updates and/or amendments to the Model, according to the most appropriate modalities (for instance, through front sessions or e-learning);
- d) To communicate the Code of Ethics and the content of the Model to sundry Addressees as regards the parts of interest for them.

The HR Manager shall keep the documents related to the information and training activity, and he/she shall make them available for the related consultation by the Supervisory Board and by anyone who may legitimately read it.

### **6.3 Information to external collaborators and commercial partners**

The external collaborators shall be provided with special information on the policies and protocols adopted by the Company based on this Model. The contracts signed by EPS with third parties shall contain specific contractual clauses related to the compliance with the obligations and principles originating from the Model and the Code of Ethics.

## **SPECIAL PART**

## **A Areas at risk, procedures and controls**

### **1.1 Areas at risk of committing predicate offences**

The Company has performed a careful analysis of the own organization, management and control tools, aimed at checking the compliance of the already adopted behavioural principles and procedures with the goals in the Decree and, where deemed required, at starting an update process.

In fact, the Decree under art. 6, par. 2, lett. a) provides expressly that the Entity's Model identify the corporate activities where Predicate Offences could be potentially committed.

Thus, the analysis of EPS corporate activities and the related organizational structures was conducted. The goal was to identify the business areas where the Predicate Offences provided for in the Decree might be committed, the examples of possible commission modalities, and the processes during which the conditions could originate and/or the tools could be provided to commit the said offences (instrumental/functional processes).

The assessment of the risk level, which the Company is exposed to, was made while mapping the corporate activities, with reference to each sensitive activity and to each instrumental/functional process, based on quantitative and qualitative considerations. These included, for example, some factors such as the frequency of the occurrence, event or activity; the severity of the punishments potentially associated to the commission of an offence and the damage originating from the possible realization of illegal conducts in the activities at risk as well.

The activities at risk of committing Predicate Offences were identified also through interviews with the corporate managers in each competent direction, because they have a wider and deeper understanding of the activities performed in each single business sector. The areas deemed mostly at risk are shown in the Special Part of the Model and the outcome of the mapping activity described above were collected in a description report detailing the concrete crime commission risk profiles referred to in the Decree, within the Company's activities. The Self-Risk Assessment document is kept at the Company's registered office.

As regards the following offences provided for in the Decree:

- a) Counterfeiting currency;
- b) Offences against the individual personality (slavery and child pornography);
- c) Mutilation of female genitals;
- d) Market abuse.

Considering the activity performed by the Company and the context where it operates, it is believed that the risk of such offences is negligible if not absent at all. Thus, without prejudice to the fact that conducts must comply with the provisions given in the regulations in force and in the general behavioural rules as well under this Model and the Code of Ethics, no specific section was arranged in the Special Part and no special controls were set up to this purpose.

### **1.2 Purpose of the Special Part**

The goal of this Special Part is to have all the Model Addressees adopt the behavioural rules that comply with the provisions therein to prevent the occurrence of the offences considered in the same. Particularly, the Special Part aims at the following:

- a) Describing the general and specific procedural principles which the Model Addressees must comply with for the Model to be correctly applied;

- b) Providing the Supervisory Board with the implementation tools to exercise the controls and checks given in the Model.

### **1.3 General behavioural principles**

The corporate activity organization is set up in compliance with the following general principles:

- a) Explicit formalisation of the behavioural rules, through:
- A clear, formal and recognizable description and identification of the activities, the tasks and the powers assigned to each function and to the different professional roles and qualifications;
  - The description of the control activities and their traceability.
- b) The specific definition of roles and responsibilities:
- The internal regulations must specify roles and responsibilities of the organizational units at all levels, describing the activities to be performed by each function in a consistent way;
  - Such regulations must be made available and spread inside the organization;
- c) Segregation of tasks:
- The functions or the people in charge of making the decisions and implementing them must be kept separate from those who record and control them inside each relevant business process;
  - A precise definition of signature powers and of the tools to check the exercised powers must be provided (for instance, delegations and proxies);
  - The tasks related to making or implementing decisions, processing the accounting evidence of the decided operations and controlling them as provided for by the law and by the procedures in the internal control system must be assigned to different parties;
  - A precise definition of expense limits and of the expense power control tools must be provided (through authorizations, proxies, etc. for instance).
- d) Control activity and traceability:
- The operating controls and the related characteristics (responsibilities, evidence, periodical intervals) must be formalized in the procedures or in sundry internal regulations;
  - The control must be guaranteed on the correctness of the activities performed by the different corporate functions (for instance, correct filing, control on the correct use of the powers to approve costs and to sign);
  - The documents relevant for the performance of the sensitive activities must be appropriately formalized and they must bear the date when they are filled in, the acknowledgement that the document was read and the recognizable signature of the filer/supervisor; the same must be filed in places appropriate for their conservation, in order to protect the confidentiality of the data contained therein and to avoid damage, deterioration and losses;
  - The process to draw up the acts and the related authorization levels, the development of operations, materials and registrations must all be traceable, with evidence of their motivation and their cause, to guarantee the transparency in the decisions made;

- Where possible, the adoption of IT systems must be envisaged to guarantee the correct and truthful allocation of all operations, or of a segment thereof, to the subject who is responsible for the same and to the people who participate in it. The system must not allow the possibility to make any changes in the records;
- The documents related to the Company's activity, and particularly the IT documents concerning the sensitive activities, are filed and kept under such modalities that only allow their following documented modification;
- The access to filed documents must be always motivated and allowed only to the authorized people based on the internal regulations or to a delegated subject, to the internal control bodies, the Auditing Company and the Supervisory Board.

#### **1.4 Specific control principles**

It is prohibited to implement such behaviours leading to Predicate Offences as detailed in each Special Part or to behaviours that, even though they are not offences in se, may potentially integrate one of the offences examined in the Special Parts.

Each section in the Special Part will detail specific behavioural norms concerning the processes that are mostly exposed to the risk of committing Predicate Offences.

#### **1.5 The procedures**

Art. 6, paragraph 2, letter b) in the Decree provides that the organizational models must "include specific protocols aimed at planning the formation and implementation of the decisions made by the Entity as regards the offences to be prevented".

To this purpose, and to support the own internal control system, this Model contains some specific protocols to prevent the commission of predicate offences.

In addition, further controls are represented by the certifications obtained by the Company as concerns:

- The ISO 9001 Quality System – a quality management system that represents a relevant support for the purpose of tracing the internal control system within specific processes;
- The ISO 14001 Environmental Management System – that defines the environmental policy, plans the activities that require monitoring, details roles and responsibilities, creates control procedures and establishes a verification system;
- The OHSAS 18001 Safety Management System – that guarantees a constant planning, implementation, control and reprogramming activity and assigns clear responsibilities and competences.

With reference to the said certifications, the Company adopted an Integrated Management System for Quality, Environment, and the workers' Health & Safety. The goal is to increase the own efficiency and performance for the clients' requests and expectations to be met in full compliance with the environment and to always be highly aware of the workers' health & safety. To this purpose, the Integrated Management System Manual describes the EPS processes, provides the information required to allow the implementation of the System and documents the modalities through which EPS meets the requirements of the reference standards.

Please note that auditing activities are currently under way to obtain a further certification within the UNI ISO 37001 Anti-Corruption Management System that represents an important control aimed at preventing and fighting corruption.

Please note that the Company adopted a system of internal procedures that rule the corporate processes, aimed at preventing offences. Such system, currently being implemented to obtain the UNI ISO 37001 certification, is subject to constant monitoring and update by the Function Managers. All the Employees must collaborate to such activity by reporting the need or opportunity of any changes and integrations in the procedures to the own line managers.

The approval of the procedures is assigned to the CEO of the Company by virtue of the powers conferred upon him, or to the Board of Directors, without prejudice to the concerned Function Managers' competence for their drawing up and review.

The new procedures relevant for the purposes of this Model (including those originating from integrations or changes made to previous already approved procedures) must be reported to the Supervisory Board.

#### **1.6 The auditing activities**

The Company is regularly subject to the audits by the external Certification Entities, to the checks made internally by the Quality Manager, by the Managers of the adopted Management Systems and by the Protection and Prevention Manager.

The compliance with the internal procedures and protocols is assigned to the Function Managers instead.

This adds up to the auditing checks that will be regularly performed by the Supervisory Board, possibly with the support by external consultants.

## **A Offences committed in the relationships with the Public Administration**

In the exercise of their corporate business, companies may collaborate with the Public Administration. For instance, this category includes the companies that – like EPS – participate in public tenders or procedures and sell goods or provide services to the Public Administration.

Public Administration (hereinafter “**PA**”, too) means, in short, any Entity or public entity (however, sometimes private too) that perform the public function in any way in the interest of the community, and thus in the public interest.

For instance, Public Administration entities include the following Entities or categories of Entities:

- a) Local Health Units and sundry Entities operating within the National Health System;
- b) State Entities and autonomous administrations (such as, for example, Ministries, the Chamber of Deputies and the Senate, the Italian Competition Authority, the Authority for Electric Energy and Gas, the Italian Communications Authority, the Bank of Italy, CONSOB, the Italian Data Protection Supervisory Authority, the Inland Revenue, the Customs, etc.);
- c) Regions and Metropolitan Areas;
- d) Political parties and associations connected to them;
- e) Municipal authorities and utilities;
- f) Mountain Associations, their consortia and associations;
- g) Chambers of Commerce, Industry, Handicraft and Agriculture, and their associations;
- h) All the national, regional and local non-economic public Entities (such as, for instance, INPS, CNR, INAIL);
- i) State Entities and Monopolies;
- j) Private entities exercising a public service (for instance RAI);
- k) Pension funds or insurance funds connected to them;
- l) Welfare funds.

Even though the list of public Entities here above is a mere example, however not limited to, please note that not all natural entities acting in this sphere and in relation to such entities are subject towards which (or by means of which) the offences in the relationships with the PA can occur.

Particularly, the entities taking up some relevance to this purpose are only:

- a) The “Public Officials” and
- b) The “People in Charge of a Public Service”.

Pursuant to the provisions of art. 357, paragraph one, in the Italian criminal code, a Public Official is considered as the person who, “for the effects of the criminal law”, exercises “a public legislative, judicial or administrative function”.

The rule only explains the notion of “public administrative function” (since the other two did not stir any interpretation doubts) and specifies that, for the effects of the criminal law, “an administrative function is public if it is ruled by public law standards and by authoritative acts and if it is characterized by the

formation and expression of the public administration's will or by its performance by means of authoritative or certificatory powers”.

In other words, the administrative function is defined as public when it is ruled by “public law standards”, e.g. by those norms that are aimed at pursuing a public purpose and at protecting a public interest and, as such, opposed to the private law standards.

Otherwise, art. no. 358 in the Italian criminal code defines the “people in charge of a public service” as those people “who provide a public service for any reasons. Public service means an activity that is ruled in the same forms as the public function, however it is characterised by the absence of the powers that characterize the latter, and with the exclusion of the performance of simple order tasks and of the performance of a merely material work”.

The legislator specifies the notion of “public service” through two different criteria, one positive and one negative. For the service to be defined as public, it must be ruled – like a “public function” – by public law norms, however with the difference related to the absence of certificatory, authorization and resolution powers that are typical of the public function.

Thus, a person in charge of a public service is a person who performs a public function that cannot be attributed to the powers, which a public official is endowed with (legislative, judicial and administrative power). In addition, it shall not concern simple order tasks and/or the performance of a merely material work, since they have no intellectual and discretionary characteristics.

#### **1.7 Offences committed in the relationships with the Public Administration (articles no. 24 and 25 in the Decree)**

The Decree strictly lists the offences against the Public Administration that entail a responsibility for the Entities. They are as follows:

- a) Embezzlement to the detriment of the State, of any other public or community Entity (art. 316-*bis* of the Italian criminal code), which punishes the failed allocation of contributions, subsidies or the like to the purposes they were originally intended for;
- b) Undue reception of contributions, financing or sundry allocations by the State, sundry public Entities or by a community Entity (art. 316-*ter* of the Italian criminal code) by using false documents or issuing statements certifying falsities, or by omitting the due information;
- c) Aggravated fraud to benefit from public allocations (art. 640-*bis* of the Italian criminal code), which consists in the reception of contributions, financing or sundry allocations by the State, sundry public Entities or a community Entity by means of artifices or tricks different from the use of false documents, false statements or omission of the due information;
- d) Aggravated fraud to damage the State or sundry public Entities (art. 640, par. 2, no. 1 of the Italian criminal code), which punishes the use of artifices and tricks to obtain an unjust profit to the detriment of the State and of sundry public Entities;
- e) IT fraud to the detriment of the State or of sundry public Entities (art. 640-*ter* of the Italian criminal code), which charges the assumed alteration of the functioning of an IT or electronic system, or the unlawful intervention on data, information or programs contained in an IT system, to obtain an unjust profit to the detriment of the State or of sundry public entities;
- f) Concussion (art. 317 of the Italian criminal code), e.g. the case in which the public official or the person in charge of a public service abuses of his/her own office or powers to oblige or induce a private person to give or promise to give money or sundry utilities;

- g) Corruption for the exercise of the function (art. 318 of the Italian criminal code), e.g. the case in which the public official receives (or accepts to receive) money or other utilities for him/herself or for other parties in exchange for the exercise of his/her functions or powers;
- h) Corruption for an act contrary to the office duties (art. 319 of the Italian criminal code), e.g. the case in which the public official receives (or accepts to receive) money or sundry utilities for him/herself or for other parties to omit or delay an office act or to perform one contrary to his/her own duties;
- i) Corruption in judicial acts (art. 319-ter of the Italian criminal code): in the two cases of corruption defined above, such norm charges the assumed case in which an official receives (or accepts to receive) money or sundry utilities for him/herself or for others in order to foster or damage a party in a civil, administrative or criminal process;
- j) Concussion for induction, or Undue induction to give or promise utilities (art. 319 part four in the Italian criminal code), e.g. the case in which the public official or the person in charge of a public service abuses of his/her office or powers to induce someone to give or to promise any undue money or sundry utilities to him/her or to a third party; the criminal liability extends to whoever gives or promises money or sundry utilities too;
- l) Corruption of a person in charge of a public service (art. 320 of the Italian criminal code), e.g. the offences envisaged in articles no. 318 and 319 of the Italian criminal code committed towards a person in charge of a public service;
- m) Incitement to corruption (art. 322 of the Italian criminal code): in the two cases of corruption defined above, such norm charges the assumed case in which the public official does not accept to receive or the private party does not accept to give money or sundry utilities;
- n) Peculation, concussion, undue induction to give or promise utilities, corruption and instigation to corruption of members of the International Criminal Court or of the EU Bodies and of officials in the EU or in foreign States (art. 322-bis of the Italian criminal code). The assumption provided for by the legislator is that of the offences in the heading committed towards foreign officials.

For a deeper examination of these Predicate Offences and of the related punishments, please refer to **Annex A**.

### 1.8 Areas at risk of crimes

The potential areas at risk that the company identified in the relationships with the PA and within the offences under the Decree, are those related to the following sectors:

<b>Sensitive activities</b>		<b>Crime</b>
		<b>For a detailed description of the single cases and of the related punishments, please see Annex A</b>
<b>1</b>	<p>Management of the relationships – even institutional ones – with entities in the Public Administration.</p> <p>Management of the relationships with control Authorities and</p>	<ul style="list-style-type: none"> <li>• Embezzlement to the detriment of the State, of sundry public or community Entities (art. 316-bis in the Italian criminal code);</li> <li>• Undue reception of contributions, financing or sundry allocations by the State, by sundry public Entities or by a Community Entity (art-316-ter of the Italian criminal code);</li> </ul>

	<p>Entities on the occasion of checks and inspections too (for instance Finance Police, Inland Revenue, ASL, ARPA, Fire Brigade, Ministries, INAIL, Public contracting stations, etc.).</p> <p>Management of tenders, public contracts and the related adjudications.</p> <p>Access to IT systems of the Public Administration.</p>	<ul style="list-style-type: none"> <li>• Corruption for the exercise of the function (art. 318 of the Italian criminal code);</li> <li>• Corruption for an act contrary to office duties (art. 319 of the Italian criminal code);</li> <li>• Undue induction to give or promise utilities (art. 319-<i>quarter</i> of the Italian criminal code);</li> <li>• Instigation to corruption (art. 322 of the Italian criminal code);</li> <li>• Aggravated fraud for the attainment of public allocations (art. 640-<i>bis</i> of the Italian criminal code);</li> <li>• Aggravated fraud to the detriment of the State or of sundry public Entities (art. 640, paragraph 2, no. 1 of the Italian criminal code);</li> <li>• IT fraud to the detriment of the State or of sundry public Entities (art. 640-<i>ter</i> of the Italian criminal code).</li> </ul>
2	<p>Selection of suppliers, consultants and agents (including intermediaries and mediators, also foreign ones)</p>	<ul style="list-style-type: none"> <li>• Corruption for the exercise of the function (art. 318 of the Italian criminal code);</li> <li>• Corruption for an act contrary to the office duties (art. 319 of the Italian criminal code);</li> <li>• Undue induction to give or promise utilities (art. 319 -<i>quater</i> of the Italian criminal code);</li> <li>• Instigation to corruption (art. 322 of the Italian criminal code);</li> <li>• Corruption in judicial acts (art. 319-<i>ter</i> in the Italian criminal code).</li> </ul>
3	<p>Request and attainment of public funds.</p>	<ul style="list-style-type: none"> <li>• Embezzlement to the detriment of the State, of sundry public or community Entities (art. 316-<i>bis</i> of the Italian criminal code);</li> <li>• Undue reception of contributions, financing or sundry allocations by the State, by sundry public Entities or by a community Entity (art.316-<i>ter</i> of the Italian criminal code);</li> <li>• Corruption for the exercise of the function (art. 318 of the Italian criminal code);</li> <li>• Corruption for an act contrary to office duties (art. 319 of the Italian criminal code);</li> <li>• Undue induction to give or promise utilities (art. 319-<i>quater</i> of the Italian criminal code);</li> </ul>

		<ul style="list-style-type: none"> <li>• Instigation to corruption (art. 322 of the Italian criminal code);</li> <li>• Aggravated fraud for the attainment of public allocations (art. 640-<i>bis</i> of the Italian criminal code);</li> <li>• Aggravated fraud to the detriment of the State or of sundry public Entities (art. 640, paragraph 2, no. 1 of the Italian criminal code);</li> <li>• IT fraud to the detriment of the State or of sundry public Entities (art. 640-<i>ter</i> of the Italian criminal code);</li> <li>• Corruption in judicial acts (art. 319-<i>ter</i> of the Italian criminal code).</li> </ul>
4	Hiring of staff.	<ul style="list-style-type: none"> <li>• Corruption for the exercise of the function (art. 318 of the Italian criminal code);</li> <li>• Corruption for an act contrary to office duties (art. 319 of the Italian criminal code);</li> <li>• Undue induction to give or promise utilities (art. 319-<i>quater</i> of the Italian criminal code);</li> <li>• Instigation to corruption (art. 322 of the Italian criminal code);</li> <li>• Corruption in judicial acts (art. 319-<i>ter</i> of the Italian criminal code).</li> </ul>
5	Management of gifts (donations and sponsorships) and presents.	<ul style="list-style-type: none"> <li>• Corruption for the exercise of the function (art. 318 of the Italian criminal code);</li> <li>• Corruption for an act contrary to office duties (art. 319 of the Italian criminal code);</li> <li>• Undue induction to give or promise utilities (art. 319 -<i>quater</i> of the Italian criminal code).</li> <li>• Instigation to corruption (art. 322 of the Italian criminal code);</li> </ul>
6	Expense reports and representation costs.	<ul style="list-style-type: none"> <li>• Corruption for the exercise of the function (art. 318 of the Italian criminal code);</li> <li>• Corruption for an act contrary to office duties (art. 319 of the Italian criminal code);</li> <li>• Undue induction to give or promise utilities (art. 319 -<i>quater</i> in the Italian criminal code).</li> <li>• Instigation to corruption (art. 322 of the Italian criminal code);</li> </ul>

7	Management of petty cash and of financial flows in general	<ul style="list-style-type: none"> <li>• Corruption for the exercise of the function (art. 318 of the Italian criminal code);</li> <li>• Corruption for an act contrary to office duties (art. 319 of the Italian criminal code);</li> <li>• Undue induction to give or promise utilities (art. 319-<i>quarter</i> of the Italian criminal code);</li> <li>• Instigation to corruption (art. 322 of the Italian criminal code);</li> </ul>
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Any possible changes or integrations in the areas at risk of committing an offence as here above are assigned to the Board of Directors, upon a proposal by the Supervisory Board as well, pursuant to the provisions in paragraph 3.5 in the General Part of this Model.

### 1.9 Behavioural rules and special protocols

While performing the own activities and functions, in addition to recognizing and complying with the rules provided for in the Company's By-laws, the principles given in the Code of Ethics and in the Anti-Corruption guidelines, the operating procedures and any additional internal regulations related to the Corporate Governance system, the Model Addressees who have any relationships for any reasons with Public Officials, People in charge of a Public Service or, more in general, with the Public Administration, in the name and on behalf of the Company, shall have to comply with the following general behavioural rules.

Particularly, consistently with the corporate ethical principles under this Model and the Code of Ethics adopted by the Company, the Addressees are expressly forbidden the following:

- a) To promise or perform any financial allocations to representatives of the Public Administration or of the Italian or foreign control authorities to attain any benefits for the Company;
- b) To promise or grant any benefits of any kind to representatives of the Public Administration or of both Italian and foreign control authorities, in order to influence their independent judgement or to induce to guarantee any advantage for the Company;
- c) To perform any activities in conflict of interests with the PA as regards what provided for in the cases listed in this section in the Special Part of the Model;
- d) To communicate to the PA any data that are not correct, to arrange and provide false documents, to omit due information;
- e) To violate the IT systems of the PA in order to obtain or falsify any information to the benefit of the Company;
- f) To fulfil any operations aimed at creating extra-accounting funds.

In addition:

- a) Managers are responsible for the training and update of their employees and collaborators. Particularly, managers must (i) spread the ethical principles of the Company as in the Code of Ethics, (ii) promote the principles of organizational transparency and clarity among the employees to foster their path towards responsibility and to contribute to the attainment of the planned objectives, (iii) explain the behavioural rules and standards requested by the Company in the

relationship with the PA, (iv) ensure that each employee participates in and concludes the training on the issues as in the Decree;

- b) The Company's employees that make payments or, in general, transactions with the PA and/or foreign public officials, must become aware of the specific behavioural norms envisaged in this Model and in the Code of Ethics to tackle any attempts at corruption;
- c) All the Company's commercial partners must be informed about the anti-corruption behavioural norms arranged by the same;
- d) Any criticalities or conflicts of interest that may arise in the relationship with the PA must be reported to the hierarchical line function.

In addition to the general behavioural rules here above, the following specific procedural principles shall be implemented:

<p><b>Protocol 1</b></p> <ul style="list-style-type: none"> <li>• <b>Relationships with the Public Administration, also institutional.</b></li> <li>• <b>Management of the relationships with Authorities and control Entities also on the occasion of checks and inspections (for instance, the Ministry of Health, ASL, ARPA, the Fire Brigade, the Finance Police, INAIL etc.).</b></li> <li>• <b>Management of public tenders and contracts</b></li> <li>• <b>Access to the IT systems of the Public Administration</b></li> </ul>	
<p><b><i>Definition of roles and responsibilities</i></b></p>	<ul style="list-style-type: none"> <li>• A clear segregation of functions and responsibilities must be guaranteed, e.g. a neat allocation of tasks among the different functions and thus among those who arrange and those who sign the documents to be submitted to the PA;</li> <li>• Only the subjects endowed with the special proxy are authorized to manage the relationships with the Public Administration;</li> <li>• The compliance with authorization powers, proxies and delegations must be appropriately monitored by the Company's control Bodies through sample interventions on the signed documents;</li> <li>• The subjects who manage the relationships with the Public Administration must faithfully comply with the principles in the Code of Ethics and in this Model.</li> </ul>
<p><b><i>Operating management of the relationships with the PA</i></b></p>	<p>It is forbidden to:</p> <ul style="list-style-type: none"> <li>• Propose any commercial opportunities that can benefit the PA's employees personally or grant sundry benefits of any kind (promise to hire, etc.) to the benefit of PA's representatives, or however anyone related to them;</li> </ul>

	<ul style="list-style-type: none"> <li>• Implement artifices or tricks to induce the PA to assess the technical and economic characteristics of the offered products/provided services in an erroneous way.</li> </ul> <p>In addition, the following is required:</p> <ul style="list-style-type: none"> <li>• A check is provided on the existence of any possible conflicts of interests with reference to the possibility to negotiate with the PA too;</li> <li>• The management of the relationships with the Public Administration must always be in writing;</li> <li>• Any possible agreements made with the PA or representatives thereof shall be documented;</li> <li>• The documents related to the relationships with the Public Administration (including the documents related to the participation in public tenders) must be appropriately filed;</li> <li>• The subject holding the relationships with the Public Administration shall not: use any false documents or any documents that certify things that are not true, submit any false and untrue statements, omit any information, or promise any money or other utilities to any subjects that represent the Public Administration;</li> <li>• Regular training courses must be organized for the Company employees who are in contact with the representatives of the Public Administration;</li> <li>• Tools to check the compliance with the model 231 (or however the ethical/moral compliance) of the same shall be adopted in the relationship with any third parties that hold relationships with the PA on behalf of the Company (for instance, agents, commercial partners or distributors) through audits and due diligence processes);</li> <li>• The tools to access the PA's IT systems shall be traced with evidence of the legitimate subject to use them.</li> </ul>
<p><b><i>Operating management for the participation in public tenders</i></b></p>	<p>Without prejudice to the behavioural principles for the management of the relationships with the PA in general, the following behavioural principles must be complied with:</p> <ul style="list-style-type: none"> <li>• The people in charge of arranging the documents to participate in the tender must be clearly and precisely identified;</li> <li>• The people in charge of signing the documents to participate in the tender must be likewise identified;</li> <li>• The people in charge of managing the relationships with the PA during the adjudication of the tender must be identified;</li> <li>• A trace of the tenders, which the Entity participates in must be kept;</li> <li>• An internal note must be arranged containing the details of the tender, or the offer work in progress, the possible anomalies, the name and</li> </ul>

	<p>signature of the people in charge of the activities mentioned above (arrangement of the documents, powers of signature, management of the relationships with the PA);</p> <ul style="list-style-type: none"> <li>• The authenticity of the statements provided to the PA must be checked with the supporting documents that must be appropriately filed.</li> </ul>
<b>Operating management of inspections</b>	<ul style="list-style-type: none"> <li>• During any possible judicial, fiscal, administrative and/or supervision inspections and those implemented by the specific Supervisory Bodies, including the authorities in charge of checking the compliance with the provisions in the Leg. Decree no. 81/2008, the fiscal checks and the INPS checks by the Labour Inspectorate, the people expressly in charge of them must participate (at least two of them);</li> <li>• Special reports must be drawn up for all the procedure related to the inspection.</li> <li>• Specific procedures must be complied with that rule the modalities to conduct the inspections, the participation of the people allocated by the Company, the modalities to manage the relationships with the public entities in charge.</li> </ul>

As regards the relationships with the Public Administration, the Company adopted the following procedures and protocols:

- Operating procedure: Management of the relationships with the Public Administration (P\_PA\_1\_0);
- Operating instruction: Management of inspections or ascertainment by public officials (I\_PA\_A\_1\_0).

<b>Protocol 2 – Selection of suppliers, consultants and training (including intermediaries and mediators, also foreign ones)</b>	
<b>Delegations, Proxies and Powers</b>	If employees, collaborators, consultants and partners must materially have any relationships with public entities on behalf of the Company, a power must be formally conferred to this purpose (with a special delegation for the employees or with a special clause for sundry people in charge). If it is required, a specific written proxy shall be issued to the aforesaid parties;
<b>Operating management</b>	<ul style="list-style-type: none"> <li>• The consultants and external collaborators must be selected in a transparent way. Each single internal function shall check that they are not in any conflict of interests;</li> <li>• The contracts between the Company and the collaborators, consultants and partners must be defined in writing as regards all their conditions and terms; they must include standard clauses that impose their compliance with the provisions as in the Leg. Decree no. 231/2001 (“clause 231”) and they must be signed by people endowed with the required powers in compliance with the corporate procedures;</li> </ul>

	<ul style="list-style-type: none"> <li>• In addition, it is prohibited to acknowledge compensations or make provisions, to the benefit of external consultants and collaborators that cannot be appropriately justified in connection with the type of task to be performed, the agreed compensation, the characteristics of the relationship and the practices in force;</li> <li>• The assignation of a professional advice or service must exclusively meet the Company's objective requirements, which may include the need to receive expert services, to acquire missing skills or to integrate existing skills within the corporate organization;</li> <li>• The payment of the compensation shall be made after checking the occurred performance of the assigned task.</li> <li>• Distributors, commercial partners and agents must be submitted to an ethical due diligence procedure;</li> <li>• The content of the task assigned to third parties acting on behalf of the Company by means of written contracts containing "clauses 231" or however any anti-corruption clauses must be formalized in a clear way;</li> <li>• The amount of the assigned provision must be formalized in writing in the contracts with business partners and agents. Such provision must be in line with the market.</li> </ul>
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To this purpose, the Company adopted the following procedures and protocols:

- Procedure: Provisioning and management of suppliers (P\_ACQ\_1\_0); such procedure is currently being implemented to obtain the UNI ISO 37001 certification;
- Operating instruction: Purchase requests ( I\_ACQ\_B\_1\_0);
- Operating instruction: Authorizations for purchase requests and orders (I\_ACQ\_C\_1\_0);

As concerns the suppliers, an additional control is represented by the Suppliers' Behavioural Code, attached to the EPS Code of Ethics, which each supplier must sign to state the own commitment to comply with and respect the principles contained in the same Code.

Please note that the operating instruction Rules for the management of the relationships with partners and agents (I\_MRK\_E\_1\_0) is currently being drawn up.

<b>Protocol 3 – Request and attainment of public financing</b>	
<b><i>Operating management of public financing</i></b>	<p>If allocations, contributions or financing are obtained from public Entities, a special report must be drawn up (or however the documents must be filed and possibly accessible) on the effective use of the obtained funds.</p> <p>Particularly, those who operate on behalf of the Company must comply with the following behavioural guidelines:</p>

	<ul style="list-style-type: none"> <li>• Correct and truthful treatment of the documents evidencing the eligibility for the participation in tenders and contracts to obtain public financing;</li> <li>• Correct, transparent, truthful and complete information to be provided to the competent Administration;</li> <li>• Transparent and reliable registrations and competence reports related to the management and use of public financing;</li> <li>• Integral and correct use of the issued public financing for the same to be destined to the purpose and according to the modalities for which they were issued;</li> <li>• Compliance with the regulations in force issued by the competent Authorities and with the internal regulations.</li> </ul> <p>Therefore:</p> <ul style="list-style-type: none"> <li>• The statements made to national and international public Entities for the purpose of attaining the contribution must contain only fully truthful elements and, in case the same is obtained, a special report must be issued;</li> <li>• Those who perform a control function on the fulfilments connected with the performance of the said activities (for instance, invoice payment) must pay special attention to their implementation and immediately report to the Chairman and to the Supervisory Board.</li> </ul> <p>The following shall be prohibited:</p> <ul style="list-style-type: none"> <li>• Unduly receiving contributions or financing from the PA through the use or submission of improper documents or through the omission of due information;</li> <li>• File untrue statements to obtain public allocations, contributions or eased financing;</li> <li>• Allocate the sums received from the said Entities as allocations, contributions or financing to goals that differ from those they were intended for;</li> <li>• Draw up improper reports or documents regarding the use of the said financing;</li> <li>• Deviate, even only partially, the contributions, subsidies and public financing from the goals for which they were obtained.</li> </ul> <p>The operating practices are ruled in the Procedure Management of the relationships with the Public Administration (P_PA_1_0).</p>
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**Protocol 4 – Hiring employees**

<p><b>Operating management of the employees (hiring, training and incentives)</b></p>	<p>Depending on the resource to be hired, the HR Manager decides whether to recruit and select him/her through the Company's autonomous initiative or through the help of any Work Agency.</p> <p>In any case, the regulation of the described activity includes:</p> <ul style="list-style-type: none"> <li>• A clear definition of the roles and tasks assigned to the people in charge of selecting and managing both employees and collaborators;</li> <li>• A structured system for the assessment of candidates to guarantee the traceability of the motivations that led to the selection/exclusion of a candidate;</li> <li>• The request for the newly hired resource's criminal records or self-statement on the absence of any sentences due to predicate offences of the Entities' administrative liability and of pending criminal procedures for the same offences;</li> <li>• The ethical training of the newly hired resources, including the declaration of commitment to comply with the principles in the Code of Ethics and in this Model, which must be handed in upon hiring;</li> <li>• The planning of regular anti-corruption training activities for all the employees;</li> <li>• The management of compensations, incentives (benefits and awards) and possible resignations by the employees and collaborators through traceable and previously approved systems;</li> <li>• The definition of methods for the filing of the documents related to the activities above, to guarantee the ready availability of the documents in case they are requested and the traceability of the process (including an updated list of the existing employees and of those hired in the last 12 months);</li> <li>• The monitoring of any possible conflict of interests towards the PA by the employees and the collaborators as regards what envisaged in the offence cases here above. For instance, the absence of any family connections with the PA's staff, not taking up any tasks on behalf of the PA in the award of public works or services assigned to the corporate organization in the previous 24 months.</li> </ul> <p>As concerns the above, the Company adopted the procedure HR Management (P_HR_1_1), which includes the following operating instructions:</p> <ul style="list-style-type: none"> <li>- Management of the recruiting and rewarding system (I_MRK_A_1_0);</li> <li>- Guidelines to fill in the Individual Performance Assessment Form (I_MRK_B_1_0);</li> <li>- Guidelines to fill in the Personnel Development Plan (PDP) (I_MRK_C_1_0);</li> </ul>
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	<ul style="list-style-type: none"> <li>- Academy Talent Program (“ATP”) Rules (I_MRK_D_1_0);</li> <li>- Guidelines to fill in the Annual Final Report - ATP Program (I_MRK_E_1_0);</li> <li>- Guidelines to fill in the ATP Goal Chart (I_MRK_F_1_0).</li> </ul>
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<b>Protocol 5</b> <ul style="list-style-type: none"> <li>• <b>Management of gifts (donations and sponsorships) and presents</b></li> </ul>	
<b><i>Operating management of gifts and presents</i></b>	<ul style="list-style-type: none"> <li>• No money or presents may be given to public officers and no money or presents may be received apart from what provided for in the generally accepted practices (e.g., all forms of presents offered or received exceeding the normal courtesy practices, or however aimed at acquiring any favourable treatments in the performance of any corporate activities) in compliance with the provisions in the Code of Ethics. Any possible presents must be authorised and documented in any case.</li> <li>• An appropriate filing and traceability of the information on the management of presents and donations must be guaranteed;  The information related to the following must be filed: i) details of the applicant (name, surname, role and/or position inside the corporate organization), ii) references of the addressee (name, surname, entity of belonging), iii) description of the present or donation, iv) related amount, v) reason.</li> </ul>
<b><i>Operating management of sponsorships</i></b>	<ul style="list-style-type: none"> <li>• Sponsorships must be arranged after identifying the benefitting Entity and acquiring information on the reliability of the same and on the consistency with the activity performed by the Company;</li> <li>• All sponsorships must be verifiable through complete and appropriate documentations to define clearly the type of initiative and motivation to support the same.</li> </ul>

To this purpose, the Company adopted the procedure Management of gifts and sponsorships (P\_LIB\_1\_0).

The management of gifts and presents is ruled within the Anti-Corruption guidelines.

<b>Protocol 6</b> <ul style="list-style-type: none"> <li>• <b>Expense records and representation costs</b></li> </ul>	
<b><i>Operating management of expense records and representation costs</i></b>	<ul style="list-style-type: none"> <li>• Expense records and representation costs must be managed by i) checking if the costs incurred are consistent with the costs allowed, ii) checking if the expense reimbursement is formally and substantially</li> </ul>

	<p>correct, iii) checking if vouchers are correct, iv) managing any possible anomalies;</p> <ul style="list-style-type: none"> <li>• The use traceability of the employees' corporate credit cards assigned must be guaranteed.</li> </ul>
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The operating practices are ruled by the following procedures and protocols:

- Procedure: Management of reimbursements to the employees (I\_MRK\_G\_1\_0\_);
- Procedure: Corporate credit card. Characteristics, benefits and management procedures;
- Corporate integrative agreement ruling the treatment of EPS Group's employees on a business trip, approved by the Company.

As regards representation costs, please refer to the Anti-Corruption guidelines.

<p><b>Protocol 7</b></p> <ul style="list-style-type: none"> <li>• <b>Management of financial flows</b></li> <li>• <b>Management of petty cash</b></li> </ul>	
<p><b><i>Operating management of financial flows</i></b></p>	<ul style="list-style-type: none"> <li>• All payments and financial flows must be managed and regularly recorded in the corporate management system so that they can be traced thereafter.</li> <li>• Transactions with the PA must be traceable and verifiable <i>ex post</i> through appropriate documents/IT supports;</li> <li>• It is required to check the consistency between agreements, purchase orders, invoices, payments related to the amounts to be paid to the Inland Revenue and to the welfare institutions too, by paying special attention to the authorizations signed by the people empowered to do so;</li> <li>• It is required to check if the payments made to the collaborators and to the members of any corporate Entities are consistent with the effective activity performed, which will have to be specifically equipped with appropriate vouchers;</li> <li>• No payment can be made in cash, unless specifically authorized by the Administration and Finance department that can grant such authorization only in case this is expressly requested by the regulations ruling the activity of the public Entity and however with regular allocation in the given items in the balance sheet.</li> <li>• It is absolutely prohibited to complete any operations aimed at creating any off-the-books funds.</li> </ul>

<p><b><i>Operating management of the passive cycle</i></b></p>	<p>From the operating point of view, the passive cycle includes:</p> <ul style="list-style-type: none"> <li>• The purchase decision by the Purchase Office or by the requesting Area Manager,</li> <li>• The suppliers' analysis and selection by the Purchase Office;</li> <li>• The release and solicitation of the purchase order by the Purchase Office;</li> <li>• The reception of the goods and/or services by the Logistic Office;</li> <li>• The reception of the invoice by the Administrative Office;</li> <li>• The payment of the supplier by the Administrative Office.</li> </ul> <p>The people in charge of the passive cycle must comply with the behavioural norms given in the control, accounting and document filing phases.</p>
<p><b><i>Operating management of the active cycle</i></b></p>	<p>From the operating point of view, the active cycle includes:</p> <ul style="list-style-type: none"> <li>• The identification of the client by the Commercial Office;</li> <li>• The reception of the order by the client and the release of the order confirmation by the Commercial Office;</li> <li>• The shipment of the goods by the Logistic Office or the provision of the service by the concerned function;</li> <li>• The issuing of the invoice by the Administrative Office;</li> <li>• The check of the amount cashed in by the Administrative Office.</li> </ul> <p>The people in charge of the active cycle must comply with the behavioural norms during the release of the order confirmation, the issuing of the invoice and the management of cash-in.</p>
<p><b><i>Operating management of the petty cash</i></b></p>	<ul style="list-style-type: none"> <li>• The Cash Manager is responsible for the management of payments (or cash-ins) through the petty cash;</li> <li>• The petty cash must be used only for small expenses (for instance the purchase of stamp duties, registered letters, sending ordinary mail and registered letters);</li> <li>• For all higher amounts, a wire transfer must be completed;</li> <li>• For all the operations by petty cash, payment or cash-in must be recorded in the special cash book (either paper or electronic);</li> <li>• Regular reconciliations must be performed related to the petty cash;</li> <li>• Before providing for payment with petty cash, the following is required: i) check the existence and validity of the vouchers, ii) arrange for the beneficiary's details, iii) acknowledge the reason for the payment, and iv) acknowledge the amount to be paid.</li> </ul>

To this purpose, the Company adopted the procedure Management of financial flows (P\_FIN\_A\_1\_0).

### **1.10 Tasks of the Supervisory Board and Information Flows**

Without prejudice to the discretionary power to be activated with specific controls following the received reports, the Supervisory Board regularly makes checks (even sample-checks) included in the own activity plan.

To this purpose, please note that the Supervisory Board is guaranteed free access to all the relevant corporate documents concerning the sensitive activities and to all the Company's IT systems. While performing the own activity, the Supervisory Board may avail of all the competent resources.

The Supervisory Board informs the Board of Directors about the controls made within the own regular reporting system.

Without prejudice to the compliance with the general information flows under paragraph 4.5 in the General Part of the Model, the competent corporate functions must immediately send to the Supervisory Board the information included in the procedure Information flows to the Supervisory Board (I\_MSGI\_A\_1\_0) adopted by the Company. For instance however not limited to, the same rules the following flows: release of delegations and proxies, public tenders, which the Company participated in, contracts stipulated with the PA, inspections completed, requests for financing by the Company, list of newly hired resources and evidence of the ethical training received, anomalies in the expense records.

## **B IT Offences and Illegal Treatment of Data**

### **1.11 IT Offences and Illegal Treatment of Data (art. 24-bis of the Decree)**

The Legislative Decree no. 48 of 4<sup>th</sup> April 2008 to ratify and execute the Budapest Convention by the Council of Europe on IT offences introduced the following offences within the application of the Decree:

- a) False IT documents (art. 491-*bis* of the Italian criminal code);
- b) Abusive access to an IT or electronic system (art. 615-*ter* of the Italian criminal code);
- c) Abusive possession and spreading of the codes to access IT or electronic systems (art. 615-*quater* of the Italian criminal code);
- d) Spreading of IT equipment, devices or programs aimed at damaging or breaking down an IT or electronic system (art. 615-*quinqüies* in the Italian criminal code);
- e) Illegal wire-tapping, preventing or interrupting IT or electronic communications (art. 617-*quater* of the Italian criminal code);
- f) Installation of equipment aimed at wire-tapping, preventing or interrupting any IT or electronic communications (art. 617-*quinqüies* of the Italian criminal code);
- g) Damaging IT information, data and programs (art. 635-*bis* of the Italian criminal code);
- h) Damaging IT information, data and programs used by the State or by sundry public Entities or however of public use (art. 635-*ter* of the Italian criminal code);
- i) Damaging IT or electronic systems (art. 635-*quater* the Italian criminal code);
- j) Damaging IT or electronic systems of public use (art. 635-*quinqüies* of the Italian criminal code);
- k) IT fraud by the party providing electronic signature certification services (art. 640-*quinqüies* in the Italian criminal code).

### **1.12 Areas at risk of crimes**

The presupposition for the offences considered above is the use of the corporate IT network intended as an integrated structure of equipment, connections, infrastructures and services. It is made up of the following:

- a) The network infrastructure, which includes the equipment and the related software that allow the connections inside the corporate offices and the connection from and to the outside;
- b) The network services, which are the general utilities available for all the employees or which are made available at central level, such as e-mail services, internet access, centralized master data, etc.;
- c) The corporate network services and applications, which are made available for the users through the servers, while the access points to the corporate network are both fixed and mobile workstations assigned to the same users.

The potential areas at risk of crimes that EPS identified within the field of IT offences are as follows:

Sensitive Activities	Crime For a detailed description of the single cases and of the related punishments, please see Annex A
1 Use of the technological infrastructure and of the corporate IT and electronic systems	<ul style="list-style-type: none"> <li>• False IT documents (art. 491-<i>bis</i> of the Italian criminal code);</li> <li>• Abusive access to an IT system (615-<i>ter</i> of the Italian criminal code);</li> <li>• Installation of equipment aimed at wire-tapping, preventing or interrupting any IT or electronic communications (art. 617-<i>quinquies</i> of the Italian criminal code);</li> <li>• Abusive possession and spreading of the codes to access IT or electronic systems (art. 615-<i>quater</i> in the Italian criminal code);</li> <li>• Spreading of IT equipment, devices or programs aimed at damaging or breaking down an IT or electronic system (art. 615-<i>quinquies</i> in the Italian criminal code);</li> <li>• Damaging IT information, data and programs (art. 635-<i>bis</i> of the Italian criminal code); Damaging IT or electronic systems (art. 635-<i>quater</i> of the Italian criminal code).</li> <li>• Damaging IT or electronic systems (art. 635-<i>quater</i> of the Italian criminal code);</li> </ul>

Any possible changes or integrations of the said areas at risk of crimes are assigned to the Board of Directors, upon a proposal by the Supervisory Board too that will submit them to the Board of Directors pursuant to what provided for in paragraph 3.5 of the General Part of this Model.

### 1.13 Behavioural Rules and Specific Protocols

When performing the respective activities/functions, in addition to acknowledging and complying with the principles in the Code of Ethics, the operating procedures and any additional internal regulations related to the Corporate Governance system, the Addressees should comply with the behavioural rules contained in this Model.

For the purpose of complying with the behavioural rules contained in this Special Part, the following is required:

- a) Not to spread any information related to the corporate IT systems;
- b) Not to use the corporate IT systems for any purposes not connected with the performed task or however contrary to the Model and the Code of Ethics.

In addition, the Company – through the IT Manager – shall implement the following:

- a) Providing the Addressees with appropriate information on the correct use of the corporate IT resources and on the risk to commit IT offences;
- b) Limiting as much as possible the use of IT systems and the access to same by the Addressees, exclusively for the purposes connected with the tasks performed by the latter;

- c) Completing regular checks on the corporate IT network in compliance with the privacy standards, the existing trade-union agreements and the Workers' Regulations, in order to identify any anomalous behaviours;
- d) Arranging and keeping appropriate physical defences to protect the Company's servers;
- e) Arranging and keeping appropriate defences to protect the additional corporate IT systems.

In addition to the general behavioural rules here above, the following specific procedural principles shall be provided for.

<b>Protocol 1 – Use of the technological infrastructure and of the corporate IT and electronic systems</b>	
<b><i>Operating management for the use of the technological infrastructure</i></b>	<p>The following shall be absolutely prohibited:</p> <ul style="list-style-type: none"> <li>• Introducing into the company and connecting to the corporate network any computers, devices, sundry equipment or software without the preventive authorization by the Corporate IT Department and in any way changing the configuration of fixed or mobile workstations made by the IT function;</li> <li>• Acquiring, owning or using software and/or hardware tools that could be employed to assess or compromise the safety of the IT or electronic systems (such as, for instance, the systems to identify passwords, identify the vulnerabilities, decode encrypted files, tap the traffic in transit, etc.);</li> <li>• Obtaining the credentials to access corporate IT or electronic systems, those of the clients or of third parties with methods or procedures that differ from those authorized to this purpose by the Company;</li> <li>• Spreading, transferring or sharing with internal or external staff the own credentials to access the corporate systems and network, those of clients and third parties;</li> <li>• Distorting, blackening, replacing the own identity, and send anonymous e-mails or messages reporting false personal details;</li> <li>• Tampering, subtracting or destroying the corporate IT assets, those of clients or third parties, including archives, data and programs;</li> <li>• Completing tests or trying to compromise safety checks and corporate IT systems, unless this is not explicitly provided for within the own working tasks;</li> <li>• Completing tests or trying to compromise safety checks of the clients' IT or electronic systems unless this is not explicitly required and authorized by specific contracts with the client (vulnerability test, penetration test) and provided for within the own working tasks;</li> <li>• Exploiting the possible vulnerabilities or inappropriateness in the safety measures of the corporate IT or electronic systems, those of</li> </ul>

	<p>clients or third parties, to access any resources or information differing from those whose access is already authorized, also in case such intrusion does not provoke a damage to data, programs or systems;</p> <ul style="list-style-type: none"> <li>• Inform unauthorized people, both inside or outside the Company, about the controls implemented on the IT systems and the modalities with which they are used;</li> </ul> <p>In addition:</p> <ul style="list-style-type: none"> <li>• The use of the corporate e-mail service must be made by only employing the account associated to the own person;</li> <li>• Non-public data and information related to clients and third parties (commercial, organizational, technical), including the remote connection modalities, must be managed as confidential data;</li> <li>• Each account holder is responsible for the actions performed through the own account on the corporate systems and network.</li> </ul> <p>The Company must in turn implement the following:</p> <ul style="list-style-type: none"> <li>• Inform appropriately the Addressees of the importance to keep the own access codes confidential (username and password), not to spread them to third parties and to use the corporate IT resources correctly;</li> <li>• Inform the Addressees of the need not to leave the own IT systems unattended and of the convenience to lock them with own access codes if they happen to leave their workstation;</li> <li>• Set the same IT systems in a way that they automatically lock if they are not used for a defined amount of time;</li> <li>• Provide access to and from the outside (connection to the Internet) only to the addressees' IT systems that need it for working purposes or any goals connected with the company administration;</li> <li>• Equip the data processing centre with a key-locked door;</li> <li>• To the extent possible, protect each company IT system to prevent the illegal installation of hardware devices that can tap the communications related to an IT or electronic system, or between several systems, or prevent or lock them (key logger, backdoor, malicious software, etc.);</li> <li>• Provide each IT system with an appropriate firewall and anti-virus software so that these can be deactivated, where possible;</li> <li>• Confer specific authorizations for the use of corporate smart cards and include a traceability system of the related uses;</li> <li>• If wireless connections are used for the connection to the Internet (for instance through routers equipped with a Wi-Fi antenna),</li> </ul>
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	<p>protect them by setting an access key, to prevent any third parties outside the Company from illegally connecting to the Internet through the corporate routers and performing any illegal actions attributable to the Company's employees;</p> <ul style="list-style-type: none"> <li>• Where possible, envisage an authentication procedure through username and password corresponding to a limited profile of the system resource management, specific for each Addressee or category of Addressees;</li> <li>• Limit the access to the corporate IT network from the outside, by adopting and holding different authentication systems, or additional ones compared to those arranged for the Addressees' internal access.</li> </ul>
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Please note that the Company adopted the Privacy Regulation that contains the IT Policy ruling some specific behavioural standards on IT and electronic assets. Such document is well known by all EPS staff since it was published on the corporate digital billboard, and it must be signed by all the employees upon recruitment.

#### **1.14 Tasks of the Supervisory Board and Information Flows**

Without prejudice to the discretionary power to be activated with specific controls following the received reports, the Supervisory Board regularly makes checks (even sample-checks) included in the own activity plan.

To this purpose, please note that the Supervisory Board is guaranteed free access to all the relevant corporate documents concerning the sensitive activities and to all the Company's IT systems. While performing the own activity, the Supervisory Board may avail of all the competent resources.

The Supervisory Board informs the Board of Directors about the controls made within the own regular reporting system.

Without prejudice to the compliance with the general information flows under paragraph 4.5 in the General Part of the Model, the competent corporate functions must immediately send to the Supervisory Board the information included in the procedure Information flows to the Supervisory Board (I\_MSGI\_A\_1\_0).

**C Organised crime – Transnational crimes – Induction not to render statements or to render false statements to the judicial authorities.**

**1.15 Organized crime (art. 24-ter of the Decree) and transnational crimes (Law no. 146 of 16<sup>th</sup> March 2006).**

The Law no. 94 of 15<sup>th</sup> July 2009, containing the provisions on public safety, envisaged the introduction of article 24-ter of the Decree (hereinafter, “Organized Crime Offences”).

The said article details the following predicate offences:

- a) Criminal conspiracy (art 416,of the Italian criminal code);
- b) Mafia association (art. 416-*bis* of the Italian criminal code);
- c) Electoral exchanges between politicians and the mafia (art. 416-*ter* of the Italian criminal code);
- d) Kidnapping for ransom (art. 630 of the Italian criminal code);
- e) Association aimed at illegally trafficking drugs or psychotropic substances (art. 74 of the Presidential Decree no. 390 of 9<sup>th</sup> October 1990);
- f) All the offences committed by availing of the conditions detailed in art. 416-*bis* of the Italian criminal code to support the activities of the associations provided for in the same article (Law no. 203/91);
- g) Illegal fabrication, introduction into the territory of the State, sale, transfer, possession and holding in a public or open space of war weapons and the like or parts thereof, explosives, illegal weapons and common fire weapons too, with the exclusion of those provided for the art. 2, paragraph three, of the Law no. 110/1975

A preliminary analysis however showed the immediate impossibility to apply the offences listed under letters d), e) and g) to the Company.

In addition, it must be considered that the Law no. 146 of 16<sup>th</sup> March 2006 introduced the new category of “transnational crimes”. The goal of the mentioned Law is to provide more effective tools to prevent and stop the criminal organizations acting at international level. Fighting them, in fact, requires the collaboration between different States.

Pursuant to the provisions in art. 3 of the mentioned law, a transnational crime is a crime punished with imprisonment not shorter than four years maximum, if an organized criminal group is involved and:

- a) The crime was committed in more than one State, or
- b) The crime was committed in a State, however a substantial part of its preparation, planning, direction or control took place in another State, or
- c) The crime was committed in a State, however an organized criminal group committed in criminal activities in more than one State was involved, or
- d) The crime was committed in a State; however, it exerted substantial effects in another State.

Article 10 lists the criminal cases whose commission defines the Entity’s administrative liability in case the above mentioned elements apply to define a transnational crime and the criteria naturally exist to charge the same Entity’s liability as defined in the Decree (commission of the crime by a top manager or a subordinate in the interest or to the benefit of the Entity).

The offences provided for in article 10, in addition to articles 416, 416-*bis* in the Italian criminal code and 74 in the Presidential Decree no. 309/90, are as follows:

- a) Criminal conspiracy aimed at smuggling foreign processed tobaccos (art. 291-*quarter* of the Presidential Decree no. 43 of 23<sup>rd</sup> January 1973);
- b) Induction not to render statements or to render false statements to the judicial authorities (art. 377-*bis* of the Italian criminal code);
- c) Personal abetment (art. 378 of the Italian criminal code);
- d) Provisions against illegal immigration (art. 12, paragraphs 3, 3-*bis*, 3-*ter* and 5 of the Leg. Decree no. 286 of 25<sup>th</sup> July 1998).

As regards the activity performed by the Company, it is believed that the applicability of the offences under letters a) and d) can be excluded.

Please note that the introduction of some offences in this Special Part is merely prudential since, even though no specific elements exist to consider the existence of current risks, these are offences, which the Company wants to focus on.

In addition, please note that even though they do not represent predicate offences of the Entity's administrative liability, fiscal offences could abstractly acquire relevance too for the purposes of the Leg. Decree no. 231/2001 as being the goal of organized crime.

To this purpose, however, note that the Court of Cassation excluded the criminal relevance of fiscal offences within the administrative liability of juridical entities, however hoping for an explanatory intervention by the legislator.

#### **1.16 Induction not to render statements or to render false statements to the Judicial Authorities**

The offence under art. 25 part ten of the Leg. Decree no. 231/2001 could occur if the Company – with violence or threat or by offering or promising money or sundry utilities – induced the person asked to render statements in front of the Judicial Authorities that could be used in a criminal proceeding not to render any statements or to render false statements (that he/she has the power not to render).

#### **1.17 Areas at risk of crime**

Here follow the areas at potential risk that the Company identified within the field of the offences dealt with in this Special Part.

<b>Sensitive Activities</b>		<b>Crime</b>
		<b>For a detailed description of the single cases and of the related punishments, please see Annex A</b>
<b>1</b>	Selection and management of employees and collaborators	<ul style="list-style-type: none"> <li>• Criminal conspiracy (art. 416 of the Italian criminal code);</li> <li>• Mafia association (art. 416-<i>bis</i> of the Italian criminal code);</li> <li>• Induction not to render statements or to render false statements to the judicial authorities (art. 377-<i>bis</i> of the Italian criminal code);</li> <li>• Personal abetment (art. 378 of the Italian criminal code);</li> </ul>

		<ul style="list-style-type: none"> <li>• Criminal conspiracy in case of transnational crimes (art. 416 of the Italian criminal code)</li> </ul>
<b>2</b>	Management of bonuses and benefits	<ul style="list-style-type: none"> <li>• Criminal conspiracy (art. 416 of the Italian criminal code);</li> <li>• Mafia association (art. 416-<i>bis</i> in the Italian criminal code);</li> <li>• Induction not to render statements or to render false statements to the judicial authorities (art. 377-<i>bis</i> of the Italian criminal code);</li> <li>• Personal abetment (art. 378 of the Italian criminal code);</li> </ul> <p>Criminal conspiracy in case of transnational crimes (art. 416 of the Italian criminal code)</p>
<b>3</b>	Selection of suppliers, commercial partners and agents and management of the related relationships, including the management of the transactions to the benefit of the aforementioned parties	<ul style="list-style-type: none"> <li>• Criminal conspiracy (art. 416 of the Italian criminal code);</li> <li>• Mafia association (art. 416-<i>bis</i> of the Italian criminal code);</li> <li>• Induction not to render statements or to render false statements to the judicial authorities (art. 377-<i>bis</i> of the Italian criminal code);</li> <li>• Personal abetment (art. 378 of the Italian criminal code);</li> <li>• Criminal conspiracy in case of transnational crimes (art. 416 of the Italian criminal code);</li> </ul>
<b>4</b>	Management of litigations and of the connected issues	<ul style="list-style-type: none"> <li>• Induction not to render statements or to render false statements to the judicial authorities (art. 377-<i>bis</i> of the Italian criminal code).</li> </ul>
<b>5</b>	Management of currency and financial flows	<ul style="list-style-type: none"> <li>• Criminal conspiracy (art. 416 of the Italian criminal code);</li> <li>• Mafia association (art. 416-<i>bis</i> of the Italian criminal code);</li> <li>• Induction not to render statements or to render false statements to the judicial authorities (art. 377-<i>bis</i> of the Italian criminal code);</li> <li>• Personal abetment (art. 378 of the Italian criminal code);</li> <li>• Criminal conspiracy in case of transnational crimes (art. 416 of the Italian criminal code)</li> </ul>

In a fully prudential way:

<b>6</b>	Compilation, holding, conservation and arrangement of the accounting records and the side activities, and management of	<ul style="list-style-type: none"> <li>• Criminal conspiracy (art. 416 of the Italian criminal code);</li> <li>• Mafia association (art. 416-<i>bis</i> of the Italian criminal code);</li> <li>• Criminal conspiracy in case of transnational crimes (art. 416 of the Italian criminal code).</li> </ul>
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	the accounting and of the tax fulfilments	
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Any possible modifications or integrations of the said areas at risk of committing an offence are assigned to the Board of Directors, also upon a proposal by the Supervisory Board that will submit them to the Board of Directors pursuant to what given in paragraph 3.5 of the General Part in this Model.

### 1.18 Behavioural rules and specific protocols

When performing the respective activities/functions, in addition to acknowledging and complying with the principles in the Code of Ethics, the operating procedures and any additional internal regulations related to the Corporate Governance system, the Addressees should comply with the behavioural rules contained in this Model.

This Special Part envisages the express prohibition, for the Addressees, to the following:

- a) Receive financing from individuals, companies or organizations sentenced for performing terroristic activities or any activities disturbing peace, both Italian and foreign companies listed in the so-called "Country Lists" and/or natural or juridical entities listed in the so-called "Name Lists" (hereinafter jointly the "Lists") connected with international terrorism which can be found on the Internet website of the Bank of Italy;
- b) Make cash donations to individuals, companies or organizations sentenced for performing illegal activities, particularly terroristic activities or any activities disturbing peace;
- c) Have contacts with individuals in the anti-terrorism black list, which you can find on the website <http://www.consilium.europa.eu/it/policies/fight-against-terrorism/terrorist-list/>.

Moreover, the Company must commit to a constant monitoring of the Suppliers' qualification procedures to check the persistence of the requisites for eligibility.

In addition to the general behavioural rules above, the following specific procedural principles shall be envisaged.

<b>Protocol 1</b>	
<ul style="list-style-type: none"> <li>• <b>Selection and management of employees and collaborators;</b></li> <li>• <b>Selection of suppliers, consultants, commercial partners and agents (including intermediaries and mediators, even foreign ones) and management of the related relationships, including the management of the transactions to the benefit of the aforesaid parties</b></li> </ul>	
<b><i>Selection and management of employees and collaborators</i></b>	<p>To prevent any possible criminal infiltrations in the exercise of the business activity, the following duties are envisaged for all corporate representatives – each for the activities within the own sphere:</p> <ul style="list-style-type: none"> <li>• Not to accept any requests of any kind contrary to the law and to however inform the own line managers so that a report is made to the Police Authorities and the possibly applicable reports can be made;</li> <li>• To inform immediately the Police Authorities in case of attacks to the corporate assets or of suffered threats, providing the information</li> </ul>

<p><b><i>Selection of suppliers, consultants, commercial partners, agents and distributors and management of the related relationships, including the management of the transactions to the benefit of the aforesaid parties</i></b></p>	<p>required as regards both the single damaging act and the additional – precedent – relevant circumstances, to possibly make the applicable reports;</p> <ul style="list-style-type: none"> <li>• To abide by staff selection criteria guaranteeing that the selection is made in a transparent way, based on the criteria of professionalism, equal treatment and reliability against the risk of criminal infiltration;</li> <li>• To guarantee that each employee produces the own criminal records (or a self-declaration thereof) before being hired;</li> </ul> <p>In any case, each corporate representative must – even through the own line managers – report to the Supervisory Board any element that may refer to the danger of criminal interferences as regards the business activity and the Company commits to this purpose to guarantee confidentiality to those who fulfil such obligations to report and to provide a full support.</p> <p>The Company commits to constantly use criteria to select employees, suppliers, consultants, agents and sub-contractors, so as to guarantee that the selection is made in a transparent way:</p> <ul style="list-style-type: none"> <li>• By checking the commercial and professional reliability of suppliers, consultants, commercial partners, agents and sub-contractors;</li> <li>• By defining selection criteria based on qualitative and quantitative principles;</li> <li>• Through the documental evidence of the selection process to guarantee the transparency in the assignation of the offices;</li> <li>• By checking that any third parties have no office or residence or any connection with countries considered as not cooperative by the Financial Action Group against money laundering (Gruppo Azione Finanziaria contro il Money Laundering di denaro, GAFI).</li> </ul> <p>Before assigning any tasks to consultants and partners, it is required to collect information on the seriousness and professionalism of the task assignee (references, curriculum vitae, etc.), as well as their requisites of honourability, selecting the consultants who are registered in the special professional rolls, if existing.</p> <p>The Company commits to regularly assess – through the competent functions – the appropriateness of the existing qualification offices in order to establish any possible integrations as regards the activities that – due to reasons linked to the geographical area where the same must be performed or to sundry circumstances showing a higher risk of criminal infiltration – require a deeper monitoring of the suppliers to be selected.</p> <p>Such aspects are ruled in the procedure Provisioning and management of suppliers (P_ACQ_1_0), currently under review. In addition, the operating instruction Rules for the management of the relationships with partners and agents (I_MRK_E_1_0_) is currently undergoing approval.</p>
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<b>Management of financial flows</b>	As concerns the management of financial flows, please refer to Protocol 7 Special Part A.
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**Protocol 2 – Management of the relationships with the parties that can avail of the power not to answer during a criminal trial**

<b>Operating management</b>	<p>It is expressly prohibited to use violence or threats, by offering or promising money or sundry utilities, with the aim to induce a person not to make any statements or to render false statements if he/she is asked to render any statements in front of the judicial authorities to be used in a criminal proceeding and the latter is entitled not to answer.</p> <p>Every time a person who must render statements in front of the judicial authorities within a criminal proceeding in which the Company has an interest is a victim of violence or threats or receives an offer or a promise of money or sundry utilities in order not to render any statements or to render false statements, this must immediately inform the Supervisory Board.</p>
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**Protocol 3 – Management of accounting records and of tax fulfilments**

<b>Operating management</b>	<p>In addition to the already existing corporate controls and to what provided for in the Special Part as regards Corporate Offences, it is established that, when arranging and thereafter keeping the accounting records, the Company implements appropriate measures to guarantee that the company representatives, within the own field of competence:</p> <ul style="list-style-type: none"> <li>• Do not issue any invoices or sundry documents for non-existent transaction in order to allow any third parties to commit tax evasion;</li> <li>• Keep the accounting records and the sundry documents in a correct and ordered way, which must be held for fiscal purposes, thus setting up physical and/or IT defences that could prevent any acts of destruction and/or hiding.</li> </ul> <p>When arranging the annual statements related to income taxes and VAT, the Company shall work for the Company Representatives, within the own field of competence:</p> <ul style="list-style-type: none"> <li>• Not to report any false liability items availing of invoices or sundry documents with evidence relevance similar to invoices, for non-existent transactions;</li> <li>• Not to report any asset items for an amount lower than the real one or false liability items (for instance false incurred costs and/or revenues reported to a lower extent than their real one) thus leveraging on a false representation in the compulsory accounting records and availing of appropriate tools to prevent their check;</li> </ul>
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	<ul style="list-style-type: none"> <li>• Not to report a taxable base that is lower than the real one through the recording of asset items for a lower amount compared to the real one or of false liability items;</li> <li>• Not to uselessly make the terms elapse as provided for in the applicable regulations for their filing and the same for the following payment of the taxes originating from them.</li> </ul> <p>The Company commits to guarantee the implementation of the role segregation principle as regards the management activity on the corporate accounting and in the following transposition into the tax statements with reference, for instance, to the following:</p> <ul style="list-style-type: none"> <li>• Controlling the real occurrence of the performances compared to the issued invoices;</li> <li>• Checking the truthfulness of the statements compared to the accounting records.</li> </ul> <p>To this purpose, the Company adopted the operating instruction Accounting records, bookkeeping and tax fulfilments (I_FIN_B_1_0).</p>
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### 1.19 Tasks of the Supervisory Board and Information Flows

Without prejudice to the discretionary power to be activated with specific controls following the received reports, the Supervisory Board regularly makes checks (even sample-checks) included in the own activity plan.

To this purpose, please note that the Supervisory Board is guaranteed free access to all the relevant corporate documents concerning the sensitive activities and to all the Company's IT systems. While performing the own activity, the Supervisory Board may avail of all the competent resources.

The Supervisory Board informs the Board of Directors about the controls made within the own regular reporting system.

Without prejudice to the compliance with the general information flows under paragraph 4.5 in the General Part of the Model, the competent corporate functions must immediately send to the Supervisory Board the information included in the procedure Information flows to the Supervisory Board adopted by the Company (I\_MSGI\_A\_1\_0). For instance, however not limited to, the procedure rules the following flows: news of any possible criminal proceedings against employees or external collaborators, implementation of possible anti-mafia interdiction measures against third-party Companies with which EPS holds a relationship.

## **D Offences against the industry and commerce and violation of copyright**

### **1.20 Offences against the industry and commerce (art. 25-bis .1 in the Decree) and violation of copyright (art. 25-novies of the Decree).**

Art. 15 of the Law no. 99/2009 entitled *Provisions for the development and internationalization of companies and energy as well*. (Official Gazette no.176 of 31st July 2009 – Ordinary Integration no. 136) extended the assumption of the Entity's administrative liability on counterfeiting, the violation of copyright and illegal conducts against the industry and commerce, by introducing the new Predicate Offences into the Leg. Decree no.231/2001. Considering the convergence – from a logical/systematic point of view – of the incidence of such offences on particular aspects of the Company's activity, such sources of administrative liability were included under one single Section in the EPS Model.

Offences against the industry and commerce that can originate an administrative liability for the Entity pursuant to art. 25-bis.1 in the Leg. Decree no.231/2001 are as follows:

- a) Disturbed freedom of industry and commerce (art. 513 of the Italian criminal code);
- b) Illegal competition with threats or violence (art. 513-bis of the Italian criminal code);
- c) Frauds against national industries (art. 514 of the Italian criminal code);
- d) Fraud in the exercise of commerce (art. 515 of the Italian criminal code);
- e) Sale of not genuine food substances by labelling them as genuine (art. 516 of the Italian criminal code);
- f) Sale of industrial products with false signs (art. 517 of the Italian criminal code);
- g) Manufacturing and trade of assets realized by usurping industrial property titles (art. 517-ter of the Italian criminal code);
- h) Counterfeiting of geographical indications or origin denominations of agricultural food products (art. 517-quater of the Italian criminal code).

The offences violating copyright as under art. 25-novies in the Leg. Decree no. 231/2001 introduced by the Law no. 99/2009 are as follows:

- a) Abusive introduction of protected works into electronic networks (art. 171, paragraph 1 letter a - bis, Law no. 633/1941);
- b) Abusive aggravated use of protected works (art. 171, paragraph 3, in the Law no. 633/1941);
- c) Abuses concerning software and databanks (art. 171-bis, in the Law no. 633/1941);
- d) Abuses concerning audio-visual works or literature (art. 171-ter of the Law no. 633/1941);
- e) Omitted or false communications to SIAE (art. 171-septies in the Law no. 633/1941);
- f) Fraudulent decoding of conditioned access transmissions (art. 171-octies of the Law no. 633/1941).

Please note that EPS Group owns 125 patents and filed patent applications. Thus, the offences under this special part could be abstractly at risk of commission.

## 1.21 Areas at risk of crime

The potential areas at risk of crime that EPS identified within the offences under this Section in the Special Part are as follows:

	<b>Sensitive activities</b>	<b>Crime</b> <b>For a detailed description of the single cases and of the related punishments, please see Annex A</b>
<b>1</b>	Protection of intellectual property and marketing of products	<ul style="list-style-type: none"> <li>• Disturbed freedom of industry and commerce (art. 513 of the Italian criminal code);</li> <li>• Illegal competition with threats or violence (art. 513-<i>bis</i> of the Italian criminal code);</li> <li>• Frauds against national industries (art. 514 of the Italian criminal code);</li> <li>• Fraud in the exercise of commerce (art. 515 of the Italian criminal code);</li> <li>• Sale of industrial products with false signs (art. 517 of the Italian criminal code);</li> <li>• Manufacturing and trade of assets realized by usurping industrial property titles (art. 517-<i>ter</i> of the Italian criminal code);</li> <li>• Abusive introduction of protected works into electronic networks (art. 171, paragraph 1 letter a -<i>bis</i>, of the Law no. 633/1941);</li> <li>• Abusive aggravated use of protected works (art. 171, paragraph 3, of the Law no. 633/1941).</li> </ul>
<b>2</b>	Management of the relationships with the clients, with special attention to PR activities, institutional communication (website), sponsorships and events aimed at marketing or advertising products and brands connected to the Company.	<ul style="list-style-type: none"> <li>• Disturbed freedom of industry and commerce (art. 513 of the Italian criminal code);</li> <li>• Illegal competition with threats or violence (art. 513-<i>bis</i> in the Italian criminal code);</li> <li>• Frauds against national industries (art. 514 of the Italian criminal code)</li> <li>• Fraud in the exercise of commerce (art. 515 of the Italian criminal code);</li> <li>• Abusive introduction of protected works into electronic networks (art. 171, paragraph 1 letter a -<i>bis</i>, of the Law no. 633/1941);</li> <li>• Abusive aggravated use of protected works (art. 171, paragraph 3, of the Law no. 633/1941);</li> </ul>
<b>3</b>	Provisioning, installation and/or configuration of software products, databanks and sundry	<ul style="list-style-type: none"> <li>• Abusive introduction of protected works into electronic networks (art. 171, paragraph 1 letter a - <i>bis</i>, of the Law no. 633/1941);</li> </ul>

intellectual works that are instrumental to the Company's activities with special attention to the presence and validity of use licences	<ul style="list-style-type: none"> <li>• Abusive aggravated use of protected works (art. 171, paragraph 3, of the Law no. 633/1941);</li> <li>• Abuses concerning software and databanks (art. 171-bis, of the Law no. 633/1941);</li> </ul>
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Any possible modifications or integrations to the said areas at risk of crime are assigned to the Board of Directors, also upon a proposal by the Supervisory Board that will submit them to the Board of Directors. The same will later ratify them pursuant to the provisions in paragraph 3.3 in this Model.

## 1.22 Behavioural rules and specific protocols

When performing the respective activities/functions, in addition to acknowledging and complying with the principles in the Code of Ethics, the operating procedures and any additional internal regulations related to the Corporate Governance system, the Addressees should comply with the behavioural rules contained in this Model.

When executing contracts with the clients, all the Model Addressees must comply with the commitments and the conditions set forth in the same contracts, including the delivery of products and services with specific techniques, names, authors, rights of use, brands or sundry distinctive signs compliant with the contractual agreements.

In addition to the general behavioural rules here above, the following specific procedural principles shall be envisaged:

<b>Protocol 1 – Marketing of prototypes and/or new products</b>	
<b><i>Protection of the intellectual property and marketing of products</i></b>	<p>The following shall be expressly prohibited:</p> <ul style="list-style-type: none"> <li>• Counterfeiting or altering brands or distinctive signs, both national and foreign, of industrial products, since there is knowledge of the title of industrial property or of the use of counterfeited or altered brands or distinctive signs;</li> <li>• Counterfeiting or altering patents, designs or industrial models, both national and foreign, or using such counterfeited or altered patents, designs or models;</li> <li>• Introducing into the territory of the State any industrial products with counterfeited or altered national or foreign brands or sundry distinctive signs in order to make a profit from them;</li> <li>• Holding for sale, selling or however circulate in order to make a profit from them any industrial products with counterfeited or altered brands, which could induce the purchaser to mistaken them for other famous ones, thus creating a possible confusion in the clients and damaging the owner of the counterfeited brand in a relevant way;</li> <li>• Delivering to the purchaser a mobile asset instead of another, e.g. an asset that differs from the agreed or stated one by origin, provenience, quality or quantity;</li> </ul>

	<ul style="list-style-type: none"> <li>• Selling or however circulating intellectual works or industrial products, under names, brands or distinctive signs both national and foreign, which may deceive the purchaser as for the origin, provenience or quality of the work or of the product;</li> <li>• Using objects or sundry realised assets in an industrial way thus usurping an industrial property title or violating the same, since the existence of the industrial property title is known;</li> <li>• Introducing into the territory of the State, holding for sale, selling directly to the consumers or however circulating objects or sundry realized assets usurping an industrial property title or violating the same, in order to make a profit from them.</li> </ul>
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**Protocol 2 – Provisioning, installation and/or configuration of software products, databanks and sundry intellectual works instrumental to the Company’s activity with special reference to the presence and validity of use licences**

<b><i>Use of software</i></b>	<p>The regulation of the described activity must envisage the following:</p> <ul style="list-style-type: none"> <li>• The installation of programs that have not been already acquired at central level must be authorized by the Corporate IT Department of the Company;</li> <li>• Only the installation of programs with valid licences is possible.</li> </ul> <p>The said aspects are ruled inside the IT Policy adopted by the Company.</p>
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**1.23 Tasks of the Supervisory Board and Information Flows**

Without prejudice to the discretionary power to be activated with specific controls following the received reports, the Supervisory Board regularly makes checks (even sample-checks) included in the own activity plan.

To this purpose, please note that the Supervisory Board is guaranteed free access to all the relevant corporate documents concerning the sensitive activities and to all the Company’s IT systems. While performing the own activity, the Supervisory Board may avail of all the competent resources.

The Supervisory Board informs the Board of Directors about the controls made within the own regular reporting system.

Without prejudice to the compliance with the general information flows under paragraph 4.5 in the General Part of the Model, the competent corporate functions must immediately send to the Supervisory Board the information included in the procedure Information flows to the Supervisory Board (I\_MSGI\_A\_1\_0).

## **E Corporate offences**

### **1.24 Corporate offences (art. 25-ter of the Decree)**

Within the corporate law reform, the Legislative Decree no. 61 of 11<sup>th</sup> April 2002, in force as of 16<sup>th</sup> April 2002, introduced art. 25-ter of the Decree and extended the Entities' administrative liability regime to the so-called "corporate offences".

Corporate offences are crimes *in se* and, as such, they can be committed by:

- The Board of Directors;
- The Directors;
- The Directors General;
- The liquidators;
- People subject to the direction and vigilance of the parties listed above (in case of corruption between private parties);
- And, on the grounds of participation from the facilities in charge of managing the administrative-accounting activities, the financial ones and those related to the implementation of the accounting IT system.

The considered categories of corporate offences are as follows:

- a) False corporate communications (art. 2621 of the Italian Civil Code);
- b) Minor events (art. 2621-*bis* of the Italian Civil Code);
- c) False corporate communications by listed companies (art. 2622 of the Italian Civil Code);
- d) False statements in a prospectus (art. 173-*bis* of the Italian Consolidated Financial Text);
- e) Obstruction of checks (art. 2625, paragraph 2, of the Italian Civil Code);
- f) Unlawful return of capital contributions (art. 2626 of the Italian Civil Code);
- g) Illegal allocation of profits and reserves (art. 2627 of the Italian Civil Code);
- h) Illegal transactions on shares or stocks of the company or of the controlling company (art. 2628 of the Italian Civil Code);
- i) Transactions to the detriment of creditors (art. 2629 of the Italian Civil Code);
- j) Omitted communication of a conflict of interests (art. 2629-*bis* of the Italian Civil Code);
- k) False capital formation (art. 2632 of the Italian Civil Code);
- l) Unlawful allocation of corporate assets by the liquidators (art. 2633 of the Italian Civil Code);
- m) Corruption between private parties (art. 2635, paragraph 3 of the Italian Civil Code);
- n) Illegal influence on the meeting (art. 2636 of the Italian Civil Code);
- o) Insider trading (art. 2637 of the Italian Civil Code);

- p) Hindering the exercise of the public supervisory authorities' functions (art. 2638, paragraphs 1 and 2, in the Italian Civil Code).

### 1.25 Areas at risk of crime

The potential areas at risk of crime that the Company identified within corporate offences are as follows:

<b>Sensitive Activities</b>		<b>Crime</b>
		<b>For a detailed description of the single cases and of the related punishments, please see Annex A</b>
<b>1</b>	<p>Arrangement of the financial statements</p> <p>Holding of accounting records and of Corporate Registers</p> <p>Management of orders and of invoices</p>	<ul style="list-style-type: none"> <li>• False corporate communications (art. 2621 of the Italian Civil Code)</li> <li>• Minor events (art. 2621-<i>bis</i> of the Italian Civil Code)</li> <li>• False corporate communications to the detriment of shareholders or creditors (art. 2622, paragraphs 1 and 3, of the Italian Civil Code)</li> <li>• False statements in a prospectus (art. 173-<i>bis</i> of the Italian Consolidated Financial Text)</li> <li>• Obstruction of checks (art. 2625, paragraph 2, of the Italian Civil Code)</li> <li>• Unlawful return of capital contributions (art. 2626 of the Italian Civil Code)</li> <li>• Illegal allocation of profits and reserves (art. 2627 of the Italian Civil Code)</li> <li>• Illegal transactions on shares or stocks of the company or of the controlling company (art. 2628 of the Italian Civil Code)</li> <li>• False capital formation (art. 2632 of the Italian Civil Code)</li> <li>• Transactions to the detriment of creditors (art. 2629 of the Italian Civil Code)</li> <li>• Omitted communication of a conflict of interests (art. 2629-<i>bis</i> of the Italian Civil Code)</li> <li>• False capital formation (art. 2632 of the Italian Civil Code)</li> <li>• Unlawful allocation of corporate assets by the liquidators (art. 2633 of the Italian Civil Code)</li> <li>• Illegal influence on the meeting (art. 2636 of the Italian Civil Code)</li> <li>• Insider trading (art. 2637 of the Italian Civil Code)</li> </ul>
<b>2</b>	Management of the corporate transactions (increase or reduction of	<ul style="list-style-type: none"> <li>• Obstruction of checks (art. 2625, paragraph 2, of the Italian Civil Code)</li> </ul>

	capital, contributions, transfers, profit allocation, operations on the capital of the controlling/controlled company, mergers and demergers)	<ul style="list-style-type: none"> <li>• Unlawful return of capital contributions (art. 2626 of the Italian Civil Code)</li> <li>• Illegal allocation of profits and reserves (art. 2627 of the Italian Civil Code)</li> <li>• Illegal transactions on shares or stocks of the company or of the controlling company (art. 2628 of the Italian Civil Code)</li> <li>• False capital formation (art. 2632 of the Italian Civil Code)</li> <li>• Transactions to the detriment of creditors (art. 2629 of the Italian Civil Code)</li> <li>• Omitted communication of a conflict of interests (art. 2629-<i>bis</i> of the Italian Civil Code)</li> <li>• False capital formation (art. 2632 of the Italian Civil Code)</li> <li>• Unlawful allocation of corporate assets by the liquidators (art. 2633 of the Italian Civil Code)</li> <li>• Illegal influence on the meeting (art. 2636 of the Italian Civil Code)</li> <li>• Insider trading (art. 2637 of the Italian Civil Code)</li> <li>• Hindering the exercise of the public supervisory authorities' functions (art. 2638, paragraphs 1 and 2, of the Italian Civil Code)</li> </ul>
<b>3</b>	Management of communications towards the outside as well	<ul style="list-style-type: none"> <li>• Insider trading (art. 2637 of the Italian Civil Code)</li> <li>• False corporate communications (art. 2621 of the Italian Civil Code)</li> <li>• Minor events (art. 2621-<i>bis</i> of the Italian Civil Code)</li> <li>• False corporate communications to the detriment of shareholders or creditors (art. 2622, paragraphs 1 and 3, of the Italian Civil Code)</li> </ul>
<b>4</b>	Relationships with the control bodies as regards the checks on the administrative/accounting management and of the financial statements for the year and with the Shareholder in checking the corporate management	<ul style="list-style-type: none"> <li>• False corporate communications (art. 2621 of the Italian Civil Code)</li> <li>• Minor events (art. 2621-<i>bis</i> of the Italian Civil Code)</li> <li>• False corporate communications to the detriment of shareholders or creditors (art. 2622, paragraphs 1 and 3, of the Italian Civil Code)</li> <li>• False statements in a prospectus (art. 173-<i>bis</i> of the Italian Consolidated Financial Text)</li> </ul>

		<ul style="list-style-type: none"> <li>• Obstruction of checks (art. 2625, paragraph 2, of the Italian Civil Code)</li> <li>• Unlawful return of capital contributions (art. 2626 of the Italian Civil Code)</li> <li>• Illegal allocation of profits and reserves (art. 2627 of the Italian Civil Code)</li> <li>• Illegal transactions on shares or stocks of the company or of the controlling company (art. 2628 of the Italian Civil Code)</li> <li>• False capital formation (art. 2632 of the Italian Civil Code)</li> <li>• Transactions to the detriment of creditors (art. 2629 of the Italian Civil Code)</li> <li>• Omitted communication of a conflict of interests (art. 2629-<i>bis</i> of the Italian Civil Code)</li> <li>• False capital formation (art. 2632 of the Italian Civil Code)</li> <li>• Unlawful allocation of corporate assets by the liquidators (art. 2633 of the Italian Civil Code)</li> <li>• Illegal influence on the meeting (art. 2636 of the Italian Civil Code)</li> <li>• Insider trading (art. 2637 of the Italian Civil Code)</li> </ul>
4	Management of expense reports	<ul style="list-style-type: none"> <li>• Corruption between private parties (art. 2635, paragraph 3, of the Italian Civil Code)</li> </ul>
5	Management of petty cash	<ul style="list-style-type: none"> <li>• Corruption between private parties (art. 2635, paragraph 3, of the Italian Civil Code)</li> </ul>
6	<p>Selection and management of consultants, suppliers and commercial partners, distributors and agents</p> <p>Management of the relationships with the clients</p>	<ul style="list-style-type: none"> <li>• Corruption between private parties (art. 2635, paragraph 3, of the Italian Civil Code)</li> </ul>
7	Selection, hiring and administrative management of staff	<ul style="list-style-type: none"> <li>• Corruption between private parties (art. 2635, paragraph 3, of the Italian Civil Code)</li> </ul>

8	Relationships with the certification company (quality system)	<ul style="list-style-type: none"> <li>• Corruption between private parties (art. 2635, paragraph 3, of the Italian Civil Code)</li> </ul>
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Any possible modifications or integrations to the said areas at risk of crime are assigned to the Board of Directors, also upon a proposal by the Supervisory Board, pursuant to what provided for under paragraph 3.5 in the General Part of this Model.

### **1.26 Behavioural rules and specific protocols**

When performing the respective activities/functions, in addition to acknowledging and complying with the principles in the Code of Ethics, the operating procedures and any additional internal regulations related to the Corporate Governance system, the Addressees should comply with the behavioural rules contained in this Model.

Particularly, this Special Part envisages the Addressees' obligation to hold a correct, transparent and collaborative behaviour, in compliance with the norms of law and with any possible internal procedures, in all the activities aimed at arranging the financial statements and the sundry corporate communications, in order to provide the shareholders and third parties with a truthful and correct information on the Company's economic, balance-sheet and financial situation.

To this purpose, the following shall be expressly prohibited:

- a) To represent or send for processing and the representation in the financial statements any reports or sundry corporate communications, false or incomplete data or however data that do not correspond to reality, or to arrange corporate communications that do not represent the Company's economic, balance-sheet and financial situation in a truthful way;
- b) To omit the communication of data and information required by the regulations and the procedures in force as concerns the Company's economic, balance-sheet and financial situation;
- c) To return contributions to the shareholders or to release them from the obligation to execute them, apart from the cases of a legitimate reduction in the stock capital;
- d) To allocate profits or advances on profits not effectively attained or destined to a reserve by the law;
- e) To complete stock capital reductions, mergers or de-mergers, in violation of the legal provisions to protect creditors, thus originating damage for them;
- f) To provide for the formation or the false increase in the stock capital;
- g) To implement behaviours that materially prevent through the hiding of documents or the use of sundry fraudulent means or that however hinder the execution of the control activity by a shareholder or by the auditing company;
- h) To spread commercial communications or false news, to provoke a considerable irregular alteration of the price – either downward or upward – of both listed and non-listed financial instruments or however for which no request for the admission to the negotiations in a ruled market was filed;
- i) To fulfil any operations aimed at creating off-the-books funds;
- j) To comply with the principles and the prescriptions for the arrangement of the financial statements and the regular reporting ruled by the law;

- k) To comply with all the legal norms protecting the integrity and effectiveness of the Company's assets, in order not to damage the guarantees of creditors and of third parties in general;
- l) To pursue the goal of the corporate interest in the management and the exercise of the corporate activity, until the phases of possible liquidation or termination of the Company;
- m) To guarantee the regular working of the Company and of the corporate bodies, thus guaranteeing and fostering every form of internal control on the Company management as provided for by the law and by the corporate by-laws, and the free and correct making of the meeting's decisions as well;
- n) To complete all the communications in an immediate, correct way and in good faith as provided for by the law, without hindering the controls by the Supervisory Authority in any way;
- o) To implement procedures to manage the financial resources in compliance with the principles of transparency and traceability provided for in this Model.

In addition,

- a) This Model must be appropriately spread among the employees, not only the managers, and special communication mechanisms must be arranged to allow the spreading of modifications and/or updates of the same Model. Moreover, an information/training program must be started for the employees in charge to prevent the commission of corporate offences;
- b) All the staff that holds hierarchically managing powers and thus control and supervision powers on the employees must carefully follow the activity of the own subordinates and immediately report to the Supervisory Board any possible irregularities or conflicts of interest. In addition, they must set up internal controls – also unexpected ones – to guarantee that the accounting records, the assets aimed at drawing up the financial statements and sundry corporate communications are accurate and transparent.

In addition to the general behavioural rules here above, the following specific procedural principles shall be envisaged:

<b>Protocol 1</b>	
<ul style="list-style-type: none"> <li>• <b>Arrangement of the financial statements, also the consolidated ones;</b></li> <li>• <b>Holding of the accounting records and of the company's Registers;</b></li> <li>• <b>Management of orders and invoices.</b></li> </ul>	
<b><i>Definition of roles and responsibilities</i></b>	<p>Compliance must be implemented for the company procedures and practices that:</p> <ul style="list-style-type: none"> <li>• Clearly define the roles and tasks of the business units in charge of managing the accounting, arranging the financial statements, implementing controls regarding the completeness and truthfulness of the information contained in the single final documents;</li> <li>• Identify the function and person in charge of managing the accounting and the drawing up of the accounting documents on behalf of the Company.</li> </ul>

	<p>The respect of the powers to authorize, issue delegations and proxies must be appropriately monitored by the Company's control bodies through sample interventions on the signed documents.</p>
<p><b>Operating Management</b></p>	<p>In general, the Addressees must:</p> <ul style="list-style-type: none"> <li>• Keep a correct, transparent and collaborative behaviour, in compliance with the norms of law and with the internal corporate procedures, in all the activities aimed at forming the financial statements and the corporate communications, in order to provide the shareholders and the public with truthful and correct information on the Company's economic, balance-sheet and financial situation;</li> <li>• Comply with the rules implemented by the law to protect the integrity and effectiveness of the stock capital in order not to damage the guarantees of creditors and third parties in general.</li> </ul> <p>In addition to the already existing corporate controls, the following is established:</p> <ul style="list-style-type: none"> <li>• The transmission of all the documents to the directors in consistent advance, concerning the items in the agenda of the shareholders' meeting or of the Board meeting or on which it must express the own opinion pursuant to the law;</li> <li>• The compliance with the principles to fill in the accounting documents contained in the Italian Civil Code;</li> <li>• The compliance with the principle of completeness for the financial statements through the indication of the data provided for in the regulations in force;</li> <li>• The list of the data and news, which each concerned corporate function must provide; the indication of the functions to which data must be sent, the criteria for their processing, the timing for transmission;</li> <li>• The transmission of data to the function in charge by electronic means, for trace to be obtained of the various steps and for the operating parties to be identified;</li> <li>• The signing of the statements to declare the truthfulness of the data provided by the various function managers;</li> <li>• The immediate transmission of the draft financial statements and of the accounting auditor's report to the members in the Board of Directors, thus guaranteeing the appropriate registration of such transmission;</li> <li>• The justification of any possible change in the assessment criteria adopted for the drawing up of the accounting documents mentioned above and of the related application modalities;</li> <li>• The preventive approval by the competent corporate bodies of the company operations potentially relevant for the purposes of the Decree,</li> </ul>

	<p>if they are characterized by an assessment discretion that might have considerable impacts under the balance-sheet or tax aspect;</p> <ul style="list-style-type: none"> <li>• The traceability of the operations involving the transfer and/or damaging of credit positions.</li> </ul> <p>In addition,</p> <ul style="list-style-type: none"> <li>• All the general accounting registrations are subject to an appropriate approval process by the people in charge and a quarterly sample check is performed on the most important registrations in order to check their correct support documentation and approval;</li> <li>• The Company adopted the operating instruction Annual report and reporting package (I_ACCB_1_0), which defines the tasks of the different parties involved in the drawing up of the financial statements.</li> </ul>
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<p><b>Protocol 2</b></p> <ul style="list-style-type: none"> <li>• <b>Management of the corporate operations (increase or reduction in the stock capital, contributions, allocation of profits, operations on the controlling company's stock capital, mergers and de-mergers);</b></li> </ul>	
<p><b><i>Operating management</i></b></p>	<ul style="list-style-type: none"> <li>• The modalities to manage the corporate operations must be implemented in a transparent, truthful and correct way, consistently and in compliance with the Corporate Governance principles adopted by the Board of Directors.</li> <li>• A segregation of roles and responsibilities must be guaranteed between those who report the need for an operation, those who perform it and those who complete the related control.</li> <li>• For each arranged document, the traceability of the related sources and of the information must be guaranteed.</li> <li>• All the documents must contain truthful elements consistent with the object for which they are required. All the documents related to the corporate operations must be appropriately filed.</li> </ul>

<p><b>Protocol 3</b></p> <ul style="list-style-type: none"> <li>• <b>Management of communications towards the outside too;</b></li> </ul>	
<p><b><i>Operating management</i></b></p>	<p>The management of communications towards the outside involves the obligation to:</p> <ul style="list-style-type: none"> <li>• Keep a correct, transparent and collaborative behaviour, in compliance with the norms of law and with the internal corporate procedures, in all the activities aimed at drawing up the financial statements and the sundry corporate communications, in order to provide to shareholders and third</li> </ul>

	<p>parties with a truthful and correct information on the Company's economic, balance-sheet and financial situation.</p> <p>Particularly, the following is prohibited:</p> <ul style="list-style-type: none"> <li>• To represent or send for processing and representation in the financial statements, the reports and the prospectuses or in sundry corporate communications, false and incomplete data or however data that do not correspond to reality, concerning the Company's economic, balance-sheet and financial situation;</li> <li>• To omit data and information required by the law on the Company's economic, balance-sheet and financial situation.</li> </ul>
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The operating practices are ruled in the procedure Communication (P\_COM\_1\_0).

<b>Protocol 4 – Relationships with the auditing company as regards the checks on the administrative/accounting management and on the financial statements for the year and with the Shareholder on the control activity on the corporate management</b>	
<b><i>Identification of the parties in charge</i></b>	<p>In the management of the relationships with the auditing company and with the Shareholder, the following provisions must be complied with:</p> <ul style="list-style-type: none"> <li>• To identify the resources in the Company in charge of interacting with the auditing company and of transmitting the related documents;</li> <li>• The possibility for the auditing company to contact the Supervisory Board to check together any situations that might present critical aspects as regards corporate offences.</li> </ul>

For the prevention of the offence of corruption between private parties, the following protocols are envisaged:

<p><b>Protocol 5</b></p> <ul style="list-style-type: none"> <li>• <b>Management of petty cash;</b></li> <li>• <b>Management of consultants/suppliers/commercial partners, agents and distributors;</b></li> <li>• <b>Selection, hiring and administrative management of employees</b></li> <li>• <b>Management of the relationships with the clients;</b></li> <li>• <b>Relationships with the certification Company</b></li> </ul>
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<b>Management of cash</b>	Please refer to Protocol 7 in Special Part A
<b>Management of consultants, suppliers, commercial partners, agents and distributors</b>	Please refer to Protocol 2 in Special Part A
<b>Selection and management of human resources</b>	Please refer to Protocol 4 in Special Part A
<b>Management of the process to acquire new clients and to manage the already acquired clients</b>	<p>In addition to the already existing company controls, the following behavioural rules shall be applied:</p> <ul style="list-style-type: none"> <li>• To act rigorously on the controls required to guarantee transparency in the relationships with clients or sundry contractual counterparties;</li> <li>• To identify general transparent criteria for the definition of a maximum offer price for each single product or service so that any anomaly could be easily detected.</li> </ul> <p>In case of any criticalities emerged within the relationships described above, the Supervisory Board must be informed immediately. Particularly, the following must be reported:</p> <ul style="list-style-type: none"> <li>• The sales transactions exceeding a defined amount that represents the risk threshold, given within the procedure Information flows to the Supervisory Board (I_MSGI_A_1_0);</li> <li>• The sales transactions exceeding a defined percentage compared to the average product price, given within the procedure Information flows to the Supervisory Board (I_MSGI_A_1_0 );</li> <li>• All the cash-in transactions below the standard payment terms.</li> </ul> <p>With reference to the training of employed and administrative HR, the following additional behavioural rules shall apply:</p> <ul style="list-style-type: none"> <li>• The prohibition to offer, solicit or receive from third parties, directly or indirectly, any gifts, benefits or sundry utilities, unless such gifts, benefits and utilities have a “moderate value”, they fall within the limits of the normal</li> </ul>

	<p>courtesy and they do not aim at influencing the corporate decisions or at creating obligations toward third parties. Particularly,</p> <ul style="list-style-type: none"> <li>• To prohibit gifts that are not included in general social responsibility programs, like sports sponsorships of clubs, associations, etc. attributable to one Entity/client or to its single managers;</li> <li>• To provide the obligation for anyone who receives such requests or offers, with the exception of gifts of moderate value, to inform "the manager of the competent corporate function";</li> <li>• To include in the information sent to the clients/suppliers that all violations of the principles contained in the Code of Ethics represent a contractual violation;</li> <li>• To provide the obligation for clients/suppliers to comply with the Code of Ethics before establishing any commercial relationships with the company.</li> </ul>
<p><b><i>Participation in tenders launched by private parties and management of the relationships with the clients in case a tender is won</i></b></p>	<p>It is required that the following is implemented:</p> <ul style="list-style-type: none"> <li>• A correct implementation of the required rules of transparency for the participation in private tenders both with reference to the phase of reception (internal and/or external source) of the information about the nature of the tender which the Company may want to participate in also in associated form (e.g. the way in which the tender was acknowledged), and with reference to the assessment of the same tender, to its approval and to the arrangement and shipment of the documents to the Entity (or to the parent company) that indicates the related tender;</li> <li>• A check of the existence of any possible conflicts of interests with reference to the possibility to participate in the tender or not, too.</li> </ul> <p>In addition, some behavioural rules may be envisaged that:</p> <ul style="list-style-type: none"> <li>• Clearly define roles and tasks of the units in charge of the management of the various phases in the relationship with partners/third parties and sundry private parties in general, providing for some controls on the validity of the requisites for the eligibility of the same to possibly private tenders or for the attainment of contributions, subsidies and private funds;</li> <li>• Identify the function and natural person in charge of representing the company towards private third parties, to whom a special proxy and delegation may be assigned, and define forms of regular reporting of the activity carried out to the person in charge of the function that will manage such relationships;</li> </ul> <p>In the end, the respect of the authorization powers, proxies, delegations must be appropriately monitored by the Company control Bodies through sample checks on the signed documents.</p> <p>The operating practices are ruled in the flow chart Commercial process and Job opening (P_MRK_A_1_1_).</p>

<p><b>Management of the relationships with the Certification company on the occasion of inspections</b></p>	<ul style="list-style-type: none"> <li>• The inspections aimed at obtaining or maintaining the certification must be attended by the parties who are expressly delegated to do so (at least two of them);</li> <li>• Special internal reports must be drawn up and kept concerning all the procedure regarding the inspection. In case the final report highlighted any critical points, the Supervisory Board must be informed about it with a written note by the manager of the involved function;</li> <li>• It is prohibited to grant any benefits of any kind (promise of hiring, etc.) to the benefit of any parties representing the Certification Body or however of any parties connected to the same.</li> </ul> <p>Such aspects are ruled in the Operating instruction Management of inspections or ascertainment by public officers (I_PA_A_1_0_).</p>
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### **1.27 Tasks of the Supervisory Entity and information flows**

Without prejudice to the discretionary power to be activated with specific controls following the received reports, the Supervisory Board regularly makes checks (even sample-checks) included in the own activity plan.

To this purpose, please note that the Supervisory Board is guaranteed free access to all the relevant corporate documents concerning the sensitive activities and to all the Company's IT systems. While performing the own activity, the Supervisory Board may avail of all the competent resources.

The Supervisory Board informs the Board of Directors about the controls made within the own regular reporting system.

Without prejudice to the compliance with the general information flows under paragraph 4.5 in the General Part of the Model, the competent corporate functions must immediately send to the Supervisory Board the information included in the procedure Information flows to the Supervisory Board (I\_MSGI\_A\_1\_0). For instance, however not limited to, the procedure rules the following flows: approval of the statutory financial statements, release of new delegations/proxies, and list of contracts stipulated with partners/agents/intermediaries that take up special importance for value/modalities/atypical features, anomalies in the expense report.

**F Manslaughter and serious or very serious injuries committed with violation of the regulations on the protection of health & safety in the workplace**

**1.28 Manslaughter and serious or very serious injuries committed with violation of the regulations on the protection of health & safety in the workplace (art. 25 part seven in the Decree)**

The offences on health & safety in the workplace that may originate an administrative liability for the Entity pursuant to art. 25-*septies* in the Decree are as follows:

- a) Manslaughter (art. 589 in the Italian criminal code);
- b) Personal injuries through negligence (art. 590, paragraph III, in the Italian criminal code).

**1.29 Areas at risk of crime**

The Confindustria Guidelines regarding the offences treated in this Special Part highlight the impossibility to exclude any field of the Company’s activity *ex ante*, since the offences under examination could relate to all the cases where a violation of the obligations and prescriptions on health & safety in the workplace take place within the Company.

The areas at risk of crime also include the activities performed at the own office by external staff (for instance service providers based on tender, work or service provision contracts).

Particularly:

<b>OFFENCES RELATED TO HEALTH &amp; SAFETY IN THE WORKPLACE</b>		
<b>Sensitive activities</b>	<b>Concerned Function</b>	<b>Crime</b> <b>For a detailed description of the single cases and the related punishments, please see Annex A</b>
<p><b>1</b> Management of risks in the field of health &amp; safety in the workplace with special reference to the following activities:</p> <ul style="list-style-type: none"> <li>• Delegation system pursuant to art. 16 in the Leg. Decree no. 81/2008 and the Risk Assessment Document;</li> <li>• Management of safety measures;</li> <li>• Management of tenders;</li> <li>• Management of building sites;</li> </ul>		<ul style="list-style-type: none"> <li>• Manslaughter (art. 589 of the Italian criminal code);</li> <li>• Personal injuries through negligence (art. 590 of the Italian criminal code);</li> </ul>

	<ul style="list-style-type: none"> <li>• Maintenance of infrastructures;</li> <li>• HR training.</li> </ul>		
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For a detailed analysis, please refer to the Risk Assessment Document (hereinafter “RAD” too) arranged by the Company pursuant to the provisions in the Leg. Decree no. 81/08 (hereinafter also the “Safety Decree”).

### 1.30 EPS organizational structure on safety

As regards health & safety in the workplace, the Company set up an organizational structure in compliance with the provisions in the regulations in force under the Leg. Decree no. 81/2008 and the following modifications, in order to eliminate or, at least, limit the risks for workers.

Particularly, EPS identified an employer and they are assessing the need to assign function powers on safety.

An external Health & Safety Officer was appointed, and Workers’ Health & Safety Representative was elected at each seat.

Thus, the Company’s organizational structure includes:

a) The Employer

He is the owner of the work relationship with the workers or, however, the party who, depending on the type and structure of the organization within which the workers work, is in charge of the same organization or of the production unit since he exercises decision-making and expense powers.

b) The Prevention & Protection Service

The group of internal or external people, systems and tools aimed at preventing and protecting from the workers’ occupational risks. The Company provided for the appointment of a Health & Safety Officer in possession of the professional skills and requisites under article 32 in the Safety Decree and appointed by the Employer to whom he refers, to coordinate the risk prevention and protection service (art. 2 in the Leg. Decree no. 81/08).

c) First Aid Officers

These are the people appointed by the Employer and appropriately trained, who are in charge of first aid within the company in case of accidents.

d) Fire-fighting staff

These are the people appointed by the Employer and appropriately trained, who are in charge of implementing fire-fighting and evacuation measures in case of emergency.

e) Occupational Health Physician

A doctor possessing one of the titles and training & professional requisites under article no. 38 in the Safety Decree. According to the provisions in article 29, paragraph 1, he works with the Employer to assess the risks and he is appointed by the same to perform health monitoring and for all the other tasks provided for in the Safety Decree (art. 2 in the Leg. Decree no. 81/08).

f) The Workers’ Health & Safety Representative

A person elected or appointed to represent the workers as concerns health & safety aspects at work.

g) Worker

The person who, independently upon his/her contractual type, performs a working activity within the Company organization, with or without being paid, even only to learn a work, an art or a profession, with the exclusion of household employees. Each Worker shall pay attention to the own health & safety and to those of other people in the workplace who may be affected by his/her actions and omissions, as regards training and instructions received and the equipment provided. The workers from companies who perform any contracted or sub-contracted activities for the Company pursuant to title 4 in the Leg. Decree no. 81/2008 must show their special ID card.

As concerns the management of contracts and suppliers in tender contracts intended as work or service contracts or work/service provision contracts, in case works, services and provisions are assigned to the contracting firm or to independent Workers inside the company or Production Unit, in compliance with the corporate procedures and/or practices, and if he owns the juridical availability of the places where the contract or the independent work provision takes place, the Employer must:

- a) Check the appropriateness of contracting firms and independent Workers as regards the activities to be assigned under the contract, with the support by the concerned Units;
- b) Make available for the contractors the detailed information about the specific risks existing in the environment where they are destined to work and as concerns the adopted prevention and emergency measures regarding the own activity;
- c) Cooperate for the implementation of prevention and protection measures to prevent risks in the workplace that may affect the working activity being ruled by the contract;
- d) Coordinate the protection and prevention interventions on the risks, which the Workers are exposed to, through a constant exchange of information with the employers of the contracting firms also in order to eliminate the risks due to any interferences between the works of the different firms involved in the execution of the general work.

The Employer must foster the cooperation and coordination under the previous items by drawing up (in the cases provided for by the law) a Consolidated Risk Assessment Document for Interferences (in Italian, DUVRI) specifying the measures adopted to eliminate or, where not possible, to minimize risks from interferences.

The Company pays special attention to the prevention of the interference risk at the Delebio plant where, in addition to the employees of EPS ELVI Energy S.r.l., the workers from the Company ELVI Elettrotecnica Vitali S.p.A. are also working, without prejudice for the fact that the latter is the company in charge of the premises and assets of the said plant.

### **1.31 Behavioural rules and specific protocols**

With reference to the non-compliance with the rules established to protect the workers' health & safety, which could originate a damaging event in one of the sensitive areas given above, the following is deemed particularly important:

- a) To define the policies on health & safety in the workplace aimed at identifying the general commitments made by the Company to prevent risks and progressively improve health & safety;
- b) To identify and apply correctly the prescriptions by the laws and the regulations applicable on health & safety in the workplace;

- c) To identify and assess the risks for all the workers' categories, with special reference to the drawing up of the RAD, in the possible tender contracts envisaging the realization of works or services for the Company or for third-party Companies, and the following assessment of the risks originating from the possible interferences;
- d) To define the goals in line with the general commitments set forth in the policies under item a) and to draw up programs to attain such goals with the related definition of the priorities, of times and attribution of the respective responsibilities – with the allocation of the required resources – on health & safety in the workplace, with special reference to:
  - Assignment of tasks and duties;
  - Activities of the Prevention and Protection Service and of the Occupational Health Physician;
  - Activities of all the other parties who share the responsibility to implement the workers' health & safety measures;
- e) To make the corporate structure aware, at all levels, in order to guarantee the attainment of the defined goals also through the planning of training courses with special reference to:
  - Monitoring, validity, fruition and learning;
  - Differentiated training for people exposed to specific risks;
- f) To implement appropriate monitoring, check and inspection activities and particularly as regards:
  - Measures to maintain and improve control checks;
  - The management, adjustment and inhibition of behaviours violating the regulations, related to disciplinary measures;
  - Consistency between the performed activity and the owned skills;
- g) To implement the required corrective and preventive actions depending on the results of the monitoring activity.

Please note that the Company obtained the OHSAS 18001 certification, which involves the following:

- The management of each activity includes the assignation of responsibilities and competences, the definition of the key procedural methods and the due dates and modalities to process the documents in the system;
- There is a constant planning, implementation, control and reprogramming activity;
- The two items here above are realized through actions aimed at continuously enhancing the protection of health & safety in the workplace.

By virtue of such contract, EPS protects the relocated workers' health & safety and checks the appropriateness of the rented equipment and machinery in order to avoid any possible accidents, which could originate a responsibility for the Company too.

In order to allow the implementation of the principles aimed at protecting the workers' health & safety as identified in art. 15 of the Safety Decree and in compliance with the provisions in articles no. 18, 19 and 20 in the said decree, the following specific protocols are provided for.

**Protocol 1 – Management of health & safety in the workplace**

<p><b>Corporate policies on safety</b></p>	<p>The policy for health &amp; safety in the workplace adopted by EPS must represent a fundamental reference for the Addressees and for whoever establishes any relationships with the Company.</p> <p>Such policy must be applied to all the activities performed by the Company and it must aim at setting forth the principles by which every corporate action is inspired and which everybody must comply with within the own role and responsibilities in the Company, in view of the Workers' health &amp; safety.</p> <p>The policy for health &amp; safety in the workplace shall be reviewed every year.</p> <p>In addition, a budget must be allocated every year for the management of the issues related to health &amp; safety in the workplace.</p>
<p><b>Planning process</b></p>	<p>Within the process aimed at planning the health &amp; safety goals, the Company shall annually:</p> <ul style="list-style-type: none"> <li>• Define the goals aimed at maintaining and/or enhancing the system;</li> <li>• Determine the appropriate assessment criteria to prove the real attainment of the goals;</li> <li>• Set up a plan to attain each goal, identify the profiles/structures involved in the realization of the said plan and attribute the related tasks and responsibilities;</li> <li>• Envisage the modalities to control the effective and efficient attainment of the goals by checking the finalized use of the resources assigned to the competent functions.</li> </ul>
<p><b>Information, training, documentation</b></p>	<ul style="list-style-type: none"> <li>• The Company established an internal communication system to guarantee that the information on safety flows “top-down”, however also “bottom-up” and horizontally in the various parts of the organization. The exchange of information between different corporate levels and sectors is implemented through the identification of internal references and of appropriate communication tools. The internal communication tools may vary depending on the type of information to be provided, however keeping always in mind that the fundamental requisite is that the information is provided in a form and modality that can make them understandable to the intended recipients.</li> <li>• The Company believes that the process to prevent and enhance safety must involve all the corporate staff. To this purpose, each worker is encouraged to report any possible anomalies or proposed improvement to the own line manager or directly to the Health &amp; Safety Officer. The Health &amp; Safety Officer shall collect such reports and analyse them, thus becoming responsible for the implementation of any possible following actions and for recording the decision made on the question. The Health &amp; Safety Officer shall also organize regular meetings on safety as provided for by the regulations in force, draw up the related report and have it signed by the participants in the consultation, thereafter making it available for all of them.</li> </ul>

	<ul style="list-style-type: none"> <li>• As regards the documentation activity, EPS shall provide for the conservation of the following documents on both paper and IT format: <ul style="list-style-type: none"> <li>- The health record, which the Occupational Health Physician must fill in and update and the Employer must keep;</li> <li>- The Risk Assessment Document reporting the methods by which risks were assessed and containing the maintenance and enhancement measures.</li> </ul> </li> <li>• EPS is also required to guarantee the following: <ul style="list-style-type: none"> <li>- The Health &amp; Safety Officer, the Occupational Health Physician, the people in charge of implementing the emergency and first aid measures shall be appointed formally;</li> <li>- Documental evidence must be given of the inspections completed by the Health &amp; Safety Officer and by the Occupational Health Physician together at the workplaces;</li> <li>- A register is set up and kept to record all the practices related to occupational diseases, detailing the date, the disease, the date when the medical certification is issued and the date when the practice is filed;</li> <li>- The documents related to laws, regulations, and anti-accident rules for the corporate business are stored;</li> <li>- The documents on the corporate regulations and agreements are stored;</li> <li>- The manuals and use instructions for possible machineries, equipment and individual protection devices are stored;</li> <li>- Every procedure adopted by EPS concerning the management of health &amp; safety in the workplace shall be stored;</li> <li>- All the documents related to the information and training activities are stored by the HSEQ and made available for the Supervisory Board upon a simple request;</li> <li>- Appropriate training is administered to all the employees concerning health &amp; safety in the workplace both upon recruitment and regularly during the work relationship.</li> </ul> </li> </ul>
<b>Monitoring activity</b>	<p>EPS must guarantee a constant and effective monitoring of the measures for the protection of health &amp; safety in the workplaces.</p> <p>To this purpose, EPS shall:</p> <ul style="list-style-type: none"> <li>• Guarantee a constant monitoring of the preventive and protective measures implemented to protect health &amp; safety in the workplaces;</li> </ul>

	<ul style="list-style-type: none"> <li>• Guarantee a constant monitoring on the appropriateness and functionality of the system for the protection of health &amp; safety to attain the defined goals and its correct implementation;</li> <li>• Perform a deep analysis with reference to each accident occurred in the workplace, in order to identify any possible gaps in the system to protect health &amp; safety and to identify the possible corrective actions to implement.</li> </ul> <p>In order to perform the monitoring activity described above in an appropriate way, EPS shall recruit highly specialized external resources if a specific intervention were required.</p> <p>EPS guarantees that the possibly required corrective interventions are started as soon as possible through the adoption of appropriate action plans.</p>
<b>Review of the system</b>	<p>At the end of the monitoring activity as in the paragraph here above, the system adopted by EPS for the protection of the workers' health &amp; safety is subject to an annual review by the Employer, in order to ascertain that the same is implemented appropriately and it guarantees the attainment of the defined goals.</p> <p>Documental evidence of the said review and of its outcome must be given.</p>

<b>Protocol 2 – Management of risks concerning health &amp; safety in the workplace</b>	
<b>Technical equipment standard</b>	<p>To meet resistance, appropriateness, maintenance and effectiveness requirements, the Company uses machineries and equipment compliant with the regulations in force or requires evidence of such compliance if the machineries and equipment are not its own.</p> <p>In addition, the compliance is guaranteed by homologations, certifications, calibrations and EC marking in the cases as provided for by the law:</p> <p>The Company guarantees that all the workers using the machines, equipment and devices comply with the legal provisions and with the norms on the use of each single machine, equipment and device.</p> <p>The use of the machines, devices and equipment must be reserved only to authorized and duly trained staff.</p> <p>The correct use of machines, devices and equipment provides for the full compliance with the required conditions of order and cleanness.</p> <p>The control and maintenance of tools and machineries is made by planning the interventions performed by internal or external trained technicians depending on the type of intervention.</p> <p>To this purpose, the Company adopted the procedures Check and maintenance of safety conditions (P_SAF_1_0) and Management of individual protection devices (P_DIP_1_0).</p>

<p><b>Technical standard for plants and workplaces</b></p>	<p>The compliance of the plants with the legal standards shall be guaranteed for instance by the following:</p> <ul style="list-style-type: none"> <li>• Homologations;</li> <li>• Revisions of plants and safety systems;</li> <li>• Documents related to the attainment of certificates (for instance for fire prevention);</li> <li>• Certificates of conformity and testing of the works;</li> <li>• Documents connected to safety in the workplaces.</li> </ul> <p>For instance, the following is implemented to attain safety in the workplaces:</p> <ul style="list-style-type: none"> <li>• Appropriate fire-fighting devices;</li> <li>• Appropriate signs;</li> <li>• First-aid kits;</li> <li>• Regular maintenance agreements for the fire extinguishers;</li> <li>• Regular cleaning services;</li> <li>• Compliant workplaces pursuant to the regulations in force as regards lighting, ventilation, restrooms and locker rooms, also through the attainment of the related certifications;</li> <li>• Regular checks and interventions on systems, fire extinguishers, safety technologies, etc.</li> </ul>
<p><b>Risk assessment activity</b></p>	<p>The main goal of the risk assessment consists in the creation of a system aimed at:</p> <ul style="list-style-type: none"> <li>• Preventing,</li> <li>• Reducing, and</li> <li>• Controlling</li> </ul> <p>the possible risk factors for the workers' health &amp; safety.</p> <ul style="list-style-type: none"> <li>• The final act of the assessment is represented by the RAD: it details the risk assessment on the dangers that can cause accidents to the workers and the assessment on the dangers that may show up in time with consequences like "occupational diseases".</li> </ul> <p>Please note that the specific method for risk assessment is described in the same RAD.</p>
<p><b>Management of emergencies and of first aid</b></p>	<p>The management of emergencies and of first aid pursues the following goals:</p>

	<ul style="list-style-type: none"> <li>• To minimize the likelihood of an undesired event, which may change the ordinary activity and thus generate an emergency situation inside the facility, through the implementation of prevention measures;</li> <li>• To minimize and/or limit the evolution of events by adopting appropriate prevention measures also through a careful organization and management of the emergency;</li> <li>• To guarantee the evacuation of the premises where the complex develops;</li> <li>• To maintain a high permanent state of vigilance and attention through regular drills and an updated emergency plan.</li> </ul> <p>The Company is identifying the roles who will be tasked with some duties as regards firefighting to guarantee their specific training.</p> <p>To this purpose, the Company adopted the procedure Management of accidents, classification and analysis of accidents and near-accidents (P_INF_1_0). In addition, the related Emergency Plan (P_INF_1_0) is provided for at each site.</p>
<b>Regular meetings</b>	<p>Once a year, the Company organizes the meeting on safety, which is attended by the Employer, the Health &amp; Safety Officer and the Occupational Health Physician. A report is usually produced at the end of such meetings, which is later appropriately filed.</p>
<b>Workers' information and training</b>	<p>The members of the different corporate functions shall follow the staff-training program every year based on their own tasks. Such training is made up by two parts: the general compulsory training on health &amp; safety and a specific training. Training is required for all the employees depending on the tasks they perform.</p> <p>The compulsory training program is managed by the HSEQ, while the technical training is assigned to the HR Office upon a request by the concerned corporate functions.</p> <p>The specific training must then be guaranteed to managers and people in charge, if appointed.</p> <p>Training is recurrent: each employee receives an initial training that is regularly updated in case of changes in the assigned tasks and/or in the reference scenario.</p>
<b>Management of contracts</b>	<p>The fulfilments are defined in case of works assigned under a contract, through the indications for the compliance with art. 26 in the Leg. Decree no. 81/08.</p> <p>EPS must arrange and update a list of companies with which contracts can be possibly signed. The modalities to manage and coordinate the contracted works must be formalized in written contracts, which must detail the references to the provisions in art. 26 of the Safety Decree.</p> <p>The administration, contract and subcontract agreements must specifically detail the costs related to safety in the workplace originating from the works</p>

	<p>interferences. These data may be accessed by the workers' representative and by the workers' trade unions upon request.</p> <p>The contracts must clearly define the management of the fulfilments on safety in the workplace in case of sub-contracts.</p> <p>The Company is implementing an operating instruction to guarantee and maintain safe conditions for the sub-contractors.</p>
<b>Management of the building sites</b>	<p>As concerns the works performed at the clients' building sites, the Company commits to comply with the provisions in Title 4 of the Leg. Decree no. 81/08 by particularly drawing up the SOP (Safety Operating Plan) and by requiring that the same document is drawn up by the possible contracting firms for assessment purposes.</p>

### 1.32 Tasks of the Supervisory Board and Information Flows

Without prejudice to the discretionary power to be activated with specific controls following the received reports, the Supervisory Board regularly makes checks (even sample-checks) included in the own activity plan as concerns the sensitive activities related to offences on Health & Safety in the Workplace.

To this purpose, please note that the Supervisory Board is guaranteed free access to all the relevant corporate documents concerning the sensitive activities and to all the Company's IT systems. While performing the own activity, the Supervisory Board may avail of all the competent resources.

The Supervisory Board informs the Board of Directors about the controls made within the own regular reporting system.

In order to perform the own tasks, the Supervisory Board may:

- a) Participate in the meetings organized by EPS with the functions in charge of safety and assess which ones among them play a major role in the correct performance of the own tasks;
- b) Regularly meet the employer and the Health & Safety Officer;
- c) Obtain all the documents and access all the sites that are relevant for the performance of the own tasks.

While performing the activities described above, the Supervisory Board may avail of all the Company's competent resources (for instance: the Health & Safety Officer; the people in charge of the Prevention and Protection Service; the Workers' Health & Safety Representative; the Occupational Health Physician; the people in charge of implementing the emergency and first-aid measures).

Without prejudice to the general information flows provided for under paragraph 4.5 in the General Part, the competent corporate functions shall immediately send to the Supervisory Board the information related to the following:

- a) All the accidents with prognosis exceeding 40 days (Health & Safety Officer, HR Manager);
- b) The outcome of the checks on safety in the workplaces and on the equipment performed by both internal and external entities, and all the related detected anomalies (Health & Safety Officer, HR Manager);
- c) The reports concerning the updates completed on the formal fulfilments to appoint the tasks assigned to the different managers (Health & Safety Officer and MC) and the people assigned

with special safety tasks, the fire-prevention certificate and the fire register, and the reports on the related technical-procedural documents (Board of Directors, HR Manager);

- d) The minutes of the regular meeting pursuant to the provisions in art. 35 of the Leg. Decree no. 81/08.

In addition, without prejudice to the above and to the compliance with the general information flows under paragraph 4.5 in the General Part of the Model, the competent corporate functions must immediately send to the Supervisory Board the information included in the procedure Information flows to the Supervisory Board (I\_MSGI\_A\_1\_0).

**G Offences related to receiving stolen goods, money laundering and use of money, assets or utilities from illegal origin and self-laundering**

**1.33 Offences related to receiving stolen goods, money laundering and use of money, assets or utilities from illegal origin and self-laundering (art. 25-*octies* of the Decree)**

The offences under art. 25-*octies* of the Decree are as follows:

- a) Receiving stolen goods (art. 648 of the Italian criminal code);
- b) Money laundering (art. 648-*bis* of the Italian criminal code);
- c) Self-laundering (art. 648 part 31 of the Italian criminal code)
- d) Use of money, assets or utilities from illegal origin (art. 648-*ter* of the Italian criminal code).

**1.34 Areas at risk of crime**

The potential areas at risk of crime within the field of offences related to receiving stolen goods, money laundering and use of money, assets or utilities of illegal origin and self-laundering that the Company identified are as follows:

	<b>Sensitive Areas</b>	<b>Crime</b> <b>For a detailed description of the single cases and the related punishments, please see Annex A</b>
<b>1</b>	Selection of consultants, suppliers, commercial partners	<ul style="list-style-type: none"> <li>• Receiving stolen goods (art. 648 of the Italian criminal code);</li> <li>• Money Laundering (art. 648-<i>bis</i> of the Italian criminal code);</li> <li>• Use of money, assets or utilities from illegal origin (art. 648-<i>ter</i> in the Italian criminal code).</li> </ul>
<b>2</b>	Management of financial flows	<ul style="list-style-type: none"> <li>• Receiving stolen goods (art. 648 of the Italian criminal code);</li> <li>• Money Laundering (art. 648-<i>bis</i> of the Italian criminal code);</li> <li>• Use of money, assets or utilities from illegal origin (art. 648-<i>ter</i> of the Italian criminal code).</li> <li>• Self-laundering (art. 648 part 31 of the Italian criminal code)</li> </ul>
<b>3</b>	Management of cash and liquidity	<ul style="list-style-type: none"> <li>• Receiving stolen goods (art. 648 of the Italian criminal code);</li> <li>• Money Laundering (art. 648-<i>bis</i> of the Italian criminal code);</li> <li>• Self-laundering (art. 648 part 31 of the Italian criminal code)</li> </ul>

Any possible changes or integrations in the areas at risk of committing an offence as here above are assigned to the Board of Directors, upon a proposal by the Supervisory Board that will submit them to the Board of Directors pursuant to the provisions in paragraph 3.5 in the General Part of this Model.

**1.35 Behavioural rules**

When performing the respective activities/functions, in addition to acknowledging and complying with the principles in the Code of Ethics, the operating procedures and any additional internal regulations

related to the Corporate Governance system, the Addressees should comply with the behavioural rules contained in this Model.

Particularly, this Special Part envisages the express prohibition to the following:

- a) Establish any commercial relationships with (both natural and legal) entities that are known for or suspected of belonging to criminal organizations or however operating outside the sphere of legality, such as for instance people connected to the world of money laundering, terrorism, drug trafficking, usury, etc.;
- b) Use tools that are not in the procedures to perform the transfer of relevant amounts;
- c) Negotiate or, in general, have working contacts with both natural and legal entities residing or having their registered office in a Country within the list of the countries that are considered as non-cooperative by the Financial Action Group against money laundering (hereinafter "GAFI" - [www.fatf-gafi.org](http://www.fatf-gafi.org));
- d) Have contacts with individuals in the anti-terrorism black list that you can consult on the website <http://www.consilium.europa.eu/it/policies/fight-against-terrorism/terrorist-list>.

In addition, the Addressees must expressly:

- a) Request the required information to assess the suppliers' and partners' trustworthiness, economic solidity and commercial/professional reliability;
- b) Guarantee that all payments are made with precise validity: particularly, checks will be made on the consistency between the name in the order headline and the entity who cashes in the related amounts;
- c) Keep a correct, transparent, collaborative behaviour in good faith in all the activities aimed at managing the suppliers' and the clients' master data, in compliance with the norms of law and the internal corporate procedures;
- d) Pay special attention to the payments received from foreign credit institutions/clients;
- e) Perform all the operations aimed at establishing off-the-books funds.

In addition to the general behavioural rules as here above, the following specific procedural principles shall be envisaged:

<b>Protocol 1 – Selection of consultants, suppliers, commercial partners</b>	
<b>Selection of partners and of suppliers and consultants</b>	<p>Here follow the specific behavioural rules to be complied with pursuant to the Decree:</p> <ul style="list-style-type: none"> <li>• The Company selects the Commercial Partners pursuant to the modalities that allow for an objection and transparent comparison of the offers, based on objective and documentable criteria, by checking their commercial reliability through: <ul style="list-style-type: none"> <li>– an <i>ex-ante</i> check in case of doubt, by storing evidence of the collected data showing that the entities the Company has contractual working relationships with have not their registered office or residence in, or any other connection with, countries considered as non-cooperative by <i>GAFI</i> and that they are not in the anti-terrorism black list available on the</li> </ul> </li> </ul>

	<p>website <a href="http://www.consilium.europa.eu/it/policies/fight-against-terrorism/terrorist-list">http://www.consilium.europa.eu/it/policies/fight-against-terrorism/terrorist-list</a>;</p> <ul style="list-style-type: none"> <li>– the business profiles from the Chamber of Commerce or (in case of doubt) an equivalent certification from foreign administrations;</li> <li>– references by sundry parties already having relationships with the Company or the public institutions or any professional associations or practices with a high standing;</li> <li>– Where possible, an anti-mafia certificate or the directors' pending charges certificate or equivalent certificates from foreign administrations;</li> </ul> <ul style="list-style-type: none"> <li>• The Company puts a specific clause in the contracts with the commercial Partners, by which the same declare that they acknowledge the Company's ethical and behavioural principles and the principles in the Model. In addition, they commit to comply with the same. The failed compliance with the ethical behaviours or any false statements related to the Partner's situation shall entail the application of a punishment or, depending on the seriousness, the termination of the contract;</li> <li>• The Company checks the Supplier's commercial and professional reliability through a regular process to qualify and assess them, and by checking their consistency with the performance levels requested by the Company. To this purpose, for instance, the Company shall provide for the acquisition of the following documents: <ul style="list-style-type: none"> <li>– Ordinary business profiles from the Chamber of Commerce or equivalent certificates for foreign Suppliers;</li> <li>– An anti-mafia certificate or a pending charges certificate for the directors or equivalent certificates for foreign suppliers;</li> </ul> </li> </ul> <p>In addition, the Addressees must expressly maintain a correct, transparent and collaborative behaviour in good faith in all the activities aimed at managing the suppliers' and the clients' master data, in compliance with the norms of law and with the internal corporate procedures. All the detected critical aspects must be immediately reported to the Supervisory Board.</p> <p>As regards the operating procedures, please refer to the procedure Suppliers' provisioning and management (P_ACQ_1_0) currently under review. Moreover, the operating instruction Rules for the management of the relationships with partners and agents (I_MRK_E_1_0_) is currently being drawn up.</p>
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<b>Protocol 2 – Management of financial flows and management of liquidity and petty cash</b>	
<b>Management of financial flows</b>	<p>It is expressly prohibited to:</p> <ul style="list-style-type: none"> <li>• Purchase goods or services whose price is evidently lower than the market value, before checking their origin;</li> </ul>

	<ul style="list-style-type: none"> <li>• Accept payments in cash against the sale of goods for amounts exceeding those defined by the law and by the corporate procedures;</li> <li>• Transfer cash or bearer's bank/post books or bearer's instruments in euro or in a foreign currency for any reasons if not by means of banks or electronic currency institutions or Poste Italiane S.p.A., when the amount of the transaction – even divided in different parts – is equal or higher than that provided for by the law currently in force as a whole;</li> <li>• Issue bank or post cheques for an amount exceeding those provided for by the laws in force that do not bear the beneficiary's name or business name and the non-transferability clause;</li> <li>• Endorse for cash any bank and post cheques issued by the bearer to any parties different from Banks or Poste Italiane S.p.A.;</li> <li>• Make payments on encrypted current accounts or at credit institutions without physical premises;</li> <li>• Use instruments that are not envisaged in the procedures for the fulfilment of transfer operations related to considerable amounts;</li> <li>• Make donations of money to individuals, companies or organizations sentenced for performing illegal activities;</li> <li>• Fulfil any operations aimed at establishing off-the-books funds.</li> </ul> <p>In addition, the Company must check that payments are made regularly: particularly, the consistency between the name in the order header and the entity who cashes in the related amounts must be checked. Moreover, the banking system must be used in all transactions, where possible.</p>
<p><b>Management and monitoring of financial flows</b></p>	<p>The Company uses or employs only economic and financial resources whose origin was checked and only for the transactions whose cause is clear and that are recorded and documented. In addition, the Company constantly monitors the corporate financial flows, with special reference to the origin of payments; such controls must consider the contractual counterparty's registered office (for instance tax heavens, countries at risk of terrorism), the used credit institutions (registered office of the banks involved in the transactions) and the possible trusts used for extraordinary transactions or operations.</p> <p>Moreover, the following shall be provided for:</p> <ul style="list-style-type: none"> <li>• If money is donated to individuals, companies or organizations, the Addressees must be check as for their professionalism and seriousness. In addition, an investment plan must be drawn up to justify the investment, including regular controls on the work in progress;</li> <li>• in case of Joint Ventures, the Company checks the economic consistency of the investment, considering specifically the compliance with the average market prices, and the recruitment of reliable professionals for the performance of the due diligence;</li> <li>• The Company must pay special attention to the payments received from foreign credit institutions/clients/partners/suppliers.</li> </ul>

	<ul style="list-style-type: none"><li>• To fulfil any operations aimed at establishing off-the-books funds.</li></ul> <p>All the detected critical aspects must be immediately reported to the Supervisory Board.</p>
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The operating practices are ruled in the procedure Management of financial flows (P\_FIN\_A\_1\_0).

### **1.36 Tasks of the Supervisory Board and Information flows**

Without prejudice to the discretionary power to be activated with specific controls following the received reports, the Supervisory Board regularly makes checks (even sample-checks) included in the own activity plan.

To this purpose, please note that the Supervisory Board is guaranteed free access to all the relevant corporate documents concerning the sensitive activities and to all the Company's IT systems. While performing the own activity, the Supervisory Board may avail of all the competent resources.

The Supervisory Board informs the Board of Directors about the controls made within the own regular reporting system.

Without prejudice to the compliance with the general information flows under paragraph 4.5 in the General Part of the Model, the competent corporate functions must immediately send to the Supervisory Board the information included in the procedure Information flows to the Supervisory Board adopted by the Company (I\_MSGI\_A\_1\_0). Particularly, it includes at least the communication of the list of anomalous payments, including those from tax Heavens.

## H Environmental offences

### 1.37 Environmental offences (Art. 25-undecies of the Decree)

The environmental offences that can originate an administrative liability for the Entity pursuant to art. 25 part eleven in the Decree relevant for the Company are as follows:

- a) Environmental pollution (art. 452-*bis* of the Italian criminal code);
- b) Environmental disaster (art. 452-*quater* of the Italian criminal code);
- c) Intentional environmental offences (art. 452-*quinquies* of the Italian criminal code);
- d) Unauthorized management of wastes (Leg. Decree no. 152/2006, art. 256);
- e) Pollution of soil, subsoil, surface or underground waters (Leg. Decree no. 152/2006, art. 257);
- f) Violation of the communication obligation and of the obligation to arrange and store the compulsory registers and forms (article no. 258 in the Leg. Decree no. 152 of 3<sup>rd</sup> April 2006);
- g) Illegal waste trafficking (Leg. Decree no. 152/2006, art. 259);
- h) IT system to control waste traceability (art. 260-*bis* of the Leg. Decree no. 152 of 3<sup>rd</sup> April 2006).

### 1.38 Areas at risk of crime

The potential areas at risk of crime that the Company identified with reference to environmental offences related to all the activities connected with the disposal of wastes and any possible situations of environmental pollution following a non-compliant waste management. These include the disposal of spare parts for medical devices and the Company's instruments, since these parts must be considered potentially biologically risky.

The activities are considered sensitive as regards their involvement by both the corporate staff and third parties acting on behalf of or for the Company e.g. that have a contractual relationship with the Company, with special reference to the activities assigned to them and performed under the Company's direction or vigilance.

Within the management of the environmental fulfilments, special relevance is particularly assigned to the following Company activities:

Sensitive Activities		Crimes
		For a detailed description of the single cases and the related punishments, please see Annex A
1	Compliance with the environmental regulations with special reference to: <ul style="list-style-type: none"><li>• Waste management (e.g. packaging)</li><li>• Water discharges</li><li>• Termination and reduction of substances damaging the ozone</li></ul>	<ul style="list-style-type: none"><li>• Unauthorized waste management (art. 256 paragraph 1, 3, 5, 6, and articles 208, 209, 210, 211, 212, 214, 215, 216 in the Leg. Decree no. 152 of 3<sup>rd</sup> April 2006);</li><li>• Violation of the obligation to communicate, to maintain the compulsory registers and the forms (article 258 of the Leg. Decree no. 152 of 3<sup>rd</sup> April 2006);</li><li>• IT system to control the waste traceability, hereinafter "SISTRI" (art. 260-<i>bis</i> of the Leg. Decree no. 152 of 3<sup>rd</sup> April 2006);</li></ul>

	<ul style="list-style-type: none"> <li>• Emissions into the atmosphere</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental pollution (art. 452-<i>bis</i> of the Italian criminal code);</li> <li>• Intentional environmental offences (art. 452-<i>quinqüies</i> of the Italian criminal code).</li> </ul>
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Any possible changes or integrations in the areas at risk of committing an offence as here above are assigned to the Board of Directors, upon a proposal by the Supervisory Board that will submit them to the Board of Directors, who will later ratify them, pursuant to the provisions in paragraph 3.5 in the General Part of this Model.

### 1.39 Behavioural rules

In compliance with the general principles in the Code of Ethics and in the Environmental and Safety Policy, the Company's prominent, specific interest is to exercise the own activity in an environmental friendly way, which is acknowledged as a primary asset to be protected, by pursuing the best balance between the economic activity and the protection of the environmental needs by limiting the impact of its activities and respecting the environmental regulations.

The Company thus considers all the conducts that may directly or indirectly originate an even potential prejudice for the environment as contrary to the own interest and rejects all behaviours that elude the corporate procedures and that do not comply with the regulations in force. The Company expressly declares that any possible conducts of this kind shall not lead to any benefit for the Company, but to compromised corporate ideals and assets instead.

The Addressees must scrupulously comply with all the regulations in force and particularly hold a correct, transparent and collaborative behaviour in all the corporate activities adopted by the Company, pursuant to the norms of law and to the procedures, refrain from implementing or originating any violations of the company behavioural principles, protocols and procedures, comply with the organizational and preventive measures in the execution of the production activities with any environmental impact and the related information duties, participating diligently in the training and information sessions connected with the specific tasks assigned to each by the Company.

In such context, and for the purposes above, the Company shall:

- a) Establish the environmental policies aimed at defining the general commitments made to guarantee the respect for the environment and the compliance with the related applicable rules, and the reduction of the environmental impacts connected to the activities performed by the Company;
- b) Identify the applicable rules for the protection of the environment and work in compliance with them.

Particularly, pursuant to the prevention and caution principles, the goal of complying with the behavioural norms and the related internal procedures aimed at protecting the environment shall be to prevent any intentional conducts, e.g. gross negligence, which may originate any prejudices or dangers of relevant damage for the environment.

In such context, the reports of any environmentally impacting events are then fundamental to highlight the so-called "near-miss", e.g. those events that, even though they do not represent an assumed realization or attempted realization of the criminal event, may however envisage that the offence can occur also following non-malicious conducts.

After the legislative news introduced by the Law no. 68/2015, if the so-called near miss is a consequence of an abusive conduct pursuant to articles 452-*bis* of the Italian criminal code, the related notification must be considered as extremely relevant and it must be reported as soon as possible to the Board of Directors and the Supervisory Board.

Please note that the Company adopted an Environmental Management System ISO 14001 that involves the following:

- The management of each activity includes the attribution of the responsibilities and competences, the definition of the key procedural methods and the due dates and modalities to process the given documents in the system;
- There is a constant planning, implementation, control and reprogramming activity;
- The two items here above generate actions aimed at continuously enhancing the conditions to protect health & safety in the workplace.

Thus, in addition to the protocols below, please refer to the SGA behavioural principles and procedural methods currently under review.

Specific procedural principles:

<b>Protocol 1 – Compliance with the environmental regulations</b>	
<b><i>Management of wastes</i></b>	<p>The following shall be expressly prohibited:</p> <ul style="list-style-type: none"> <li>• To use – even occasionally – the Company or one of its organizational units to allow or ease the commission of the offences under examination.</li> </ul> <p>The Company shall commit to guarantee that:</p> <ul style="list-style-type: none"> <li>• One or more internal functions are identified as being responsible for the correct management of wastes that work with the external entities in charge of the transportation and disposal of wastes;</li> <li>• The production, holding, classification and conferral of wastes (both dangerous and not) is completed in full compliance with the environmental regulations in the exercise of both ruled activities and not and in a way to certify the implementation of the required fulfilments towards the public entities in charge of controls;</li> <li>• The corporate procedures with a direct or indirect relevance on the recovery and/or disposal of wastes are subject to a constant monitoring by the corporate management to regularly assess the appropriateness of any updates because of any anomalies detected in the related activity;</li> <li>• The selection of suppliers/contracting companies is made in full compliance with the corporate procedures to constantly assess the existence of the technical and legal requisites for the exercise of the activity assigned to them thus avoiding that the selection is only based on any economic reasons (to avoid recruiting unqualified resources who work at lower costs by virtue of using illegal methods);</li> <li>• The corporate representatives are made aware of the risk level involved in the activities;</li> </ul>

	<ul style="list-style-type: none"> <li>• The authorization of suppliers/contracting companies who are entrusted with the transportation activities (as contractors or sub-contractors) and with the destination sites, must be checked both preventively and throughout the relationship. This shall occur for both the disposal and recovery operations;</li> <li>• The loading and unloading register and the waste identification form are filled in correctly and truthfully (with the SISTRI cards for the related regulatory provisions to be effective), thus refraining from implementing any falsifications or forgeries (for instance as regards the information on the qualitative or quantitative characteristics of wastes), and any other documents required by the law;</li> <li>• The loading and unloading registers, the forms, the SISTRI cards and all the environmental documents required by the law are carefully kept in a special archive at the Company's premises;</li> <li>• All the fulfilments required by the SISTRI system are precisely implemented.</li> </ul> <p>The detailed operating norms are ruled in the procedure Identification, assessment and management of environmental aspects (P_AMB_1_0).</p>
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#### **1.40 Tasks of the Supervisory Board and Information Flows**

Without prejudice to the discretionary power to be activated with specific controls following the received reports, the Supervisory Board regularly makes checks (even sample-checks) included in the own activity plan.

To this purpose, please note that the Supervisory Board is guaranteed free access to all the relevant corporate documents concerning the sensitive activities and to all the Company's IT systems. While performing the own activity, the Supervisory Board may avail of all the competent resources.

The Supervisory Board informs the Board of Directors about the controls made within the own regular reporting system.

Without prejudice to the compliance with the general information flows under paragraph 4.5 in the General Part of the Model, the competent corporate functions must immediately send to the Supervisory Board the information included in the procedure Information flows to the Supervisory Board (I\_MSGI\_A\_1\_0) adopted by the Company. Particularly, it includes at least the communication of the possible anomalies for the management of the environmental issues and the possible accesses by the Public Authorities (for instance ARPA).

## I Use of citizens from third-party countries without a regular residence permit

### 1.41 Use of citizens from third-party countries without a regular residence permit (art. 25-duodecies of the Decree)

The Leg. Decree no. 109 of 16<sup>th</sup> July 2012 implementing the directive no. 2009/52/EC that introduced minimum norms related to the punishments and measures against the employers who employ citizens from third party Countries without a regular residence permit, extended the assumptions for the Entities' administrative liability if foreign workers are employed who do not have a residence permit or whose permit has expired, was revoked or cancelled. Aggravating circumstances apply if the Entity employs more than three workers with irregular residence permit, if they are minors and if they are particularly exploitation at work (art. 25-duodecies of the Decree).

### 1.42 Areas at risk of crime

Here follow the areas at potential risk that the Company identified within the offences dealt with in this Special Part.

Sensitive Activities		Crime
		For a detailed description of the single cases and the related punishments, please see Annex A
1	Recruitment of staff and assignation of tasks for work and service provisions	<ul style="list-style-type: none"><li>Use of citizens from third-party country without a regular residence permit (art. 25-duodecies)</li></ul>

Any possible changes or integrations in the areas at risk of committing an offence as here above are assigned to the Board of Directors, upon a proposal by the Supervisory Board as well that will submit them to the Board of Directors, pursuant to the provisions in paragraph 3.5 in the General Part of this Model.

### 1.43 Behavioural rules and specific protocols

When performing the respective activities/functions, in addition to acknowledging and complying with the principles in the Code of Ethics, the operating procedures and any additional internal regulations related to the Corporate Governance system, the Addressees should comply with the behavioural rules contained in this Model.

This Special Part envisages the obligation for the Addressees to the following:

- Comply with the internal procedures on the selection and hiring of staff;
- Check the compliance with the law upon hiring, including the validity of the residence permits in case of foreigners;
- Constantly check the validity of the Company employees' residence permits, through an appropriate checklist tracing the expirations of their permits;
- Introduce a clause into the contracts with any possible suppliers, aimed at ruling the consequences of their violation of the norms under the Decree and of the principles in the Model.

Particularly, in addition to the general behavioural rules as here above, the following specific procedural principles shall be complied with:

<b>Protocol 1</b>	
<b>• Recruitment and management of staff</b>	
<b><i>Recruitment, hiring and management of staff and management of tasks for work and service performances</i></b>	<p>The following shall be compulsory:</p> <ul style="list-style-type: none"> <li>• During the staff selection phase, check the candidate's possession of a regular residence permit;</li> <li>• Guarantee a constant monitoring of the validity of the residence permits and take a note of their expiration;</li> <li>• Integrating the contracts/sub-contracts with third parties with clauses on the validity of the residence permits for the contracting firm's employees;</li> <li>• Adopt tools to control the validity of the employees' residence permits.</li> </ul>

The operating practices are ruled in the procedure HR Management (P\_HR\_1\_1).

**1.44 Tasks of the Supervisory Board and Information flows**

Without prejudice to the discretionary power to be activated with specific controls following the received reports, the Supervisory Board regularly makes checks (even sample-checks) included in the own activity plan.

To this purpose, please note that the Supervisory Board is guaranteed free access to all the relevant corporate documents concerning the sensitive activities and to all the Company's IT systems. While performing the own activity, the Supervisory Board may avail of all the competent resources.

The Supervisory Board informs the Board of Directors about the controls made within the own regular reporting system.

Without prejudice to the compliance with the general information flows under paragraph 4.5 in the General Part of the Model, the competent corporate functions must immediately send to the Supervisory Board the information included in the procedure Information flows to the Supervisory Board (I\_MSGI\_A\_1\_0) adopted by the Company. Particularly, it includes at least the communication of the list of extra EU hired resources with evidence of the date when their residence permits expire.

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**Annex A: List of Predicate Offences**