



ORGANISATION, MAGANEMENT AND CONTROL MODEL

P.L. FERRARI & CO. S.R.L.

**Pursuant to the legislative decree n. 231 of 8th June 2001
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1. THE LEGISLATIVE DECREE OF 8 JUNE 2001 N.231

The legislative decree 8th June 2001 n. 231 concerning «Corporate responsibility of companies and associations with and without legal entity, pursuant to article 11 of the law of 29th September 2000, n. 300» (“the Decree”), in force since the following 4th July, is intended to adjust Italian law concerning corporate responsibility of legal entities to the international conventions undersigned by Italy, particularly:

- Brussels Convention of 26th July 1995 concerning the safeguard of European Community’s financial interests;
- Brussels Convention of 26th May 1997 concerning the fight against public officials’ corruption from both the European Community and Member States;
- OCSE Convention of 17th December 1997 concerning the fight against public officers’ corruption from foreign states in economic and international operations.

With such Decree, a new regime of corporate responsibility has been introduced for legal entities (“Bodies”) in our legal system, comparable to criminal responsibility¹. This regime adds up to the personal responsibility of the physical person who materially committed the crime and aims at involving, in the punishment of the same, the Bodies in the interest or advantage of which the crime has been committed.

Such responsibility provided by the Decree also applies to crimes committed abroad, unless the State in which the crime has been committed is already taking actions (art. 4).

The Bodies’ responsibility still applies even if the person who committed the crime has not been identified and it is valid even though the crime has been extinguished for a cause different from amnesty or prescription (art. 8).

Administrative sanctions on the Bodies have a prescription period, unless such prescription has been suspended, of 5 years from the date when the crime is committed (art. 22).

1.1. Legality Principle

The Body’s responsibility arises within the limits of the law: A company cannot be held responsible for a crime if its administrative responsibility in relation to that crime and its sanctions are not expressly provided by a law in force before the commission of that crime (art. 2).

1.2. Objective criteria to establish responsibility

The objective criteria to establish responsibility are:

- The commission of a crime defined in the Decree (Art. 24, 25);
- The crime must be committed in the interest or advantage of the Body (art. 5(1));
- The crime must be committed by one or more qualified subjects, these are «people who have representative, administrative or managerial roles of the Body or its business unit with financial or functional autonomy», or from those who «exercise the management or the control» of the Body (subjects in apical positions); or from «people under the direction of one of the apical subjects» (sub alternates) (art. 5(1) a, b).

1.2.1. Interest or advantage

It should be kept in mind that interest and advantage are different and alternative legal concepts, therefore there could be an interest without having any advantage for the Body or an exclusive advantage for the Body with a totally uninterested behaviour by the person who committed the crime.

About the meaning of the terms “interest” and “advantage”, the Governmental Report referring to the Decree gives the former a subjective value, which can be judged *ex ante*, and to the latter an objective value – referred to the objective results of the behaviour of the person who committed the crime who, even not having as a goal the Body’s interest, has nonetheless created with his conduct an advantage in its favour, this can be verified *ex post*.

The essential characteristics of the interest have been identified: in its objectivity, intended as independence from personal psychological belief; in its concreteness, intended as interest not merely hypothetical and abstract, but really existing safeguarding the principle of offensivity; in its actuality, meaning that the interest must be objectively subsisting and can be recognisable in the moment where the fact itself has been recognised and it must not be future or uncertain, missing otherwise the damage to the good which is necessary for any crime that is not configured as mere danger; in its not necessary economic relevance but traceable to a business policy. The interest therefore can be conducted to two types of unlawful conduct: the first one occurs where the unlawful act is committed within a business policy aimed at gaining the maximum profit by using unlawful means; in this case the unlawful act is considered within the business’ operation logic. On the other hand, the second type of conduct occurs where the Body has been constituted just with the aim to commit crimes (criminal business); in this case, there won’t be any distinction between lawful and unlawful, but a business whose activity is

⁽¹⁾ The “criminal” nature of this responsibility is inferred by four elements: 1) results from a crime meaning that the crime constitutes a requirement of the sanction; 2) it is ascertained with the warranties of the criminal trial and a criminal law judge; 3) it implies the

application of criminal sanctions (fines and disqualification sanctions); 4) the role of the guilt is crucial as the guilty principle is in operation.

aimed at obtaining the maximum advantage through unlawful activities.

For advantage, instead, it is meant whatever asset value objectively appreciable that is attributable to the Body and it can be: direct, referable exclusively and directly to the Body; indirect, mediated by results acquired by third parties, but potentially susceptible of having positive results for the Body; economic, even though not necessarily immediate.

The interest or advantage of the Body are also considered as the basis for its responsibility even where interests and advantages of the subject committing the crime or third parties coexist. On the other hand, the Body does not respond where the interest in the commission of the crime by a subject in a qualified position within the Body is exclusively held by the perpetrator of the crime.

Since no effect has been recognised, able to exempt from the exclusive advantage of the perpetrator of the crime or third parties, but only exempting from the exclusive interest of these subjects, the Body has to be held responsible even where it does not gain any advantage, so where there is an exclusive advantage of the perpetrator or a third party, provided that an interest by the Body exists, concurring with third parties, in the commission of the crime carried out by qualified subjects within their organisation.

1.3. Subjective criteria to impute responsibility

The subjective criteria to impute responsibility is satisfied where the crime expresses a clear connection with the business' policy or at least depends on a negligence by the organisation.

The Decree's dispositions exclude the Body's responsibilities where, before the commission of the crime, it has adopted and effectively put in place an «organisation and management model» (the "Model") capable of preventing the commission of crimes of the same kind as the one that has been committed.

The Body's responsibility under this aspect is related to the «lack of adoption which is the lack of respect for due standards» concerning the organisation and the activities carried out by the body; defect that is attributable to the business policy or to deficits of the business model/organisation.

1.4. Types of crimes covered

The Decree applies to a wide range of crimes which are mentioned in the attachment (Special Part F), summarised as follows:

- Crimes committed against the Public Administration (art. 24, 25 of the Decree)
- Information technology crimes and unlawful data treatment (art. 24 *bis* – included in art. 7 of the law 18th March 2008 n. 48)
- Criminal conspiracy crimes (art. 24 *ter* – included in art. 2 of the law n. 94 of 2009)

- Crimes related to fake currencies, credit cards, revenue stamps and recognition tools and signs (art. 25 *bis* included following the coming into force of the decree 25th September 2001 n. 350)
- Crimes against the Industry and commerce (e.g. interference with the freedom of industry and commerce, commercial fraud, sale of industrial products with false signs/marks) (art. 25 *bis.1* – included following the come into force of law n. 99 of 2009)
- Corporate Crimes (art. 25 *ter* – included following the come into force of decree 11th April 2002 n. 61 as amended by law 28th December 2005 n. 262)
- Crimes of terrorism and subversion of the democratic order provided by the criminal code and by special laws (art. 25 *quater* included by art. 3 of law 14th January 2003 n. 7)
- Mutilation practices of female reproductive organs (art. 25 *quater.1* included by art. 8 of the law 9th January 2006 n. 7)
- Crimes against individuals (e.g. enslavement, human trafficking) governed by the criminal code (art. 25 *quinquies* included by art. 5 of law 11th Aug 2003 n. 228 and later amended by law 6th February 2006 n. 38)
- Market abuse crimes (art. 25 *sexies* included by art. 9 of law 18th April 2005 n. 62) it refers to crimes of abuse of privileged information (art 184 decree 24th February 1998 n. 58)
- Crimes breaching health & safety at work regulations (art. 25 *septies* included by art. 9 (1) of the law 3rd August 2007 n. 123)
- Money laundering crimes and crimes relating to receiving and using stolen goods (art. 25 *octies* included by art. 63(3) of decree 21st November 2007 n. 231)
- Crimes breaching copyright laws (e.g. entry into a system of electronic networks of intellectual works protected by copyright, re-use of database contents) (art. 25 *novies* included by art. 15(7) of the law n. 99 of 2009)
- Incitement not to make declarations or to make false declarations to judicial authorities (art. 25 *decies* included by art. 4 of the law 3rd August 2009 n. 116)
- Environmental crimes (art. 25 *undecies* included by art. 2(2) decree 7th July 2011 n. 109)
- Employment of citizens of other countries whose residence is illegal (art. 25 *duodecies* included by art. 2 of the decree of 16th July 2011 n. 109)
- Transactional crimes recalled by law 16th March 2006 n. 146

1.5. Crimes committed abroad

Pursuant to art. 4 of the Decree, the Body can be called to respond in Italy in relation to crimes committed abroad.

The assumptions on which such responsibility is based are:

- The crime must be committed abroad by a subject functionally linked to the Body under art. 5 of the Decree;
- The Body must have its registered office within the Italian territory;
- The Body can just respond in cases and to the conditions provided by art. 7, 8, 9 and 10 criminal code (where the law provides that the guilty subject – physical entity – is punished under the request of the Ministry of Justice, proceedings are taken against the Body only if the request is made also against it);
- If cases and conditions provided by the criminal code occur, the Body responds provided that the State in which the crime has been committed does not take proceedings against it.

1.6 Attempted crime

Art. 26 of the Decree provides that the Body also responds where there is an attempted crime except where it has voluntarily prevented the action or the commission of the event.

Art. 56 of the criminal code gives the definition of attempted crime: *“who commits acts, directed in an unequivocal way to commit a crime, responds of attempted crime, if the action is not accomplished or the event does not occur”*.

In the hypothesis of commission in the form of an attempt (being it in the form of commissive or omissive conduct) of crimes indicated in the Decree, fines or disqualification sanctions are reduced by half or a third.

1.7. Sanctions

Sanctions for administrative wrongdoings resulting from crimes are (art. 9):

- fines;
- disqualification sanctions;
- seizure of goods;
- publication of judgment.

For administrative wrongdoing resulting from a crime a fine is always applied.

1.7.1. Fines

The application of fines is based on *“parts”* which are multipliers that vary in number from a minimum of 100 to a maximum of 1000 that are determined by the judge according to the seriousness of the offence, the

amount of responsibility of the Body and the reparatory and reorganizational conducts after the offence has been committed. The value of a single part varies from a minimum of € 258,00 to a maximum of € 1.549,00 according to the financial and patrimonial conditions of the Body to ensure the sanction is effective (art. 11). The overall amount of the fine is determined multiplying the number of parts by the value of each single part. Reduced payment is not admissible (art. 10).

The fine is reduced by half and it cannot be anyway superior to € 103.000,00 where (art. 12):

- the perpetrator of the offence has committed it mostly in its own or third parties' interest and the Body has not gained any advantage or has gained a minimum advantage;
- the patrimonial damage caused is particularly light;
- the Body has fully compensated the damage and has eliminated the damaging or dangerous consequences of the crime or it has effectively taken actions in this regard;
- the Body has adopted or made operative an organisation Model capable to prevent crimes of the same kind as the one that occurred.

1.7.2. Disqualification sanctions

Disqualification sanctions are (art. 9(2)):

- Disqualification from carrying out the business;
- Suspension or revocation of authorisations, licenses or concessions which are functional to the wrongdoing;
- Prohibition to get in touch with the Public Administration, except from where a public service is needed;
- Prohibition to advertise goods or services.

Disqualification sanctions only apply to crimes for which they are expressly provided (art. 24, 24 bis, 24 ter, 25, 25 bis, 25 bis1, art. 25 quater, art. 25 quater1, art. 25 quinquies, 25 septies, art. 25 octies, art. 25 novies and art. 25 undecies of the Decree) where at least one of the following conditions is satisfied (art. 13):

- The company gained a considerable profit from the crime, and the crime has been committed by subjects in apical positions or by subjects under others direction where, the commission of the crime has been determined or facilitated by serious organisational shortages;
- Where the crime is recurrent.

Where necessary, disqualification sanctions can even be jointly applied (art. 14).

Seizure of the price or profit of the offence always applies against the Body, with the conviction sentence, except for the portion that can be returned to the

damaged party. *Bona fide* rights acquired by third parties are always excluded (art. 19).

1.7.3. Seizure of goods

Seizure can also apply to “equivalent”, meaning where it cannot be disposed in relation to the price or profit resulting from the offence. Seizure can apply to sums of money, goods or other utilities of equivalent value to the price or profit resulting from the offence.

1.7.4. Publication of judgment

Publication of the convicting judgment can be disposed where a disqualification sanction is applied against the Body (art. 18).

1.7.5. Particular cases

Where assumptions exist for the application of a disqualification sanction determining the interruption of the Body’s activity, the judge, instead of the application of the sanction, can dispose the continuation of the Body’s activity carried out by a judicial commissioner for a period equal to the duration of the disqualification sanction that would have been applied, where at least one of the following conditions is satisfied:

- The Body provides a public service or a service of public necessity which interruption can cause serious prejudices to the public;
- The interruption of the Body’s activities can cause, considering its dimensions and the economic conditions of the territory in which it is located, relevant impact on the occupation level (art. 15).

The profits resulting from the continuation of the Body’s activities are seized.

The disqualification sanctions can also be applied in a definitive manner (art. 16).

The definitive disqualification from carrying out the activity can be disposed where the Body has gained a substantial profit from the offence and has already been convicted, at least three times within the last seven years, of temporary disqualification from carrying out its activity.

The judge can apply against the Body, in a definitive manner, the sanction prohibiting trade with the Public Administration which is a prohibition to advertise goods or services where it has already been convicted with the same sanction at least three times within the last seven years.

Where the Body or its business unit is regularly used with the unique scope of allowing or facilitating the commission of offences in relation to which its responsibility is provided, a definitive disqualification sanction is always applied.

In this context it is particularly important art. 23 of the Decree as well, which deals with the offence of «*Inobservance of disqualification sanctions*».

Such offence occurs where, during the carrying out of the Body’s activity to which a disqualification sanction has been applied, there is an infringement of the obligations or prohibitions related to such sanction.

Moreover, where the Body gains a relevant profit from the commission of such offence, the application of different and further disqualification sanctions is provided.

1.8. Disqualification and real precautionary measures

Where there are serious indications to consider the Body responsible for administrative offences resulting from a crime (serious indications exist where one of the conditions provided by art. 13 of the Decree are satisfied: The Body has gained from the offence – committed by its employee or by a subject in apical position – a substantial profit and the commission of the offence has been determined or facilitated by serious organisational shortages. – and in case of repetition of the offences) and there are sound and specific elements to suggest the actual danger of an offence being committed of the same kind for which proceedings are being taken, the prosecution can request the application, as a precautionary measure, of one of the disqualification sanctions provided by art. 9(2), introducing the elements on which the request is based to the judge, including those in favour of the Body and possible deductions and defensive memories.

Instead of a disqualification precautionary measure, the judge can nominate a judicial commissioner for an equal period to the duration of the measure that would have been applied.

The judge can decide to apply also precautionary measures that result in precautionary seizure and conservative seizure.

Precautionary seizure is disposed in relation to the price and profit of the offence, where such offence is attributable to the Body, not being relevant whether there are serious indications of culpability on behalf of the Body itself.

Conservative seizure is disposed in relation to personal properties, chattels and real estate belonging to the Body and sums of money due to it, whether there is sound reason to believe that warranties for payment of the fine, proceedings expenses and any other sums due for tax purposes or to the State are lacking or going missing,

1.9. Actions exempting from administrative responsibility

Articles 6 and 7 of the Decree provide specific forms of exemption from administrative responsibility of the Body for offences committed in its interest or advantage.

1.9.1. Offences committed by subjects in apical position

Where offences are committed by subjects in apical position, art. 6(1) of the Decree provides a specific form of exemption where the Body can prove that:

- The managing body has adopted and effectively put in place, before the commission of the unlawful act, a Model suitable to prevent the realization of offences of the same kind as the one that occurred;
- The managing body has entrusted a Supervisory Body (SB) – empowered with autonomous powers of initiative and control – the task to supervise the functioning and effective observance of the Model in question and take care of its updates;
- The subjects who committed the offence have acted fraudulently circumventing the abovementioned Model;
- The control by the SB has not been insufficient or omitted altogether.

Art. 6(2) of the Decree then provides that the Model, to have exempting effectiveness, must meet the following requirements:

- Identify the corporate risks, such as the activities in which a number of offences can be committed;
- Provide specific controls suitable to schedule the formation and implementation of the Body's decision in relation to the offences to prevent, in a way to exclude that any subject operating within the Body can justify its conduct adducing ignorance of the corporate discipline and to avoid that, in normal cases, the offence can be caused by an error – also due to negligence or unskillfulness – of assessment of the company directives;
- Identify financial resources management modes to prevent the commission of such offences;
- Provide a preventive controls system capable of not being circumvented unless intentionally;
- Provide information obligations towards the SB in charge of checking the functioning and the observance of the Model;
- Introduce a disciplinary system able to sanction the lack of respect for the measures pointed out in the Model.

1.9.2. Offences committed by subordinate employees

As far as offences committed by «subordinate» employees are concerned, art. 7 of the Decree provides a specific form exempting from administrative responsibility where it has been verified that the Body, before the commission of the offence, has adopted a Model suitable to prevent offences of the same kind as the one occurred.

In other words, to be exempted from administrative responsibility, the Body must:

- Provide an Ethic Code which defines behaviour principles to which every employee must comply;

- Define an organisational structure suitable to grant a clear and organic assignment of the tasks, implementing a segregation of functions, inspiring and checking the fairness of behaviours;
- Formalise manual and computer corporate procedures intended to regulate the development of the activities (specific preventive effectiveness is given to the control instrument represented by the “segregation of tasks” between those who play crucial roles in a process at risk);
- Assign powers of attorney and signature powers consistent with defined organisational and managerial responsibilities;
- Communicate to the employees in a capillary, effective, clear and detailed manner the Ethic Code, the corporate procedures, the sanction system, the powers of attorney and of signature and all other instruments suitable to prevent the commission of offences;
- Provide a suitable sanctions system;
- Constitute a supervisory body with a substantial autonomy and independence, whose members have the necessary professionalism to be able to carry out the activity requested;
- Provide a supervisory body able to assess the adequacy of the Model, to supervise its functioning, to take care of its updates and to operate with continuity and in connection with the corporate departments.

2. PURPOSE OF THE MODEL

To ensure conditions of fairness and transparency in the conduction of its business and corporate activities, P.L. Ferrari & Co. S.r.l. (the “Company”), considered it necessary to adopt a Model in line with the Decree. The purpose of the Model is to describe the operation modes adopted and the responsibilities attributed within the Company.

The Company considers that the adoption of such Model constitutes, beyond its statutory prescription, a valid instrument of sensitisation and information of all its employees and other interested subjects (consultants, partners, etc.).

Therefore, the scope of the Model is to:

- Prevent and reasonably restrict all possible risks connected to its corporate activities with specific regard to risks related to unlawful conducts;
- To make, all those who operate in the name and on behalf of the Company in areas of activity at risk, to acquire the awareness of the possibility to commit, where the dispositions in the Model are violated, a crime subject to criminal and/or administrative sanctions not only against themselves, but also against the Company;

- Reiterate that the Company does not accept unlawful behaviours;
- Inform, based on the serious consequences that could affect the Company (and indirectly all stakeholders), about the application of fines and disqualification sanctions provided by the Decree and the possibility that they could be applied in a precautionary manner;
- Ensure a constant control and a careful supervision by the Company on its activities, in such a way to be able to take immediate actions where situations of risk occur, possibly applying the disciplinary measures provided in the Model itself.

3. RECIPIENTS OF THE MODEL AND ITS CIRCULATION

The conditions included in the Model apply to all those who carry out, even factually, management, administrative, leadership and supervisory functions in P.L. Ferrari & Co. S.r.l., to partners and employees and to those who, even not being part of the Company, have been given a mandate by it to carry out business or are contractually linked to it.

Therefore, the recipients of the Model are, among the subjects in apical position:

- The Chief Executive Officer;
- The Managers;
- The Executives;
- The Auditors;
- Member(s) of the SB;

and among the subject under others' direction:

- The employees;
- The interns.

By force of specific contractual clauses, and limited to the performance of sensitive activities in which they could possibly take part, the following external subjects can be recipients of specific obligations, instrumental to an adequate execution of internal control activities provided by the present General Part:

- Collaborators, agents and representatives, consultants and generally all subjects who perform autonomous activities where they operate within sensitive areas of activity on behalf or in the interest of the Company;
- Suppliers and partners (even in the shape of temporary association of businesses, or joint-venture) who operate in a relevant and/or continuous manner within the ambit of the *sensitive*

activities on behalf or in the interest of the Company.

Among external subjects, have to be included as well those who, although having factually work relationships with other Group companies (e.g. with a local business unit/branch office), in substance operate in a relevant and/or continuous manner within the ambit of *sensitive* activity areas on behalf or in the interest of the Company.

P.L. Ferrari & Co. S.r.l. divulges the present Model through modes suitable to ensure the effective knowledge from all interested subjects, such as corporate intranet and/or delivery of paper copies, as well as the arrangement of specific training and information sessions, as specified below.

The subjects to whom the Model applies must punctually comply to all its dispositions, even in fulfilment of the duties of loyalty, fairness and diligence that result from the legal relations established with the Company.

P.L. Ferrari & Co. S.r.l. condemns any behaviour not in compliance with the law, but also and importantly, for what matters here, not in compliance with the Model and with the Ethic Code; this also applies where the unlawful behaviour has been undertaken in the interest of the Company or with the intention to give it an advantage.

4. STRUCTURE AND ARTICULATION OF THE MODEL

4.1. Reference Models and general principles

The present Model is inspired to the «Guidelines to the construction of organisation, management and control models pursuant to legislative decree 8th June 2001, n. 231» approved by Confindustria on 7th March 2002 (updated on 31st March 2008 and, subsequently, on 31st March 2014), which are summarised as follows and are recalled here².

The fundamental stages that the guidelines identify in the construction of the models can be outlined as follows:

- A first stage consists in the identification of areas at risk and is aimed at analysing the corporate context to highlight where (in which areas/activity sectors) and under which modes the offences provided by the Decree can occur;
- A second stage consist in the predisposition of a control system capable of reducing risks through the adoption of specific protocols. A set of coordinated organisational structures, activities and operational rules applied by management and

² It is intended that the choice not to follow in some specific points the guidelines, does not affect the validity of the Model. This in fact, being drafted regarding the peculiarity of a specific Body, can vary

from the guidelines that by their own nature have a general character.

by corporate personnel (upon indication of the apical summit) aimed at providing a reasonable security to reach the purposes of a good internal control system. The most relevant components of a preventive control system are:

- Ethic Code;
- Organisation system;
- Manual and computer procedures;
- Powers of attorney and powers of signature;
- Control and management systems;
- Communication to personnel and its training.

4.1.1. Risk assessment and notion of acceptable risk

A crucial notion in the construction of a preventive control system is that of “acceptable risk.”

Within the planning of control systems that safeguards business risks, defining acceptable risk is a relatively simple task, at least from a theoretical point of view. Risk is considered acceptable where additional controls “cost” more than the resource to protect. However, in some cases, such economic logic cannot be an exclusive viable reference. It is therefore important that, to apply the rules of the Decree, an effective threshold is defined, capable to put a limit to the quantity/quality of preventive measures to introduce in order to avoid the commission of the offences considered. In the absence of a previous determination of acceptable risk, the quality/quantity of controls that can be put in place is virtually innumerable, with comprehensible consequences in terms of corporate operation.

Regarding preventive control systems to create in relation to the risk of committing offences contemplated by the Decree, the conceptual acceptability threshold, in cases of malicious offences, is represented by a prevention system capable of not being circumvented if not fraudulently (such solution is in line with the logic expressed in art. 6(1(c)) of the Decree).

Moreover, the control system must be uniformed to the following principles:

- Verifiability, documentability, consistency and congruency of every operation;
- Separation of functions (nobody can autonomously manage all stages of a process);
- Documentation of controls;
- Introduction of an adequate sanction system for the violation of rules and procedures provided by the Model;
- Introduction of the SB;

- Obligation on the corporate departments and on those identified as more likely to be at risk, to give information to the SB on a structured basis, to report anomalies or untypicalities found within the ambit of the available information (in the latter case, the obligation is extended to all employees without following any hierarchical line).

Regarding the operation modes and risk management, with specific reference to the subjects/corporate departments that could be concretely in charge, the available methods are substantially two:

- Assessment from a corporate body which performs this activity with the collaboration of the line *management*;
- Self-assessment from the operation *management* with the support of a tutor/methodological facilitator.

Under the above logic, the following paragraph explains the operation steps that the Body takes to activate a risk management system that is coherent with the requirements imposed by the Decree. In the description of such process, emphasis is given to the relevant results of the self-assessment activities put in place for the implementation of the system.

4.1.2. Inventory of the corporate ambits of activity

The performance of such stage takes place under different approaches, among which: activities approach, departments approach, processes approach. It implies, specifically, the performance of periodic review exhaustive of the corporate reality, with the aim to identify the areas that are interested by potential offence cases. In this way, for example for what concerns offences committed against the Public Administration, the right approach is to identify those areas that by their own nature have direct or indirect relationships with the national or foreign Public Administration. In this case, some types of processes/departments are certainly interested whilst others can be not interested or just marginally interested. Regarding the offences of homicide or serious/very serious wrongful wounds committed violating health and safety at work regulations, it is not possible to pre-emptively exclude any activity ambit, since such kind of offences can affect the whole corporate components.

Within the ambit of this review proceeding of the processes/departments at risk, it is appropriate to identify the subjects under the monitoring activity that, regarding malicious offences, in some specific and exceptional circumstances, could include as well those who are connected to the business by mere para subordinate relationships, such as agents for example, or by collaboration relationships, such as commercial partners, employees and collaborators of the same.

Under this profile, for the wrongful offences of homicide or personal wounds committed violating health and safety at work regulations, the subjects under monitoring activity are all workers recipients of the same set of rules.

Within the same context it is considered appropriate to conduct *due diligence* checks every time “indicators of suspicion” are found during the process of risk assessment (for example where negotiations are carried out in territories with high corruption rate, particularly complex procedures, presence of new personnel unknown to the Body) regarding a specific commercial operation.

At last, it is necessary to underline that every business/sector has its own specific ambits of risk that can only be identified through a punctual internal analysis. A particularly relevant position in terms of the application of the decree n. 231 of 2001 is held by the financial area processes.

4.1.3. Potential risks analysis

Potential risks analysis deals with the possible implementation modes of the offences in different corporate areas (identified under the process explained in the previous paragraph). The analysis, functional to a correct planning of the preventive measures, resolves in an exhaustive representation of how different kinds of offences can be committed with respect to the internal and external operation context in which the Body operates.

In this regard, it is useful to keep into account both the history of the Body, meaning its past events, and the characteristics of other subjects operating within the same sector and, specifically, potential unlawful actions committed by those within the same activity branch.

In particular, the analysis of the possible implementation modes of the crimes of homicide or wrongful (serious or very serious) wounds committed violating health and safety at work regulations corresponds to the assessment of work risks performed under the criteria provided by art. 28 decree n. 81 of 2008.

4.1.4. Assessment/construction/adjustment of the preventive controls system

The activities previously described are completed with an assessment of the existing system of preventive controls and with its adjustment when necessary.

It involves, in substance, the planning of what the decree n. 231 of 2001 defines «specific protocols aimed at planning the formation and the implementation of the Body’s decisions in relation to the crimes to prevent». The components of an internal (preventive)

control system, for which consolidated methodological references do exist, are multiple.

However, it is appropriate to repeat that, for all Bodies, the preventive controls system must be such that it:

- Cannot be circumvented if not intentionally, in case of malicious offences;
- Is violated, despite the punctual observance of the obligations of supervision from the SB, in case of wrongful offences, being it incompatible with fraudulent intention.

Under the above indications, here below are listed, with specific reference to malicious and wrongful offences provided by decree n. 231 of 2001, those that generally are considered the components (the protocols) of a preventive control system, which must be implemented on a corporate level to grant the effectiveness of the Model.

4.2. Preventive control systems for malicious offences

The most relevant components of a control system, under the guidelines proposed by Confindustria, are:

- The Ethic Code regarding the offences committed;
- A formal and clear organisational system, with specific regard to the attribution of responsibility;
- Manual and computer (informatic systems) procedures such as to regulate the performance of the activities providing appropriate checkpoints; in this ambit, specific preventive effectiveness is held by the control instrument represented by the separation of tasks among those who perform crucial stages (activities) of a process at risk;
- Powers of attorney and of signature assigned coherently with the defined organisational and managerial responsibilities;
- A control and management system able to provide immediate reporting of the existence and rise of general and/or particular critical situations;
- Communication to personnel and its training.

4.3. Preventive control systems of the crimes of manslaughter and wrongful personal wounds

In this ambit, the most relevant components of the control system are:

- The Ethic Code (or code of conduct) regarding the offences committed;
- An organisational structure with tasks and responsibilities about safety at work formally defined coherently with the organisational and functional scheme of the Company, from the employer to the single employee. Attention must be paid to specific subjects operating in such ambit.

This setting implies in substance that:

- Within the definition of organisational and operational tasks, of corporate management tasks, directors' tasks, responsible and employees' tasks, are as well explained those related to safety activities of the respective competence and the responsibilities connected to the exercise of the same;
- The tasks of RSPP and eventual ASPP, of the representative for the workers' safety, of the management responsible of emergencies and of the competent doctor are documented;
- *Training*: the performance of tasks that can influence health and safety at work requires an adequate competence which must be verified and incremented and powered through training with the aim of ensuring that all personnel, at any level, is aware of the importance and compliance of their actions in regards to the Model and the possible consequences due to behaviours that do not comply with the rules dictated by it. In other words, each corporate worker/operator must receive a sufficient and adequate training with specific reference to his/her own workplace and tasks. Such training must take place on the moment of their recruitment, transfer or change of tasks or on the introduction of new working tools or new technologies, new dangerous substances and compounds. The Company should arrange the training according to the needs periodically detected;
- *Communication and involvement*: the circulation of information within the Company takes a relevant value to favour the involvement of all interested subjects and allow adequate awareness and commitment at all levels. The involvement should be achieved through:
 - Preventive consultation regarding risk identification and assessment, and the establishment of preventive measures;
 - Periodic meetings that consider the requests fixed by the legislation in force also using meetings provided for corporate management.
- *Operation management*: the control system, relatively to health and safety at work risks, should be integrated and congruent with the general management of the corporate processes. The definition of the modes to safely perform the activities that impact in a significant manner on health and safety at work results from the analysis of the corporate processes and their interconnections and from the results of the risk assessment. The Body, having identified the areas of intervention associated to the aspects of health and safety, should exercise a regulated operation management.

Accordingly, specific attention should be paid to:

- Recruitment and qualification of personnel;
- Organisation of work and work stations;
- Acquisition of goods and services used by the Company and communication of appropriate information to suppliers and contractors;
- Ordinary and extraordinary maintenance;
- Qualification and choice of suppliers and contractors;
- Management of emergencies;
- Proceedings to deal with dissimilarities from the goals set;
- *Safety monitoring system*: The management of health and safety at work should provide a verification stage of the maintenance of risk prevention and protection measures, that are assessed as suitable and effective. The technical, organisational and procedural prevention and protection measures implemented by the Company should be subject to planned monitoring.

The setting of a monitoring plan should be developed through:

- Planning the time frequency of verifications;
- Assigning tasks and executive responsibilities;
- Describing the methods to follow;
- Providing modes of reporting potentially discordant situations.

Therefore, a systematic monitoring should be provided, the modes and responsibilities of which should be defined contextually to the definition of modes and responsibilities of the operational management.

This **1st level monitoring** is generally performed by internal resources of the structure, both in self-control by the operator, and by the person in charge/manager but it can imply, in terms of specialist aspects (for example, for instrumental verifications), the appeal to other internal or external resources of the Company. It is good practice, however, that the verification of organisational and procedural measures related to health and safety is implemented by subjects already defined in the process of attribution of responsibilities (generally being persons in charge and managers). Among these, particularly important are the Prevention and Protection System which are called to process, as far as their competence goes, the control systems and the adopted measures.

It is also necessary that the Company carries out a periodic **2nd level monitoring** activity on the functionalities of the preventive system adopted.

The monitoring of the functionality should allow the adoption of strategic decisions and be conducted by competent personnel who can ensure the objectivity, impartiality and the independence of the working sector subject to specific verification.

4.4. General and fundamental principles of the control systems

Under the guidelines of Confindustria, the above components must organically integrate in a system architecture that complies with a series of control principles, among which:

- *Each operation, transaction, action must be verifiable, documented, coherent and congruous*: for each operation, there must be an adequate documentary support on which in every moment controls can be made to certify the characteristics and the motivations of the operation and identify who has authorised, performed, recorded, verified the operation itself;
- *Nobody can autonomously manage the entire process*: the system must grant the application of the separation of functions principle, for which the authorisation to perform an operation, must be under the responsibility of a different person from the one who accounts, operationally performs or controls the operation;
- *Documentation of controls*: the control system must document (through the drafting of minutes) the performance of controls, even of supervision;

It is appropriate that the lack of compliance with some specific points of the guidelines by Confindustria does not affect as such the validity of the Model. The single Model, in fact, having to be drafted regarding the concrete reality of the Body to which it refers, can vary from some specific points of the guidelines (that, by their own nature, have a general character), when this is due to the necessity of granting mostly the needs protected by the Decree.

4.5. Articulation and rules to approve the Model and its updates

With the scope of arranging the Model in a coherent manner to the methods proposed in the guidelines by Confindustria, proceedings have been taken:

- To identify the so called *sensitive* activities, through the preventive exam of the corporate documentation (statute, regulations, organisation charts, powers of attorney, mansions, dispositions and organisational communications) and a series of interviews with the subjects responsible of various corporate operativity sectors (such as the subjects responsible for the different departments). The analysis has been pre-set to identify and assess the actual performance of the activities in which

unlawful conducts at risk of commission of crimes could occur. At the same time proceedings have been taken to assess the control systems, even preventive ones, in place and likely critical issues to submit to following improvements;

- To design and implement the necessary actions with the scope of improving the control system and the compliance of the same with the purposes pursued by the Decree, in light and in consideration of the guidelines by Confindustria, and of the fundamental principles of separation of tasks and the definition of powers of attorney coherent with the responsibilities assigned. In such stage, specific attention has been paid to identifying and regulating the management and financial control processes in the activities at risk;
- To define the control protocols in cases where a hypothesis of risk has been considered actual. In this regard decisions protocols and implementation of decisions protocols have been defined, these express the set of rules and the discipline that subjects responsible for the operation of such activities have concurred to illustrate as the most suitable to govern the risk profile identified. The principle adopted in the construction of the control system has been structured in such a way that the threshold of acceptability is represented by a prevention system such that it cannot be circumvented unless fraudulently, as already indicated in the guidelines by Confindustria. The protocols are inspired by the rule of rendering the various stages of the decisional process documented and verifiable, so that it is possible to identify the reason behind the decision.

The fundamental moments while drafting of the Model have been:

- The mapping of the Body's activities at risk, such as those activities in which ambit is possible to commit the offences provided by the Decree;
- The predisposition of adequate control moments to prevent the commission of offences provided by the Decree (so called preventive procedures);
- The ex post verification of corporate behaviours, and the functioning of the Model with the consequential periodic update;
- The circulation and involvement of all corporate levels in the implementation of the behavioural rules and the procedures constituted;
- The attribution of specific supervision tasks to the SB on the effective and correct functioning of the Model;
- The creation of an Ethic Code.

The Model, without prejudice to the peculiar purposes previously described and related to the exempting validity provided by the Decree, fits in the broad

control system already in place and adopted with the purpose of providing the reasonable warranty about the achievement of the corporate objectives respecting the law and regulations, the reliability of financial information and the safeguard of assets, even against possible frauds.

The Model has been approved, in each and any of its parts and in its entirety, by the Board of Directors of the Company on 18th December 2015. The Board will approve its future updates, in response to variations of the rules or the corporate structure, upon reporting by the Supervisory Body.

4.5.1. Main principles of the Model

With specific reference to the so called *sensitive* activity areas, the Body identified the following main principles of its own Model, that regulate such activities and represent the direct instruments to plan the formation and implementation of the Body's decisions and to grant a suitable control over the same, in relation to crimes to prevent as well:

- Separation of tasks through a correct distribution of responsibilities and a provision of adequate authorization levels, to avoid functional overlaps or operational allocation that focus the critical activities on one single subject;
- Clear and formalised assignment of powers and responsibilities, with express indication of the limits of exercise coherently with the mansions assigned and the positions covered in the ambit of the corporate structure;
- No significant operation can be performed without authorisation;
- Existence of behaviour rules capable of granting the performance of corporate activities respecting the law and regulations and the integrity of the corporate asset;
- Adequate procedural regulation of the so called sensitive corporate activities, so that: the operation processes are defined providing an adequate documental support to allow that they are always verifiable in terms of congruence, coherence, and responsibility; the decisions and the operation choices are traceable in terms of characteristics and motivations and those who authorised, performed and verified the single activities are always identifiable; management modes of financial resources capable of preventing the commission of crimes are granted; activities of control and supervision performed on the corporate transactions are carried out; security mechanisms granting an adequate protection of the physical-logical access to data and corporate goods are in place; the exchange of information between stages or contiguous processes takes place in such a way

to grant the integrity and the completeness of the data managed.

The principles described above appear to be coherent with the indications provided by the guidelines issued by Confindustria and are considered suitable by the Body to prevent the crimes recalled by the Decree.

For this reason, the Body believes it is fundamental to grant the correct and concrete application of the above-mentioned control principles in all the *sensitive* corporate activity areas identified by the Special Parts of the present Model.

4.6. Foundations and contents of the Model

The Model prepared and adopted by PL Ferrari & Co S.r.l. is based on:

- The Ethic Code, destined to fix the general behaviour lines;
- The organisation structure that defines the attribution of tasks – providing the separation of functions or alternatively compensatory controls – and the subjects called to control the correctness of behaviours;
- The mapping of sensitive corporate areas, meaning the description of those processes in the ambit of which it is more likely to commit crimes;
- The processes instrumental to sensitive corporate areas, such as those processes that manage the financial instruments and/or substitute means able to support the commission of crimes in the areas at risk;
- The use of formalised corporate procedures to discipline the correct operation modes to take and implement decisions in different sensitive corporate areas;
- The indication of subjects who intervene to watch over such activities, desirably in distinct roles both as executors and inspectors, with the scope to separate the management and control tasks;
- The adoption of a delegation and corporate powers system, coherent with the assigned responsibilities and which ensures a clear and transparent representation of the corporate process of creation and implementation of decisions, under the uniqueness requirement of the subject responsible for the department;
- The identification of methods and instruments that ensure an adequate monitoring and control level, both direct and indirect, the former being a type of control entrusted to specific operators of a given activity and to the responsible subject, whilst the latter being a management and Supervisory Body control;

- The clarification of information supports for the traceability of monitoring and control activities (e.g. cards, printouts, reports etc.);
- The definition of a sanction system for those who violate the conduct rules established by the Body;
- The implementation of a plan: 1) of training of personnel in apical position and personnel responsible of sectors “at risk of commission of crime”; 2) of information to all other interested subjects;
- The constitution of a Supervisory Body made by a single person, to supervise the effectiveness and the correct functioning of the model, the coherence of the same with the objectives and its periodic updates.

The documentation related to the Model is made of documents listed in the index.

4.6.1. Ethic Code

The Ethic Code is the document autonomously formulated and adopted by the Company to communicate to all interested subjects the corporate ethic principles, the ethic commitments and responsibilities in the conduction of their business and corporate activities to which it intends to uniform. Respect of this code is demanded from all those who operate in P.L. Ferrari & Co. S.r.l. and by all those who have contractual relationships with it.

The behaviour principles and rules contained in this Model supplement what is stated in the Ethic Code, although the Model represents, for the scopes it intends to pursue in the implementation of the Decree’s dispositions, a different significance as compared to the Code itself.

It is appropriate to specify that the Ethic Code represents an instrument adopted in an autonomous way and it is subject to application by the Company with the scope of expressing a series of principles of corporate behaviour that the Company itself recognises as its own and upon which it intends to recall the observance by all its employees and by all those who cooperate to pursue the corporate goals, including suppliers and clients; the Model, on the other hand, responds to specific prescriptions contained in the Decree, aimed at preventing the commission of specific types of crimes for facts that, apparently committed in the interest or advantage of the Company, can imply an administrative responsibility based on the dispositions of the Decree itself. However, considering that the Ethic Code recalls behaviour principles able as well to prevent unlawful behaviours contained in the Decree, it acquires relevance within the scope of the Model hence it constitutes, formally a complementing component of the Model itself.

The Company’s Ethic Code, that constitutes substantial and integral part of the Model, is referred to in the “Special Part A: Ethic Code” and it represents the behaviour principles to which subjects need to comply in the performance of their activities in the name and on behalf of the Company.

4.6.2. Organisation structure

The Organisation structure of the Body is defined through the enactment of delegation of functions and organisation dispositions (service orders, *job descriptions*, internal organisation directives and similar) by the Board of Directors.

The formalisation of the Organisation structure adopted is ensured by the subject responsible for the Human Resources, who periodically updates the Body’s organisation chart and its circulation.

The Company’s Organisation structure which constitutes a complementing and substantial part of the Model, is reported in the “Special Part B: Organisation structure” and it represents the map of the Body’s areas (organisation chart) and the related functions that are assigned to each area.

4.6.3. Mandates and powers system

The authorisation system, that is translated into an articulated and coherent system of functions and powers of attorney of the Company, is aligned to the following prescriptions:

- The mandates conjugate each management power to its related responsibility and to an adequate position in the organisation chart and are updated consequently to organisation changes;
- Each mandate defines and describes, in a specific and unequivocal way, their management powers and the subject to whom they hierarchically report;
- The management powers assigned with the mandates and their implementation are coherent with corporate goals;
- The mandate has power of expenses adequate to the conferred functions;
- The powers of attorney are exclusively conferred to subjects provided with internal mandate powers or with a specific task, they provide the extension of the representative powers and, eventually, limits of expenses;
- Only the subjects provided with specific and formal powers can undertake obligations towards third parties, in the name and on behalf of P.L. Ferrari & Co S.r.l.;
- All those who have relationships with the Public Administration are provided with mandates or power of attorney in this regard;

The System of mandates and of the Company's powers, which constitutes integral and substantial part of the Model, is reported in "Special Part C: The System of proxies and powers" and it represents what has been deposited at the Chamber of Commerce.

4.6.4. Sanctions system

The provision of an effective sanctions system for the violation of the prescriptions contained in the Model is an essential condition to grant the effectiveness of the Model itself.

In this regard, in fact, article 6(2(e)) and article 7(4(b)) of the Decree provide that it must «introduce a disciplinary system suitable to sanction the lack of respect for the measures indicated in the Model».

The application of disciplinary sanctions determined according to the Decree is not connected to the results of criminal proceedings, because the rules imposed by the Model and by the Ethic Code are adopted by P.L. Ferrari & Co. S.r.l. in full autonomy, regardless of the type of unlawful activity that is determined by the violations of the Model or the Ethic Code.

Specifically, P.L. Ferrari & Co. S.r.l. uses a sanctions system that:

- Is differently structured depending on the receiving subjects: subjects in apical positions; employees; external collaborators and partners;
- Exactly identifies the disciplinary sanctions to adopt against the subjects who commit violations, infringements, elusions, imperfect or partial application of the prescriptions contained in the Model, all in respect of the relative dispositions by the CCNL and of the applicable legislative prescriptions;
- Provides a special procedure of infliction of the above mentioned sanctions, identifying the subject responsible of their infliction and generally responsible to supervise the observance, application and update of the sanctions system;
- Introduces suitable modes of publication and circulation.

4.6.5. Supervisory Body

According to what is provided by art. 6(1(b)), of the Decree, the task to supervise the functioning and observance of the Model and to care its update, is entrusted to an organ of the Body, given autonomous powers of initiative and control, called Supervisory Body.

The Regulation of the Supervisory Body of the Company, which constitutes integral and substantial part of the Model, is reported in "Special Part E: Regulation of the Supervisory Body" and represents what concerns the appointment (or decadence) and the functioning of the Body.

4.7. Management of financial resources

Art. 6(2(c)) of the Decree provides the obligation on the Company to establish specific management modes of the financial resources suitable to prevent the commission of crimes.

To that end P.L. Ferrari & Co. S.r.l. adopted, in the ambit of its procedures, some fundamental principles to follow in the management of financial resources:

- All the operations connected to the management of financial resources are carried out using the Company's bank accounts;
- Verification operations of the balances and the cash transactions are carried out periodically;
- The department responsible of the management of the treasury defines and keeps updated, coherently with the credit policy of the Company and based on adequate separations of tasks and accounting regularity, a specific formalised procedure for the operations of opening, usage and closing of bank accounts;
- The company summit defines the medium and long term financial needs, the forms and sources of coverage and gives evidence of those in specific reports.

The management of financial resources is inspired to the following general principles:

- *Passive invoices liquidation*: The Company establishes the controls, the registration and management modes of the anomalies to follow during the process of liquidation of passive invoices, as well as in case of anomalies in the payment process;
- *Financial accounts management*: The Company establishes the rules to follow to verify the control of its financial and bank accounts;
- *Advances – expenses refund management*: The Company establishes the conditions to be able to allow financial advances to its employees, the account rendering and the verification of expenses made by them in the performance of their duties;
- *Recovery of bad loans*: The Company defines the rules to follow to recover bad – irrecoverable debts. The procedures to follow for the provisions for bad debts are regulated;
- *Credit cards in use by the employees*: The Company defines the management modes of the nominal credit cards given to employees;
- *Assets sale*: The Company defines the rules to follow in case of sale, exchange, assignment, demolition of its own assets.

4.8. Disclosures, formation and circulation of the Model

4.8.1. Disclosures to subjects in apical positions and to employees

To grant the effectiveness of the Model, P.L. Ferrari & Co. S.r.l. sets itself the objective to ensure the correct knowledge, by all recipients, also functionally to their different level of involvement in the sensitive processes. To that end, it provides the circulation of the Model through the following modes of general character:

- The creation on the Company's website of specific pages, constantly updated, which contains:
 - Disclosure of general character related to the Decree and to the guidelines adopted for the drafting of the Model (such as the present General Part);
 - The Ethic Code (Special Part A), the Organisation structure (Special Part B), the mandates and powers system (Special Part C), the Sanction system (Special Part D), the Supervisory Body Regulation (Special Part E);
 - The reporting procedure to the SB – by the subjects in apical position and by the employees – of possible behaviours, by other employees or third parties, considered potentially in contrast with the contents of the Model;
 - The corporate organisation procedures that highlight the controls to put in place, also with the scope of preventing the commission of unlawful acts provided by the Decree.
- Specific training activities, as outlined below.

When the Model is adopted and when it is updated, a communication is sent to all employees to warn them that the Company has adopted an organisation, management and control Model, according to the Decree – meaning it has updated the organisation, management and control Model already in existence – redirecting to the intranet corporate website for more in depth details.

A special disclosure on the Model and the Ethic Code adopted is given to the new employees, containing an information note, in the shape of a recruitment letter, dedicated to the Decree and the characteristics of the Model and the Ethic Code, with an obligation on the new employee to adhere and respect them.

4.8.2. Disclosures to external collaborators and to partners

All external subjects to the Body (consultants, partners, etc.) are appropriately informed in regards to the adoption, by P.L. Ferrari & Co. S.r.l., of a Model including an Ethic Code. To that end P.L. Ferrari & Co. S.r.l. communicates to all the above-mentioned subjects the existence of the Model and the Ethic Code, that can be

inspected by the same under the modes indicated to them.

Their formal commitment to respect the dispositions contained in the above-mentioned documents is also requested.

As far as external consultants who collaborate with P.L. Ferrari & Co. S.r.l. on a stable basis are concerned, the Company contacts them to ensure, through particularised verifications, that the consultants know its Model and the Ethic Code and are willing to respect them.

4.8.3. Training of personnel in apical position and personnel responsible for areas "at risk"

Training of personnel in apical position and personnel responsible of areas "at risk of commission of crimes" takes place in the form of training and/or update courses, the attendance of which is compulsory.

Training of personnel in apical position is subdivided in two parts: a "generalist" part and a "specific" part.

The "generalist" part contains:

- Regulatory, legal and *best practice* references;
- The body's administrative responsibility: purpose, *ratio* of the Decree, nature of the responsibility, regulatory news;
- Recipients of the Decree;
- Conditions for the imputation of responsibility;
- Description of predicate offences;
- Types of sanctions applicable to the Body;
- Conditions for the exclusion of responsibility or limitation of the same.

In the training course, moreover, the following activities must be carried out:

- Subjects who attend are sensitised on the importance given by P.L. Ferrari & Co. S.r.l. on the adoption of a risk management and control system;
- The structure, content and the methodological approach followed for the implementation and update of the adopted Model are described.

Within the ambit of the training regarding the "specific" part, attention is paid to:

- A punctual description of the single types of crimes;
- Identification of the authors of crimes;
- Illustration of the modes through which crimes are committed;
- Analysis of the applicable sanctions;
- Matching the single types of crimes with the specific highlighted areas of risk;

- Specific prevention protocols identified by the Body to avoid incurring in the materialisation of the identified risks;
- Describing behaviours to take in terms of communication and training of its hierarchic employees, specifically the personnel operating in the corporate areas considered sensitive;
- Illustrating behaviours to take in regards to the SB in terms of communication, reporting and collaboration to the activities of supervision and update of the Model;
- Proceeding to sensitise the subjects responsible for the corporate departments potentially at risk of crime and their hierarchic employees in relation to the behaviour to take, to the consequences resulting from a lack of respect for the same and, in general, to the Model and the Ethic Code adopted by P.L. Ferrari & Co. S.r.l.

4.8.4. Formation of other personnel

Training of the remaining types of personnel is put into effect in an internal information note that, for the new employees, is attached to the recruitment letter.

For the purposes of an adequate training activity, the subjects responsible for this function, in strict cooperation with the Supervisory Body, take care of the circulation of the Model through the information note in case there is any regulatory update or structural amendments within the Company which modify the structure of the Model upon request of the SB.

4.9. Filing documents relating to activities and processes³

The activities carried out within the ambit of sensitive activities and instrumental processes, find adequate formalisation, with specific reference to the documents provided within the realisation of the same.

The above-mentioned documents, produced and/or available on paper or electronic copy, are filed in an ordered and systematic manner by the departments involved in the same, or specifically identified in work procedures or instructions of detail.

For the safeguard of the documentary corporate information archive, adequate security measures are provided to control and manage the risk of loss and/or alteration of the documentation referred to sensitive activities and of instrumental processes or of undesired accesses to data/documents.

4.10. Adoption of the Model and Supervisory Body by the controlled companies

Companies controlled by P.L. Ferrari & Co. S.r.l. must equip themselves with their own "organisation, management and control Model" in line with the

Decree and the spirit of the Model adopted by the controlling Company, and of the Supervisory Body.

In doing that, the companies of the Group can take as a reference the Model adopted by P.L. Ferrari & Co. S.r.l., which must be adequate to the single realities of each of them, in particular, to the specific sensitive areas/activities identified internally.

It is specified that, not having their own legal personality, such obligation does not exist against the local business units and branch offices for which it will be sufficient to adopt, make their own and respect the Model adopted by P.L. Ferrari & Co. S.r.l., the Supervisory Body of the controlling Company having full jurisdiction.

5. INTRODUCTION TO THE COMPANY

5.1. History and general description

P.L. Ferrari & Co. S.r.l., insurance broker since 1959, operates in the Marine insurance sector and, more specifically, in P&I specialty, meaning the civil responsibility of shipowners.

Pierluigi Ferrari, in 1959, decided to start a business to offer to Italian shipowners civil responsibility policies, exclusively available on Anglo-Saxon or Scandinavian markets. Such initiative represents the birth of the first "P&I Specialist" broker in the world.

In addition to the normal brokerage services, P.L. Ferrari & Co. S.r.l. granted, without charge of any further cost, full assistance in claims management. The Company obtained an immediate success as shipowners, still not very internationalised back then and without internal offices capable of following insurance issues, found a valid support servicing their business. Such policy created, during the years, an ever-growing client retention rate.

In 2001, P.L. Ferrari & Co. S.r.l. was acquired by AON, the world's leading insurance broker firm, with the scope of strengthening its presence in the P&I sector. Uniquely in AON's history, P.L. Ferrari & Co. S.r.l. was requested to keep its denomination, its historical brand and its management autonomy.

In 2004, P.L. Ferrari & Co. S.r.l. acquired 100% of the rival business Panditalia S.p.A., allowing to increase its portfolio of about further 10 million insurance premiums and strengthening its position, hence, on the national market, specifically on public shipowners.

In 2007, P.L. Ferrari & Co. S.r.l. acquired from S.M.A.T.I.M. S.A.M. of Monaco its entire corporate branch.

In 2009, P.L. Ferrari & Co. S.r.l. was acquired by the manager group (ACME Lab S.r.l.) together with a Dutch minority partner (Diependrecht B.V.).

In January 2015, it was conferred the insurance intermediary activity of the BseaG S.r.l., historical

³ It is intended: sensitive activities and instrumental processes.

competitor of P.L. Ferrari & Co. S.r.l., which entered in the social network.

In February 2016, P.L. Ferrari & Co. S.r.l. was acquired by Lockton International Holdings Limited, global leader among privately owned insurance brokers.

5.2. Description and profile of the activity

P.L. Ferrari & Co. S.r.l. intermediates P&I insurance policies, meaning policies of shipowners' civil responsibility.

The P&I policies cover shipowners' civil responsibilities against third parties: typically, damages to third parties for collisions, pollution, personal injuries, contractual responsibility for cargo and similar risks. The P&I coverage certificate has become, nowadays, a fundamental document to be able to access the waters of all main maritime countries.

The insurers of reference in this sector are, as of today, thirteen mutual insurers, the so-called P&I Clubs, which are part of a pool called International Group of P&I Clubs. Such mutual insurers were born in the United Kingdom and in Scandinavia during the second half of the XIX century as a simple association of mutual assistance amongst shipowners. They have now become extremely sophisticated insurance companies managed by sector's professionals, although they still maintain the original mutuality principle.

P.L. Ferrari & Co. S.r.l. researches, for its own clients, the best insurance cover according to their needs. The shipowners pay the gross premium to the insurance companies that, in turn, retrocede the commission to P.L. Ferrari & Co. S.r.l..

During the last years, P.L. Ferrari & Co. S.r.l. registered a considerable growth in its dimensions. The insured vessels increased from 951 in 2001 to 2.234 in 2014. In the same period, the insurance premiums as well increased from USD 50 million to USD 200 million and the net commissions increased from USD 6,5 million to USD 20,0 million.

P.L. Ferrari & Co. S.r.l. has its main office in Genoa and branch offices in Naples, Ferrara, Monaco, Athens and London, where a total of about 95 people operate, except for a representative office in Istanbul and a commercial agreement with a New York broker for the USA.

5.3. Corporate structure

P.L. Ferrari & Co. S.r.l. has its registered office in Via San Bartolomeo degli Armeni n. 5 in Genoa and it has a quota capital of 540.540 Euros, fully paid.

ACME Lab S.r.l. holds 100% of the quota capital of the Company.

Lockton International Holdings Limited, in turn, holds 100% of the quota capital of ACME Lab S.r.l.

For its own *governance*, it has a Board of 12 Directors, a Board of Statutory auditor made of 3 effective members and 2 substitutes, of an Executive Committee made of 4 members, of an audit firm, and a monocratic Supervisory Body.