

INVER S.P.A.

***ORGANISATION
MANAGEMENT & CONTROL SYSTEM***

***pursuant to and in accordance with
Legislative Decree n° 231 of June 8th 2001 and subsequent
amendments and supplements.***

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GENERAL

1.1 FOREWORD

This document (hereinafter referred to as the Model for brevity's sake) regulates the organisation, management and control system adopted by INVER S.p.A. (hereinafter referred to as INVER for brevity's sake) pursuant to and in accordance with Legislative Decree n° 231 of June 8th 2001 and all subsequent modifications and supplements (from hereinafter referred to as Legislative Decree 231/01 for brevity's sake or just Decree) We will enter into a brief explanation of the pertaining regulatory framework so that our readers will more readily understand the contents of the Model and will adhere to it more closely.

1.2 THE PREREQUISITES OF BODIES' ADMINISTRATIVE LIABILITY

The Legislative Decree 231/01 ("Legislation on administrative liability of legal entities, companies or associations including those devoid of legal status") has adapted Italian laws on the liability of legal entities to some International Conventions already signed by the Italian State (Brussels Convention of July 26th 1995 on the protection of financial interests; Brussels Convention of May 26th 1997 on combating corruption amongst public officials belonging both to the European Community and to the Member States; OECD Convention of December 17th 1997 on combating bribery of foreign public officials in international business transactions ; Convention and protocols of the United Nations against transnational organised crime adopted by the General Assembly of November 15th 200 and May 31st 2001).

The Decree has introduced a system of responsibility relating to legal entities, companies and associations, including those devoid of legal status, (hereinafter jointed defined as Corporations) in the cases in which the individuals who actually manage and control them (viz. the senior management) or the individuals who are under the management or supervision of the former (viz. subordinated individuals) would be committing one of the offences outlined within the Decree (viz. underlying offences) in the interest or to the advantage of the Corporation.

The administrative liability of the Corporation is based on an "organisational" culpability: the Corporation will be held responsible for an offence committed in its interest and to its advantage by a member of senior management or a subordinated individual if it has failed to avail itself of a

organisation capable of effectively preventing such circumstances and this will be especially true if it has failed to provide itself with an internal control system and adequate procedures whilst performing those activities which are more prone to unlawful acts.

1.3 THE SO CALLED UNDERLYING OFFENCES

So far the categories of relevant offences pertaining to the Decree are the following:

offences against the Public Administration - articles 24 and 25 of the Decree:

- improper receipt of public subsidies, funds or other forms of financing (316-ter Italian criminal code);
- misuse of public funds or fraud against public corporations (article 640, paragraph 2, n. 1, Italian Criminal Code);
- aggravated fraud to appropriate government funds (article 640 b Italian Criminal Code);
- computer fraud to the detriment of the Italian State or other public corporations (article 640 ter, Italian Criminal Code);
- bribery of a public official (articles 318 and 321 of the Italian Criminal Code);
- bribery for acts contrary to public duties (articles 319 and 321 of the Italian Criminal Code);
- judicial corruption (articles 319 ter and 321 of the Italian Criminal Code);
- instigation to corruption and bribery (article 322 of the Italian Criminal Code);
- bribery of people performing public service (articles 320 and 321 of the Italian Criminal Code);
- extortion (article 317 of the Italian Criminal Code);
- embezzlement to the detriment of the Italian State or other public corporations (article 316 b, Italian Criminal Code);
- misappropriation, extortion, corruption and instigation to corruption of members of the bodies of the European Community and of Foreign nations (article 322 b of the Italian Criminal Code);

offences relating to counterfeiting, forgery of legal tender and revenue stamps - article 25 b of the Decree:

- Counterfeiting, spending and introducing counterfeit money into the country without prior consent - article 453 of the Italian Criminal Code;
- coin forgery and alteration - article 454 of the Italian Criminal Code;
- Spending and introducing counterfeit money into the country without prior consent - article 455 of the Italian Criminal Code;
- Spending counterfeit money received in good faith - article 457 of the Italian Criminal Code;
- Forgery of revenue stamps and introducing into the country, acquiring, storing or circulating counterfeit revenue stamps - article 459 of the Italian Criminal Code;
- Counterfeiting watermarked paper used to make legal tender or revenue stamps - article 460 of the Italian Criminal Code;

- Making or keeping watermarks or instruments used to counterfeit money or revenue stamps - article 461 of the Italian Criminal Code;
- Using counterfeit or forged revenue stamps - article 464 of the Italian Criminal Code;

Corporate offences- article 25 ter of the Decree:

- false corporate information (article 2621 of the Italian Civil Code);
- false corporate information to the detriment of the company, the shareholders or creditors (article 2622 of the Italian Civil Code in the new wording provided for under Law n. 262/2005);
- false statements in a prospectus (article 2623 of the Italian Civil Code revoked by article 34 of Law n. 262/2005 which has nevertheless introduced article 173 b of the Legislative Decree. n° 58 of February 24th 1998.
- false reports or communications from the external auditors (article 2624 of the Italian Civil Code);
- obstruction (article 2625 of the Italian Civil Code);
- Unlawful restitution of capital contributions (article 2626 of the Italian Civil Code);
- Unlawful distribution of profits and reserves (article 2627 of the Italian Civil Code);
- unlawful transactions on shares or share stock or by the parent company (article 2628 of the Italian Civil Code);
- transactions to the detriment of the creditors (article 2629 of the Italian Civil Code);
- failure to disclose a conflict of interest (article 2629 b of the Italian Civil Code);
- fictitiously paid up capital stock (article 2632 of the Italian Civil Code);
- unlawful distribution of corporate assets by liquidators (article 2633 of the Italian Civil Code);
- undue influence on the general shareholders' meeting (article 2636 of the Italian Civil Code);
- stock manipulation (article 2637 of the Italian Civil Code as amended by the Law n. 62 of April 18th 2005);
- obstructing public authorities from exercising their supervisory functions (article 2638 of the Italian Civil Code as amended by Law n. 62/2005 and by Law n. 262/2005).

offences connected to terrorism and subversion of established law and order as provided for under the Italian Criminal Code and special laws - article 25 quater of the Decree:

crimes against the individual - articles 25 quinquies of the Decree:

- Leading others into or keeping them in slavery or bondage - article 600 of the Italian Criminal code;
- Child prostitution - article 600 of the civil procedural code;
- Child pornography - article 600 ter of the Italian Criminal code;
- Possession of pornographic material - article 600 quater of the Italian Criminal code;
- Virtual pornography - article 600 quater of the Italian Criminal code;
- tourism initiatives aimed exploiting child prostitution - article 600

quinquies of the Italian Criminal code;

- human trafficking - article 601 of the Italian Criminal code;
- purchase and sale of slaves - article 602 of the Italian Criminal Code;

offences relating to market abuse (articles 184 and 185 of the Legislative Decree n. 58/1998) - article 25 sexies.

practices of mutilation of the female genital organs (article 583 b of the Italian Criminal Code) - article 25 quater 1 of the Decree.

crimes of a cross-border nature

Criminal activities of this type are considered to be such when they involve an organised group of criminals, when a minimum period of detention of at least 4 years is applicable and when more than one nation is involved ; when the criminal activities are committed in a single nation but when they have been substantially set up, planned, managed or controlled in another nation; when they are committed in one nation but an organised group of crime in more than one nation is involved in these activities.

To this end, the crimes primarily concerned are:

- criminal conspiracy (article 416 of the Italian Criminal Code);
- mafia-related criminal conspiracy (article 416 b of the Italian Criminal Code);
- criminal conspiracy for smuggled tobacco processed abroad (article 291 quater of the Presidential Decree n. 43 of January 23rd 1973);
- conspiracy for the purposes of illegal trafficking in narcotics or psychotropic substances (article 74 of Presidential Decree n. 309 of October 9th 1990);
- smuggling of illegal immigrants (article 12, paragraphs 3, 3b, 3c and 5 of the Legislative Decree n° 286 of July 25th 1998.
- perverting the course of justice by not testifying or by bearing false testimony to the Judicial Authorities and by aiding and abetting (articles 377 b and 378 of the Italian Criminal Code);

crimes of manslaughter and serious personal injury or grievous bodily harm committed in breach of health and safety laws in the workplace - article 25 septies of the Decree

handling of stolen goods (article 648 of the Italian Criminal Code), **Money-laundering** (article 648 b of the Criminal Italian Code) and **use of illegal proceeds** (article 648 c of the Italian Criminal Code) - article 25 octies 1 of the Decree.

Computer-related crimes - article 24 b of the Decree:

- falsification of electronic documents - article 491 b of the Italian Criminal Code;
- illegal access to computer or electronic systems - article 615 c of the Italian Criminal Code;
- unauthorised possession and distribution of access codes to computer or electronic systems - article 615 quater of the Italian Criminal Code;
- distribution of equipment, devices or computer programmes aimed at damaging or blocking a computer or electronic system - article 615 quinquies of the Italian Criminal Code;
- wire-tapping, hindrance or unlawful disruption of information technology or data transmission - article 617 quater of the Italian Criminal Code;
- installation of equipment aimed at wire-tapping, hindering or disrupting information technology or data transmission - article 617 quinquies of the Italian Criminal Code;
- Damage of information technology, information data and computer programmes - article 635 b of the Italian Criminal Code;
- Damage of information technology, information data and computer programmes used by the Italian State or by another public corporation or by any other corporation working in the public interest - article 635 c of the Italian Criminal Code;
- Damaging computer or data transmission systems - article 635 d of the Italian Criminal Code;
- Damaging computer or data transmission systems used in the public interest - article 635 quinquies of the Italian Criminal Code.
- Computer fraud by the certifier of a digital signature - article 640 quinquies of the Italian Criminal Code.

crimes against industry and trade - article 25 b1 of the Decree:

- disruption to the freedom of industry and trade - article 513 of the Italian Criminal Code;
- unlawful competition through threat or violence - article 513 b of the Italian Criminal Code;
- national industry fraud - article 514 of the Italian Criminal code;
- fraudulent trading - article 515 of the Italian Criminal Code;
- sale of non-genuine foodstuffs as genuine - article 516 of the Italian Criminal Code;
- sale of industrial products with misleading brands - article 517 of the Italian Criminal Code;
- production and sale of good manufactured through unlawful seizure of industrial property rights - article 517 c of the Italian Criminal Code;
- counterfeiting of geographic or place of origin denominations of agricultural or food items - article 517 d of the Italian Criminal Code;

infringement of property rights (articles 171, paragraph I, letter a) b and paragraph III, 171-b, 171 c, 171-septies and 171-octies Law n. 633 of 22.4.1941) - article 25 novies

incitement not to testify or to bear false testimony to the Judicial Authorities - article 25 decies of the Decree.

environmental crimes - article 25 undecies

- the killing, destruction, capture, removal and detention of protected wild animal or plant species - article 727b of the Italian Criminal Code;
- the destruction or disfiguring of natural beauty - article 733 b of the Italian Criminal Code;
- the discharging of industrial waste-water containing hazardous substances without complying with official requirements - article 137, paragraph 3 of Legislative Decree 152/06
- exceeding the thresholds set for discharging industrial waste-water containing hazardous substances - article 137, paragraph 5 of Legislative Decree 152/06
- waste disposal in the sea by ships or aircraft of substances or materials for which an absolute prohibition is in force - article 137, paragraph 13 of Legislative Decree 152/06
- the discharging of industrial waste-water containing hazardous substances without complying with official requirements or when authorisation has been suspended or withdrawn - article 137, paragraph 2 of Legislative Decree 152/06
- breach of prohibition of discharge or disposal - article 137, paragraph 11, Legislative decree 152/06
- unauthorised waste management activities - article 256, paragraph 2, Legislative decree 152/06
- temporary storage contravening the provisions of law - article 256, paragraph 6, Legislative decree 152/06
- unauthorised landfill management - article 256, paragraph 3, Legislative decree 152/06
- pollution of the soil, the subsoil, the surface waters or underground waters thus exceeding the concentration of the risk level - article 257, paragraph 1, Legislative Decree 152/06
- pollution of the soil, the subsoil, the surface waters or underground waters with hazardous substances- article 257, paragraph 2, Legislative Decree 152/06
- infringement of reporting requirements when drawing up and giving false data on a waste analysis certificate or using a false certificate during transportation - article 258, paragraph 4, part two Legislative Decree 152/06
- illegal traffic of waste - article 259, paragraph 1, Legislative decree 152/06
- Organised activities for the illegal traffic of waste - article 260, paragraph 1, Legislative decree 152/06

- Organised activities for the illegal traffic of highly radioactive waste - article 260, paragraph 2, Legislative decree 152/06
- indicating false information as to the nature, composition and chemical-physical characteristics when drawing up a waste analysis certificate; inserting a false certificate in the SISTRI (waste tracking control system) form); article 260 b, paragraph 6, Legislative Decree 152/06
- transporting hazardous waste without a hard copy of the SISTRI - AREA MOVIMENTAZIONE form or with a waste analysis certificate containing false information as to the nature, composition and chemical-physical characteristics of the transported waste - article 260 b, comma 7, part 2 and 3 Legislative Decree 152/06
- transporting waste with a fraudulently altered hard copy of the SISTRI - AREA MOVIMENTAZIONE form - article 260 b, paragraph 8, Legislative Decree 152/06
- allowing a factory plant to exceed the established emission limits or to be non-compliant with the requirements contained in the authorisation thus exceeding the air quality emission limits - article 279, paragraph 5, Legislative Decree 152/06
- importation, exportation, re-exportation of protected species without the required certification or licensing or with non-valid certification or licences; failure to comply with requirements aimed at ensuring the safety of protected fauna and flora; using protected animals or plants in any way which differs from the requirements contained in regulations leading to authorisation or certification; transportation of protected animals or plants without appropriate licence or certifications; unlawful trade in artificially grown plants deviating in any way from applicable regulations; possession, profit-making activities, sale, purchase, exhibition or storage for the purposes of sale or trading purposes, putting up for sale or transfer of ownership of protected animals or plants without the appropriate documentation - article 1, paragraphs 1 and 2 Law 150/92
- forgery or alteration of certificates, licences, import notices, declarations, information sheets for the purposes of obtaining a licence or a certificate or for using forged or altered certificates or licences - article 3b, paragraph 1, Law 150/92
- infringement of the regulations on discontinuance or reduction of the use of substances which are damaging to the environment - article 3, paragraph 6. Law 549/93
- Negligent pollution of the marine environment - article 9 Legislative Decree 202/07
- Wilful pollution of the marine environment - article 8 Legislative Decree 202/2007

The list of official offences is being constantly updated.

SANCTIONS ESTABLISHED BY LEGISLATIVE DECREE 231/2001

The sanctions established by the Decree for administrative offences ensuing from a crime are the following:

- a fine;
- a ban:
- confiscation;
- the court judgement being made public;

fining is applicable for all administrative offences ensuing from a crime; it is applied by quotas in a number ranging from 100 and 1000, and the value of each quota ranges from € 258 to € 1,549.

bans covered by the Decree are the following:

- trading or manufacturing ban;
- suspension or revocation of the authorisations, licences or grants leading to the unlawful act;
- prohibition to negotiate with Public Administration with the exception of obtaining public services;
- disqualification from benefits, loans, grants or subsidies and revocation of any previously granted;
- ban on advertising goods or services;

in the event of at least one of the following conditions occurring, the bans are applied for the offences for which they have been expressly established:

a) when the corporation has obtained a profit of significant magnitude and the offence was committed by senior management or by individuals beneath them or when the offence was caused or facilitated by serious organisational shortcomings;

b) in the event of reiteration of the offences;

the bans may also be applied jointly; the ban on trading or manufacturing may be applied when it is not sufficient to impose other measures.

Moreover, the bans may be applied as a precautionary measure when:

- there are serious indications pointing to corporate involvement and liability for administrative offences ensuing from crime;
- there is substantiated and specific evidence pointing to the existence of a genuine

danger that offences of a nature similar to those being investigated may be committed

- the corporation has obtained a profit of significant magnitude.

the continuance of the activities by a judicial Commissioner: if the conditions for the imposition of a ban are applicable thus causing the discontinuation of corporate activities, in place of a fine the judge may order continuance of the corporate activities under the guide of a commissioner for a period of time equal to the ban which would have been imposed; the former is applicable when at least one of the following circumstances applies:

- a) the corporation is a public service provider or provides essential public services and whenever the discontinuance of these services would cause serious detriment to society;
- b) in view of its size or the economic circumstances of the place it is located in, whenever the discontinuance of the corporate activities may lead to serious damage to levels of local employment; whenever the profit ensuing from continuance of the activities is confiscated.

Confiscation: together with the conviction against the corporation, an order is automatically passed to confiscate the price or profit deriving from the offence with the exception of that part which must be returned to the injured party.

Whenever it proves impossible to confiscate the actual price or profit deriving from the offence, confiscation is imposed on sums of money, assets or other valuables of an equivalent value to the price or profit deriving from the offence.

Publication of the judgement: an order may be passed to this end when a ban is imposed on the corporation. The judgement may be published only once either fully or partially on one or more newspapers indicated by the judge in his conviction or by using posters billed in the town where the corporation has its headquarters.

1.5 EFFECTIVE IMPLEMENTATION OF THE ORGANISATION SYSTEM

Articles 6 and 7 of the Decree cover specific "exonerating" circumstances exempting the Corporation from liability.

In particular, should the offence in question have been committed by senior managers, the Corporation is not held to be liable if:

- a) the management has adopted and effectively implemented a suitable Organisation and Management Model prior to the offence which is designed to prevent offences similar to that which actually occurred;
- b) the task of ensuring that the Model works properly and is duly observed has been entrusted to a corporate body (the so-called Supervisory Board, which hereinafter will be referred to as OdV for brevity's sake and which will be endowed with independent powers of initiative and control;
- c) those guilty of committing the offence have fraudulently circumvented the Model;
- d) the OdV has not been guilty of insufficient or lack of surveillance.

On the other hand, should the alleged offence have been committed by subordinates the Corporation will be held liable only if the offence was committed because they failed to comply with their duties of management and supervision. Nevertheless, this failure to comply will not be applicable if, prior to the offence, the Corporation adopted and effectively implemented a suitable Model designed to prevent offences similar to that which actually occurred.

2.1 OUR MISSION

INVER was incorporated on April 20th 1966 and it deals in the sale of paints and varnishes, colours, thinners, resins and many other similar and supplementary products. It also offers advisory services and assistance in applying coating products.

2.2 CORPORATE GOVERNANCE

The internal organisation rests on the foundations of the Italian Civil Code and the provisions of the Articles of Association.

Therefore, based on the above, the governance systems are structured as follows:

ADMINISTRATION

The Company is currently managed by a **Board of Directors** made up of 5 members whose will continue in their office for two company years and whose appointment will expire upon approval of the financial statements relating to September 30th of the previous year.

The Board of Directors is vested with authority for both extraordinary and ordinary corporate management and it has appointed for itself a Chairman (with proxies) and four Managing Directors (of whom three have proxies) as set forth in the Chamber of Commerce certificate of the 7/11/2014, a copy of which is attached and to which we expressly refer for the purposes of powers of representation in this document.

FINANCIAL AUDIT

The Company has appointed a board of auditors made up of 5 members (3 statutory standing ones and 2 substitutes) and has hired the company RECONTA ERNST & YOUNG SPA to audit the financial statements on an annual basis.

QUALITY CONTROL

Since 24/02/1997 INVER has imposed specific quality control standards on its products and services in order to deliver top results to its Customers whilst striving to meet the legitimate expectations of its stakeholders' (shareholders, financiers, directors, employees, consultants, suppliers and in a broad sense also individuals, groups, organisations and institutions whose interests are directly and/or

indirectly affected by corporate activities), in compliance with applicable laws and in keeping with principles of honesty, impartiality, reliability, loyalty, fairness, openness and good faith. As a result of adopting and duly observing the Management System INVER obtained ISO 9001:2008 certification in 1997, as well as the OHSAS 18001 international management system for the safety and health of workers and ISO 14001 the management system for environmental risks.

ORGANISATIONAL CHART, CORPORATE JOB DESCRIPTION AND ACCOUNTABILITY MATRIX

The BoD has defined the organisational chart - shown in the following pages - and has identified the various corporate functions charged with authority, responsibility and tasks which can directly affect the way corporate activities are run.

The specific responsibilities and duties of the various corporate Functions are identified and described in the document entitled "CORPORATE JOB DESCRIPTION" which is an integral part of the procedure entitled "ACCOUNTABILITY MATRIX" (in process of drafting the organization charts and the job descriptions updated).

This procedure identifies and defines the tasks and responsibilities of the various company functions in relation to the main corporate processes and in particular, it looks at the following areas:

- relations with the Public Administration
- relations with credit institutions
- relations with suppliers
- relations with consultants
- relations with collaborators
- relations with employees
- relations with customers
- relations with representative trade unions

A series of more specific organisational charts have also been defined and they pertain to the various corporate operational units and show in detail the names and duties of the internal employees/collaborators belonging to them.

MANAGEMENT & CONTROL SYSTEM**3.1 ORGANISATIONAL MODEL REQUIREMENTS**

Pursuant to article 6, paragraph 2 of the Decree, the Model must meet the following requirements:

- it must identify the activities in which offences can be committed with specific reference to the offences indicated;
- it must provide for specific protocols aimed at scheduling training activities and implementing corporate decisions with reference to the offences to be prevented;
- it must identify methods of financial resource management effective in preventing crime;
- it must arrange for the OdV to have reporting requirements;
- it must introduce a disciplinary system which adequately punishes failure to observe the measures contained in the Model.

With specific reference to the crimes of manslaughter and serious personal injury and grievous bodily harm in breach of the regulations on health and safety in the workplace, the Model must provide, pursuant to and in compliance with article 30 of the Legislative Decree 81/08 a corporate system designed to fulfil all the legal obligations relating to:

- a) observing the legal technical-structural standards pertaining to equipment, plants, workplaces, chemical, physical and biological agents;
- b) activities pertaining to risk assessment and putting into place the related protection and prevention measures;
- c) organisational activities such as those pertaining to emergencies, first aid, public procurement, periodic safety meetings, consultation of worker representatives for safety at work;
- d) health surveillance activities;
- e) information dissemination and training activities for workers;
- f) surveillance activities to ensure that the workers observe safety procedures and working instructions;
- g) acquiring the compulsory documentation and certification as required by law;
- h) periodic inspections to ensure that the procedures adopted are being applicable and are effective;

This Model must also provide for:

- appropriate methods to record whether activities are actually performed or not;

- a structure based on the size and nature of the organisation and the type of work performed which is able to ensure the technical know-how and the necessary power to assess, evaluate, manage and control risks;
- a disciplinary system which adequately punishes failure to observe the measures contained in the Model.
- an adequate control system to ensure that the Model is properly implemented and that the measures contained within continue to be effective and adequate with the passage of time;
- a duty to re-examine and change the Model in the event of serious infringements of the rules pertaining to accident prevention and safety and hygiene at work, or whenever corporate changes occur or whenever scientific or technological advances are made.

3.2 GUIDELINES

Pursuant to article 6, paragraph 3 of the Decree, the Model may be adopted on the basis of code of conduct drawn up by representative associations of the Corporations.

In consideration of the above, this Model was drawn up on the basis of the Guidelines issued by *Confindustria* (Federation of Italian Employers) in March 2002 and subsequently updated in May 2004, then in March 2008 and most recently in 2014 and 2015.

With specific reference to the prevention of crimes of manslaughter, serious personal injury and grievous bodily harm in breach of the regulations relating to health and safety in the workplace, INVER will be upgrading its organisation and control system in accordance with the UNI-INAIL Guidelines with a health and safety in the workplace system (SGSL) dated 28th September 2001.

3.3 CODE OF ETHICS

Being fully aware of the moral and social responsibility it assumes in the course of its trading activities, INVER feels it was appropriate to develop a Code of Ethics in which it lists the principles and values on which it has always based itself since its inception; in this very same document, INVER describes and discloses how it conducts its operations, what they consist in and it explains what mode of conduct it enacts to ensure that those principles and values are adhered to.

This Code of Ethics, which lists the most important principles and values for the purposes of crime prevention as per the Legislative Decree 231/01 in question, is an integral and essential part of this Organisational Model and is officially approved as part of it.

3.4 FOR WHOM IT IS INTENDED

The provisions listed in the Model are addressed to and are binding on:

- a) all those who occupy positions of representation, management and/or direction;
- b) all those who manage or control the Company, both officially and in reality;
- c) all those who are subordinate to the direction or supervision of one of the individuals mentioned in letters a) and b);
- d) all of those who work on behalf of and/or in the interests of the Company for any reason whatsoever;
- e) all of those who enter into relations with INVER either permanently or temporarily and who work to achieve its purposes and aims for any reason whatsoever;

3.5 AIMS OF THE ORGANISATIONAL MODEL

This model is aimed at ensuring that corporate activities take place in full compliance of the Law and in particular, that crimes are prevented as per those outlined in Legislative Decree 231/01

By crime risk area mapping and a detailed proceduralisation of the sensitive activities and processes, INVER intends to

- create and raise risk awareness in all workers, and especially the workers involved in Areas defined "crime risk" and persuade them of the need to adhere to instructions defined to combat it;
- abide by and strictly observe the current Italian legislation and that of any nation in which it happens to be operating and it fully recognises that no circumstances can justify conduct which deviates from the principles above even if it is in the Company's interest or to its advantage;
- facilitate and create the conditions for, prompt intervention to counteract or prevent crimes, and in particular those crimes mentioned in the Decree by setting up adequate bodies of control;

3.6 STRUCTURE OF THE ORGANISATIONAL MODEL

in conformity with the provisions of articles 6 and 7 of the Decree and in keeping with the indications outlined in the Guidelines of *Confindustria* (The Federation of Italian Employers), the Model approved by INVER is structured as follows: General Section

Special Section

The following attachments form an integral and essential part of the Model:

Code of Ethics

By-laws of the OdV

Crime risk area map

The **General Section**, gives a brief overview of the legislative framework:

- it describes the governance and the internal control system with special reference to the way financial resources are managed in order to prevent crime;
- it governs the creation and running of the OdV and it lays down how it should be composed and lists the requirements, its functions and powers, its reporting duties and how the information flow should work;
- it governs the training activities and information dissemination which must occur in order to ensure a genuine and complete awareness of the Model;
- it provides for a system of punishment aimed at preventing crime and punishing any individual who fails to comply with measures contained in the Model;
- it identifies the areas/activities which are prone to crime with specific reference to the crimes mentioned, the potential risks and the rules of conduct (procedures) adopted in order to arrange for training activities and implement corporate decisions in order to prevent crime.

The **Special Section** is in its turn divided up into five parts corresponding to the five categories of crime which are theoretically possible in the course of corporate activities and these are:

A. CRIMES AGAINST THE PUBLIC ADMINISTRATION

B. CORPORATE OFFENCES

C. RECEIVING STOLEN GOODS, MONEY LAUNDERING OR USE OF ILLEGALLY PROCURED MONEY, GOODS OR ASSETS

D. MANSLAUGHTER AND NEGLIGENT INJURY IN BREACH OF REGULATIONS ON HEALTH AND SAFETY IN THE WORKPLACE

E. OFFENCES AGAINST THE ENVIRONMENT

Each **Part** contains:

a brief explanation of each type of crime envisaged and described:

the activities potentially at risk

the existing procedures and who they are aimed at:

the tasks that OdV is charged with

The **Ethical Code** (Attachment 1 of this Model) illustrates the main principles and values which lower the risk of crimes listed in Legislative Decree 231/01 and which INVER has always adhered to since its inception and with which its activities are imbued thus incorporating those values in its daily corporate routine.

The **By-laws of the OdV** (Attachment 2 of this Model) describes in detail how the OdV is appointed, how it works and how it may be terminated.

3.7 AMENDMENTS AND SUPPLEMENTS TO THE ORGANISATIONAL MODEL

With or without proposals from the OdV, the BoD will constantly update and upgrade the Model.

4

SUPERVISORY COMMITTEE (OdV)

4.1 OdV REQUIREMENTS

Pursuant to and in accordance with articles 6 and 7 of the Decree, the task of monitoring, implementing and enforcing the Code of Ethics, the Model and the relevant operational procedures as well as ensuring that they are duly updated is entrusted to a Supervisory Committee (from hereinafter referred to as the OdV for brevity's sake). This Supervisory Committee will be endowed with independent powers of initiative and control and will be appointed by the BoD.

In order to make sure that OdV is in a position to fulfil the role it has been entrusted with, it must meet the following requirements:

- autonomy and independence;
- professionalism;
- continuity;

Autonomy and independence

The OdV must be positioned in the highest possible echelons of the company and it must report to the most senior level of company management or to the Board of Directors itself in order to ensure that this requirement is met; The OdV must not be assigned operational tasks, nor must it be involved in operational decisions or activities which could undermine its objectivity and lack of bias when it is called to pass judgement on conducts and on the Model.

Professionalism

The technical-professional skills of the OdV must be sufficient to be able to fulfil the tasks it is called to perform. Combined with due standards of autonomy and independence these skills will guarantee objectivity.

Continuity

The OdV must monitor constantly to ensure that the the Model is adequate and duly observed and it will possess the powers needed for investigation.

In order to safeguard the requirements of autonomy and independence the OdV is an intrinsic part of the Board of Directors, it is free from any bonds of subordination with the single operational managers of the company and it reports directly to the BoD.

In order to guarantee standards of professionalism and continuity, the OdV receive the assistance of all corporate departments in the course of its duties and it may further request the assistance of external consultants as it sees fit; as a consequence of this, it advances a request for its own budget and the BoD provides it with one.

4.2 MEMBERS

Bearing in mind the Guidelines issued by *Confindustria* without, however, losing sight of the parameters dictated by the Decree and allowing for the specific needs of the Company itself, the BoD has settled on what it considers to be the best solution: to create a specially designed triangular structure for the OdV sustained by three separate skill sets and vested with all the powers and authority required to fulfil its tasks: the three individuals who represent the Committee must possess proven and specific professional expertise in the following areas: legal with expertise in the criminal field; corporate organisation; risk assessment and management; financial audit and management.

4.3 FUNCTIONS AND POWERS

Pursuant to articles 6 and 7 of the Decree, the OdV is entrusted with the task of ensuring that the Model works adequately and is duly observed and of checking it for updates and upgrading it whenever required.

As a rule of thumb, the OdV is charged to fulfil the following tasks:

- ensuring that the Model is effective which will entail checking that the conduct described in the Model itself is consistent with the routine behaviour of those working for the Company;
- ensuring that the Model meets the requirements both in terms of it being actually capable of preventing the crimes outlined in the Decree and more generally of it being able to forestall undesirable behavioural patterns even though they do not qualify as criminal behaviour;
- determining whether the Model continues to meet the set requirements over the passage of time;
- updating the Model by presenting the BoD with proposals to upgrade it and checking itself as to whether these proposals are feasible and adequate;

More specifically, the OdV is charged to fulfil the following tasks:

- running periodic checks on the crime risk area map with a view to adapting it to any changes in business activities and/or modifications to the corporate structure;
- running periodic checks on given transactions or activities falling into the category of crime risk area as defined in the Model;

- gathering, processing and storing pertinent information with regard to observance of the Code of Ethics, the Model and the operational procedures as well as updating the data file of which the OdV must receive notification;
- pursuing internal investigations in order to verify any alleged breaches of the Code of Ethics, the Model and the operational procedures which the OdV might have detected in the course of its supervisory duties or of which it might have been notified by third parties;
- checking whether the rules of conduct and the procedures supplied are adequate and whether they actually fulfil the ultimate aim of prevention and control as intended by the Code of Ethics, and by the Model, and should this not be case, formulating proposals to amend, supplement and upgrade them.

In order to fulfil the aforementioned tasks, the OdV:

- may carry out unannounced inspections and checks as appropriate in order to execute their duties in the best possible manner.
- is entitled to freely access all company documents and structures without having to request prior authorisation or permission so that they can enter into knowledge of all information, data or documents that proves necessary;
- whenever appropriate, may ask to hear staff members possessing information or indications relating to the way the company's activities take place or to any malpractice or breach of the Model;
- may request assistance, under its direct guidance and responsibility, from either staff members in any department or external consultants;
- in order to discharge its duties in a satisfactory manner, it may avail itself of adequate financial resources and it may use the staff members or collaborators of the Company;
- is required to express a reasoned opinion on proposals for disciplinary measures resulting from breaches of the Code of Ethics, the Model and the pertaining operational procedures;
- must inform the BoD when company directors and senior management exhibit behaviour deviating from the standards contained in the Code of Ethics, the Model and the pertaining operational procedures so that the BoD can make its evaluations.

4.4 BYLAWS

The by-laws of the OdV, which aim to regulate in detail all aspects relating to the appointment, running and termination of the OdV, are an integral and essential part of this Organisational Model.

4.5 REPORTING DUTIES OF THE ODV The OdV

reports to:

- the Board of Directors and the Auditors on a six monthly basis drawing up a special report on its activities and making particular reference to its inspections and their outcome;
- promptly to the Chairman of the Board of Directors in the case of serious breaches detected during their surveillance duties or as a result of reports received.

on a yearly basis, the OdV presents a report to the Board of Directors and to the Auditors containing

- activities performed and any critical developments discerned;
- proposals on any updates to the "crime risk" Areas and any related sensitive proceedings; any supplements/modifications to the Model; any corrective measures either suggested or planned and any information on their state of advancement;
- planned activities for the following year;
- a statement of expenditure for the year showing the amount spent of the budget granted by the Board of Directors and a budget application for the following year.

4.6 INFORMATION FLOW TOWARDS THE SUPERVISORY COMMITTEE AND REPORTS RECEIVED

The directors, the auditors, the senior managers, the employees, the collaborators and the external consultants are all duty bound to report any breaches in the Code of Ethics, the Model or the operational procedures to the OdV and, in any case, to inform it of any behaviour or event which is not in keeping with the rules of conduct adopted by the Company.

In any case, the OdV must be informed of:

- measures and/or reports from the Police force or from any other authority which involve investigations or pending criminal proceedings which could lead to liability against the Company pursuant to Legislative Decree 231/01
- reports produced by corporate bodies and departments in the course of their inspections bringing to light facts, actions, events or omissions which have critical aspects pursuant to Legislative Decree 231/01

- periodic communications containing information from corporate bodies and departments relating to implementation of the Code of Ethics, the Model and the pertinent operational procedures;
- initiation of disciplinary measures for facts, actions, events or omissions relating to breaches of the Code of Ethics, the Model and the pertinent operational procedures;

In order to facilitate the flow of reports or information to the OdV, "dedicated information channels" will be set up (email address: 231odvinver@gmail.com).

5.1 DISSEMINATION AND AWARENESS OF THE MODEL

INVER seeks to increase awareness, both inside and outside the Company, of the Decree itself and the duties it entails as well as the principles and projects contained in the Code of Ethics, in the Model and the pertaining operational procedures.

Moreover, both training and information provision are necessary requisites before putting a disciplinary system into place as governed by subsequent part 6.

5.1 5.2 EMPLOYEES AND INTERNAL COLLABORATORS

The training activities for the senior managers, the employees and the internal collaborators are to be organised by the pertinent corporate bodies/departments in close collaboration with the OdV.

The provision of information and training activities are planned and implemented:

- upon adopting this Model;
- periodically and continually;
- when new staff members are hired or begin working for the company;
- whenever there is a change of position or duties;
- whenever the Code of Ethics, the Model and the operational procedures undergo regulatory changes;

in particular, upon approval of this Model, INVER:

undertakes to send all its employees and internal collaborators a written document drawn up with the assistance of the OdV and containing the general principles of the Decree, the Code of Ethics and the Model;

undertakes to publish the Decree, the Code of Ethics and the Model on its company website and to keep it constantly updated with the assistance of the OdV.

this information will be used by the pertinent corporate departments/bodies when training new recruits (employees or collaborators) or whenever a worker changes his position within the company.

the periodic training activities will take place in the classroom or by setting up e-learning activities (in the event of the latter, solutions will be found to guarantee that the concepts have been assimilated and learnt).

5.2 EXTERNAL CONSULTANTS, SUPPLIERS AND PARTNERS

With the assistance of its OdV, INVER also seeks to increase awareness of its Code of Ethics and its Model in third parties (external collaborators, suppliers and Partners) with whom it has professional dealings.

Special clauses designed to compel the other parties to observe the provisions of the Code of Ethics and the Organisational Model will be inserted in the contracts. Any breach of these obligations will be considered to be a serious breach.

6.1 GENERAL PRINCIPLES

Pursuant to articles 6 and 7 of the Decree, the Model must include a penalty system which punishes failure to observe its principles otherwise it will not be held to be adequate and effectively implemented.

Therefore, INVER has adopted a series of measures meant to punish any infringement of the principles, regulations or measures provided for by the Code of Ethics, the Model and the pertinent operational procedures by directors, internal or external auditors, senior managers, employees, collaborators, suppliers, partners and third parties which whom the Company enters into contractual relations.

6.2 PENALTIES FOR EMPLOYEES

Article 7, paragraph 4 of the Decree establishes the necessity for a suitable penalty system which punishes infringement of the Model by anyone subordinate to Senior Management or under supervision by a Senior Manager.

Infringement of the principles, regulations or measures provided for by the Code of Ethics, the Model or organisational procedures qualifies as a disciplinary offence.

The employees will be subjected to disciplinary penalties provided for by the current National Collective Bargaining Agreement for the Industrial Chemical Sector and to any other special regulations, as applicable.

In compliance with the provisions of *Confindustria's* guidelines, initiating disciplinary measures or applying penalties transcend the initiation and/or outcome of any criminal proceedings relating to relevant behaviour for the purposes of the Penalty System.

Any behaviour, including omissions, in breach of this Model or the set of protocols/procedures which form an integral part of it (therefore, first and foremost the Code of Ethics) will be subject to penalties. Any actions/failure to act infringing the indications and/or regulations of the OdV constitute a breach to the Model.

In keeping with the principles of legality and proportionality of penalties, INVER has drawn up a list of possible breaches ranking them in order of severity from the lightest to the most serious:

1. failure to observe the Model when one of the conditions outlined in subsequent numbers 2,3 and 4 does not apply:
2. failure to observe the Model when performing sensitive activities or any which are connected in any way to the crime risk Areas unless one of the conditions outlined in subsequent numbers 3 and 4 applies:
3. failure to respect the Model by exhibiting behaviour, or appearing to do so, which would provide grounds (objectively)for one of the crimes outlined in the Decree unless one of the conditions outlined in subsequent n 4 applies;
4. failure to respect the Model in the case of behaviour aimed at committing one of the offences outlined in the Decree.

The aforementioned infringements by the employees will lead to the Company resorting to the measures described before:

A) VERBAL REPRIMAND

This penalty will be applied to a worker who commits the breaches described in previous point 1), if the breach is minor.

B) WRITTEN REPRIMAND

This penalty will be applied to a worker who repeatedly commits the breaches described in previous point 1) over time, if the breach is minor, redressing the breach in conduct of having failed to fulfil his official duties diligently.

C) FINE NOT EXCEEDING THE EQUIVALENT OF 4 HOURS AT NORMAL PAY RATE

This penalty will be applied to a worker who commits or repeats the breaches described in previous point 1) which cannot be qualified as minor or who commits the breaches outlined in previous point 2) redressing the breach in conduct by failing to diligently fulfil his official duties.

D) SUSPENSION FROM DUTY WITHOUT PAY FOR A MAXIMUM PERIOD OF 10 DAYS

This penalty will be applied to a worker who repeats the breaches described in previous point 2) redressing the breach in conduct by failing to duly fulfil his official duties, or for the worker who commits

breaches described in previous point 3), redressing the serious breach by failing to contribute to further the prosperity of the company.

E) DISCIPLINARY DISMISSAL WITHOUT NOTICE AND WITH ALL OTHER REASONABLE LEGAL CONSEQUENCES

This penalty will be applied to the worker who commits the breaches described in previous point 4), redressing the serious breach of failing to further the prosperity of the company and of betraying its trust.

the nature and size of the aforementioned penalties will be determined according to:

- whether the conduct was wilful or to what extent it was due to negligence, rashness or inexperience;
- how significant the breach of duties was;
- the amount of hierarchical and/or technical responsibility the person was charged with;
- the general behaviour of the worker with special regard to the existence of previous disciplinary history within the limits of the law;
- any other aggravating or mitigating circumstances relevant to the disciplinary breach.

As far as assessment of the aforementioned acts of misdemeanour, the disciplinary procedures and the imposition of penalties is concerned, the powers already bestowed upon the relevant corporate Management remain unvaried.

The OdV must constantly monitor the penalty system to ensure that it is in keeping with the regulations contained in the Decree.

For all that is not expressly covered in this Model, the pertinent legal provisions and the contents of the applicable collective contract will be applied for the case in question.

For "non-senior" managers, they are subject to any applicable provisions to be found in the collective bargaining contracts relating to their job category.

The aforementioned provisions will be placed in a prominent position visible to all and in all branches of the Company so that all the workers can easily consult them.

6.3 PENALTIES FOR SENIOR MANAGEMENT

Pursuant to article 5, paragraph 1, letter a) of the Decree, the following figures are included in the line-up of senior management: the director general, the technical directors and the officials charged with functional and financial autonomy.

These individuals may have ties to the Company as a result of subordinate work contracts or by dint of other relations of a private nature.

Should senior managers linked to the Company be in breach of the Model, the Company will adopt measures that it feels to be appropriate according to the seriousness of the infringements ; it will also take into account the special underlying relationship of trust (whether it is subordinate work or not) between the Company and the worker who is part of Senior Management.

6.4 PENALTIES FOR COMPANY DIRECTORS AND AUDITORS

The principles and code of conduct outlined in the Code of Ethics, the Model and the pertinent protocol must be observed first and foremost by those individuals who occupy a senior position within the Company.

Pursuant to article 5, comma 1, letter A, this category includes all those who occupy positions of representation, administration or direction of the Corporation or of one of its organisational units and who possess financial or functional independence as well as any individuals who manage or control the Corporation either on paper or de facto;

To this end, the position of company directors and auditors take on particular relevance.

Should a company director or an auditor be in breach of the Model and/or the pertinent protocols, the Board of Directors will take necessary steps in accordance with the seriousness of the infringements. In the event of serious infringements, there could be reasonable grounds to terminate the appointment of the Managing Director. The proven occurrence of one of the crimes in question is always held to be a serious breach.

6.5 PENALTIES FOR SUPPLIERS AND THIRD PARTIES

In order to bring contracts to a successful conclusion with the Company, it is paramount that the contracting party undertakes to observe this Model; this is particularly true for supply contracts, outsourcing, agency and consultancy contracts.

Therefore, all contracts drawn up with individuals not belonging to the Company must expressly state that they are bound to respect the Code of Ethics, the Model and the related protocols and any infringement of their contents will constitute a serious breach and could lead to termination of contract without prejudice to the Company's right to compensation for damage.

7.1 MAPPING OF CRIME RISK ACTIVITIES

Article 6, paragraph 2, letter a) of the Decree indicates that one of the essential elements of an organisation, management and control Model is the identification of the so-called "sensitive" activities, viz. those company activities which are most susceptible to crime being committed, especially those offences expressly mentioned in the Decree.

In order to comply with the provisions of the Decree, INVER has set up the following activities:

- a breakdown of the the areas of activity within each company department by interviewing all those in charge of the single corporate departments;
- identifying and mapping out the "crime risk" areas and the "sensitive" activities with regard to each single corporate department;
- a breakdown of the risk profile for each "sensitive" activity by identifying the potential offences;
- a breakdown of how any unlawful conduct could come about;
- isolating the company processes in which it is necessary to

set up controls to protect against the risks.

Attached to this Model information on the mapping of the crime risk areas is provided in greater detail.

a careful analysis of the company itself and its activities has lead us to pinpoint the following *sensitive areas*.

❖ **Taking part in public procurement procedures (calls for tender)**

Risks:

presentation of false statements and/or documents or certification of untruths and/or omission of documentation and/or information required

bribery or attempted bribery of public officials and/or a public service officer

- Corporate bodies, company areas/departments, senior positions, other external/internal individuals

at risk of committing an offence/offences:

Body: Chairman of the Board of Directors and managing directors

Area/Department: Administrative Management

Senior position: Administrative Director -

Other internal/external individuals: subordinate staff members within Administration

- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code), instigation to bribery (article 322 of the Italian Criminal Code) defrauding the State
 - or another public corporation (article 640, paragraph 2, n. 1 of the Italian Criminal Code);

❖ **Application for authorisations, concessions, licences and certification**

Risks:

presentation of false statements and/or documents or certification of untruths and/or omission of documentation and/or information required

bribery or attempted bribery of public officials or a public service officer

- Corporate bodies, company areas/departments, senior positions, other external/internal individuals

at risk of committing an offence/offences:

- Body: Chairman of the Board of Directors and managing directors

Area/Department: Administrative Management

Senior position: Administrative Director -

Other internal/external individuals: subordinate staff members within the Department of Administration

- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code), instigation to bribery (article 322 of the Italian Criminal Code) defrauding the State
 - or another public corporation (article 640, paragraph 2, n. 1 of the Italian Criminal Code);

❖ **Application for and use of grants, subsidies, funding and other similar types of financing from the State, from other public corporations or from the European Community.**

Risks:

presentation of false statements and/or documents or certification of untruths and/or omission of documents and/or information required

bribery or attempted bribery of public officials or a public service officer

earmarking grants, subsidies, funding or other payments of a similar nature for purposes other than those for which they were granted

- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences:

- Body: Chairman of the Board of Directors and managing directors

- Area/Department: Administrative Management

- Position: Administrative Director -

- Other internal/external individuals: subordinate staff members within the Department of Administration

- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code), instigation to bribery (article 322 of the Italian Criminal Code) defrauding the State
 - or another public corporation (article 640, paragraph 2, n. 1 of the Italian Criminal Code); misappropriation of funds to the detriment of the State
 - of another public corporation or of the European Community (article 316 b of the Italian Criminal Code), undue receipt of funds to the detriment of the State, of other public corporations or of the European Community (article 316c of the Italian Criminal Code), aggravated fraud for the purposes of obtaining public funds (article 640 b of the Italian Criminal Code).

❖ **Sponsorship of public or private corporations** Risks:

activities aimed at obtaining preferential treatment from public officials and/or public service officers.

creation of a covert fund for the purposes of bribery

- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences:

- Body: Chairman of the Board of Directors and managing directors

- Area/Department: Administrative Management

- Position: Administrative Director -

- Other internal/external individuals: subordinate staff members within Administration

- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code), instigation to bribery (article 322 of the Italian Criminal Code) money laundering (article 648 of the Italian Criminal Code)

❖ Purchase of goods

Risks:

creation of a covert fund for the purposes of bribery

purchases from individuals connected to public officials and/or public service officers

by family or sentimental ties or any other purpose linked to bribery.

use of goods originating from unlawful activity

- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences:
 - Area/Department: Administrative Management
 - Position: Administrative Director -
Other internal/external individuals: subordinate staff members within Administration

- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code), instigation to bribery (article 322 of the Italian Criminal Code) use of money, goods or other benefits deriving from unlawful activity (article 648 c of the Italian Criminal Code)

❖ Handling relations with collaborators

Risks:

Bestowal of an appointment to a public official/public service officer and/or anyone connected to them by family, sentimental or any other ties for the purposes of bribery.

creation of a covert fund for the purposes of bribery

- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences:
 - Area/Department: General Management
 - Position: General Director -

Other internal/external individuals: subordinate staff members within Administration

- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code),³⁸

instigation to bribery (article 322 of the Italian Criminal Code)

❖ Purchase of other services

Risks:

creation of a covert fund for the purposes of bribery
Purchases from individuals connected to public officials/public service officers and/or anyone connected to them by family, sentimental or any other ties for the purposes of bribery.

- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences: - Area/Department: all areas/departments making purchases from other services
- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code), instigation to bribery (article 322 of the Italian Criminal Code)

❖ Staff employment

Risks:

hiring individuals who, in their capacity as public officials or public service officers, have favoured the Company, or individuals with family, sentimental or other ties to public officials or public service officers for the purposes of bribery.

- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences:
 - Area/Department: General Management
 - Position: General Director -

- Other internal/external individuals: subordinate staff members within Administration

- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code), instigation to bribery (article 322 of the Italian Criminal Code)

❖ Gifts to government employees

Risks:

bribery

- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences:
 - Bodies: BoD, Chairman of the Board of Directors and managing directors
 - Area/Department: all the areas/departments involved in relations with public officials/public service officers.
- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code), instigation to bribery (article 322 of the Italian Criminal Code)

❖ Donations and charitable contributions

Risk:

bribery

creation of a covert fund for the purposes of bribery

- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences:
 - Body: BoD, Chairman of the Board of Directors and managing directors
 - Area/Department: all areas/functions

- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code), instigation to bribery (article 322 of the Italian Criminal Code)

❖ Purchase and disposal of assets

Purchase of assets

Risks:

- purchase from a public official or from public service officers or from individuals who are connected to them by family, sentimental ties or ties of another type for the purposes of bribery;
- creation of a covert fund for the purposes of bribery

Disposal of assets

Risks:

- sales to a public official or from public service officers or to individuals who are connected to them by family, sentimental ties or ties of another type for the purposes of bribery;
- accumulating funds for the purposes of bribery
- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences: - Body: BoD and the Chairman of the BoD
- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code), instigation to bribery (article 322 of the Italian Criminal Code)

❖ Preparing corporate communications and information prospectuses

Risks:

- including significant amounts of false information and data in corporate communications with a view to misleading others on the company's statement of income, balance sheet and financial situation or by omitting due information for the same purposes.
- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences:

- Body: BoD and Board of Auditors

- Foreseeable offences: misleading corporate statements (article 2621 of the Italian Civil Code); misleading corporate statements to the detriment of the Company, the shareholders and other creditors (article 2622 of the Italian Civil Code).

❖ Handling relations with shareholders during assemblies

Risks:

-establishment of a majority in a shareholders' assembly with forged or fraudulent papers with a view to gaining unfair company gain.

- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences: - Body: BoD
- Foreseeable offences: unlawful influence on the assembly (article 2636 of the Italian Civil Code)

❖ Transactions affecting the share capital and the reserves

Risks:

- undue restitution of capital contributions
- illegal distribution of the profits or the reserves
- transactions to the detriment of creditors
- fictitiously paid-up capital

- Corporate bodies, company areas and other external/internal individuals at risk of committing an offence/offences:: - Body: BoD and Board of Auditors
- Foreseeable offences: undue restitution of the reserves (article 2626 of the Italian Criminal Code); illegal distribution of the profits or reserves, illegal transactions on shares or company quotas or of the parent company (article 2628 of the Italian Criminal Code); transactions to the detriment of the creditors (article 2629 of the Italian Criminal Code); fictitiously paid-up capital (article 2632 of the Italian Criminal Code);

❖ Handling trading relations with business or financial partners

Risks:

- acquiring, receiving or concealing money or objects deriving from any criminal act, or meddling to make others acquire, receive or conceal them;
- replacing or transferring money, goods or other items of value deriving from crime without criminal intent or making transactions with an aim to stop others from detecting their criminal source;
- using money, goods or other objects of value deriving from crime for business activities.
- Corporate bodies, company areas and other external/internal individuals at risk of committing an offence/offences: - Body: -BoD Area/Department: Administrative Management
 - Position: Administrative Director -
 - Other internal/external individuals: subordinate staff members within Administration
- Foreseeable offences: handling of stolen goods (article 648 of the Italian Criminal Code), Money-laundering (article 648 b of the Criminal Italian Code) and use of illegal proceeds (article 648 c of the Italian Criminal Code)

❖ Handling of litigation proceedings and out-of-court settlements

Risks:

- bribery or attempted bribery of judges or administrative staff, arbitrators and conciliators
- Corporate bodies, company areas and other external/internal individuals at risk of committing an offence/offences::
- Body: BoD, Chairman of the Board of Directors and managing directors
- Foreseeable offences: bribery of a public official (article 318 of the Italian Criminal Code), bribery by actions contrary to official duties (article 319 of the Italian Criminal Code); bribery of a public service officer (article 320 of the Italian Criminal Code), instigation to bribery (article 322 of the Italian Criminal Code)

❖ Duties relating to protection of health and safety at work

Risks:

Injuries resulting from failure to comply with current legislation on protection of health and safety in the workplace.

- Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences:
 - Body: Chairman of the Board of Directors and safety officer
 - Department: Production Department, Occupational H&S manager and company physician
- Foreseeable crimes: manslaughter (article 589 of the Italian Criminal Code), serious personal injury or grievous bodily harm (article 590 of the Italian Criminal Code).

❖ Duties relating to waste management

Risks:

- waste handling in breach of authorisations
- temporary waste storage in breach of legal provisions

Corporate bodies, company areas/departments and other external/internal individuals at risk of committing an offence/offences:

- Area/Department: - Production Department
- Other internal/external individuals: head of information technology (for waste generated by computer systems from discarded IT tools and used materials from IT equipment)
- Foreseeable crimes: unauthorised waste management activities - article 256, paragraph 1, Legislative decree 152/06 temporary storage contravening the provisions of law - article 256, paragraph 6, Legislative decree 152/06

7.2 GENERAL PRINCIPLES OF INTERNAL CONTROL

Pursuant to article 6, paragraph 2, letters b) and c) of the Decree, the Model must envisage specific protocols aimed at scheduling training activities and implementing corporate decisions on how to prevent crime and, in particular, it must identify means to handle

funds in such a way that crimes cannot be committed.

The procedures adopted to regulate activities and to guarantee, amongst other things, that activities take place in full observance of the law have been recently changed in order to strengthen the internal control system and to fully implement the provisions of Legislative Decree 231/01

These procedures envisage rules of conduct and inspections specifically aimed at hindering the crimes outlined in the Decree.

The Code of Ethics, which is attached to this Model as it is an integral part of it, is the chief procedure amongst these and it must be strictly adhered to and abided by.

The procedures aimed at regulating corporate activities falling into the category of Crime risk Areas are expressly indicated in the specific Parts of the Special Section of the Model.

The procedures adopted have been laid down in compliance with the following general principles:

- **traceability of financial transactions**
Each single financial transaction must be verifiable, documented, consistent and apt;
- **Segregation of tasks and functions**
No single individual may be granted unlimited power and/or deal with an entire process unassisted. Tasks and functions must be distributed so as to avoid overlapping and/or crowding.
- **clear definition of powers and duties**
The distribution of powers and duties must include operational restrictions and it must be consistent with the duties assigned and the position held within the organisational structure;
- **decision-making on an objective basis**
Decision-making must be based on objective and predetermined criteria and must be so regulated that any decisions dictated by subjective motivations are ignored or kept to an absolute minimum;
- **traceability of audit**
The audits must be adequately documented.

7.3 CRIMES WHICH COULD BE THEORETICALLY PERPETRATED

Mapping the crime risk activities has allowed us to establish which, amongst those which figure in Legislative Decree 231/01 are theoretically possible in the course of company duties:

- CRIMES AGAINST THE PUBLIC ADMINISTRATION
- CORPORATE OFFENCES
- RECEIVING STOLEN GOODS, MONEY LAUNDERING OR USE OF ILLEGALLY PROCURED MONEY, GOODS OR ASSETS
- MANSLAUGHTER AND NEGLIGENT INJURY IN BREACH OF REGULATIONS ON HEALTH AND SAFETY IN THE WORKPLACE

- OFFENCES AGAINST THE ENVIRONMENT

In the Special Section - to which we make specific reference - the sensitive procedures (indicated above) are looked at in relation to each single crime which could theoretically be perpetrated; the protocols adopted to thwart and counteract them are expressly indicated.

SPECIAL SECTION

A. CRIMES AGAINST THE PUBLIC ADMINISTRATION

A.1. FOREWORD

For a clearer understanding, it would be better to commence by defining exactly what is meant by Public Administration (from hereinafter referred to as P.A. for brevity's sake), by Public Official (from hereinafter referred to as P.O. for brevity's sake) and by Public Service officer.

In a nutshell, by the term Public Administration, we mean that group of public corporations (the State, the Regions, the Provinces, the Municipalities, etc.), and occasionally private corporations (such as concessionaires, joint enterprises of state-owned companies), which fulfils a public function on behalf of society and therefore in the public interest.

In this particular instance the laws sets out to guarantee the legal priority of preserving the proper running and prestige of Public Corporations, and more generally, the sound administration and impartiality of the Administration as set forth in article 97 of the Italian Constitution, that is to say, public assets.

The concept of P.O. is provided directly by the Italian Legislator in article 357 of the Italian Criminal Code which defines a *public official* as “*whoever performs public functions in the legislative, judicial or administrative sector*”, going on to specify that “*any administrative functions shall be considered to be public if they are governed by public law and administrative act and characterised by the expression and manifestation or, the exercise, of the will of the public administration through authoritative powers or certification.*”.

Legislature is expressed in the process of true lawmaking or in the preliminary and/or complementary activities Anyone who fulfils this *legislative public function*, on a local, national or European level partakes in the expression of this power. The public bodies to whom we can usually attribute such a function are: the Parliament, the Government (within the limits of the legislative activities of its competence), the Regions, the Provinces (as far as their regulatory activities are concerned) and those institutions of the European Union with relevant legislative powers within Italian national law.

The *judicial power* finds its expression in those activities of *jus dicere*, intended in the broadest sense of the word.

Therefore, in the sense that he fulfils *a judicial public function* on a local, national or European level and someone whose activities directly express this power, a P.O. can be held to be also someone who fulfils a role pertaining to the administration of justice, connected or complementary to the former. Consequently, this applies to both those workers who participate in the activities of *jus dicere* in the strictest sense but also to those fulfilling administrative task connected to the former, viz. judges (including Public Prosecutors,) members of the court of justice of the European Union and the European Court of Auditors, registrars, officials, secretaries and employees who do administrative work connected to *jus dicere* on an Italian national and European level..

Lastly, the powers ascribable to *the public administrative function* , are decision-making powers, authoritative powers and certifying powers of the P.A. These powers, which are in no way linked to particular subjective qualifications and/or duties of the individuals in question, can be described in the following way:

- the decision making powers of the P.A. are those regarding the “*development and expression of the decisions of the Public Administration*”. This definition is intended in the broadest possible sense and therefore, it extends to any activities contributing in any way to the P.A.'s decision-making processes; with this in mind, included in the designation of P.O. are those formally charged with embodying this power, that is to say, those individuals who fulfil preliminary or preparatory tasks in the decision-making process of the P.A., but also any of their co-workers including those who collaborate infrequently and occasionally.
- Conversely, the authoritative power of the P.A. is actualised in the performance of all those activities which allow the Public Administration to accomplish its objectives by imparting genuine orders or commands. A clear illustration, for instance, of the P.A.'s position of supremacy is in its power to grant *licences* to private parties. In the light of the above, all individuals who are charged with this power can be classified as P.O.s;
- certifying power is generally identified as being the power to confer certitude to given circumstances knowledge of which is submitted to a “*law enforcement agency*”. This certifying role is likewise intended in the broadest sense possible so much so that it covers not only a certifying power which attests but is extended to be also an actual statement of intention by the P.A..

The concept of “*public service officer*” is contained in article 358 of the Italian Criminal Code which thus qualifies all “*those who for whatever reason fulfil a public service*”, meaning by this “*activities regulated in the same way as a public function but*

characterised by a lack of powers associated with the latter and excluding simple duties or provision of physical labour ”. Therefore, the term public service officers also extends to workers employed by corporations who perform a public service even if those corporations are privately owned.

Actual compliance with the aforementioned requirements must be evaluated case by case according to whether the activities in question actually correspond to the definitions above; this is due to the fact that it is entirely possible that individuals belonging to the same professional category, but called to perform different functions or services, may be classified differently.

A.2 BASICS

Mapping out the risk areas and defining the sensitive processes has allowed us to delineate the following foreseeable risk of crime being committed.

Aggravated fraud to the detriment of the State or another public corporation (article 640, paragraph 2, n. 1, Italian Criminal Code);

This crime could occur when an unfair profit to the detriment of the State, another public corporation or the European Union is obtained by using ploys or deception in order to mislead someone.

This crime could take place when untrue information is provided to the P.A. (for instance, fabricated supporting documentation) when submitting documents for participation in a public tender with the ultimate aim of ensuring the award of the tender.

❖ Aggravated fraud to appropriate government funds (article 640 b Italian Criminal Code);

This crime would occur when the conduct which provides grounds for fraud as described above aims to appropriate public funds of any description belonging to the State, another public corporation or the European Union.

This crime could take place when untrue information is provided to the P.A. (for instance, fabricated supporting documentation) for the purposes of appropriating public funds.

❖ Misappropriation of funds to the detriment of the State (article 316b of the Italian Criminal Code)



This crime would occur when the individual who has obtained from the State, another public corporation or the European Union funds of any description which were intended to facilitate the creation of works or activities for the benefit of the public, uses these funds for different purposes.

❖ **Undue receipt of funds to the detriment of the State (article 316 c of the Italian Criminal Code)**

This crime would occur when - by using or submitting false statements or documents or by omitting necessary information - contributions, funds, subsidised loans or other similar payments are obtained without due entitlement from the State, other public corporations or the European Union.

In this case, unlike the crime of misappropriation of funds to the detriment of the State, the allocation of the public funding is of no consequence since the crime consists in illegally obtaining the funds in the first place.

It must be pointed out that this offence, being of a secondary nature, only occurs when the conduct does not provide sufficient grounds for the more serious crime of **aggravated fraud for the appropriation of public funds** from the State, other public corporations, or the European Union to the detriment of the State (**article 640 b of the Italian Criminal Code**).

❖ **Computer fraud to the detriment the Italian State or other public corporations (article 640 ter, paragraph 1, Italian Criminal Code);**

This offence would occur when an unfair profit is obtained and the State or another public corporation is damaged by altering the way a computer or electronic system works or when the data contained within is manipulated.

❖ **Extortion (article 317 of the Italian Criminal Code)**

This crime would take place when a public official, or a public service officer, abuses his power or position and forces or convinces someone to give or promise undue money or other benefits either to himself or to others.

For the purposes of Legislative Decree 231/01 the crime in question has an extremely slim risk profile: it relates to offences specific to certain classes of offender and therefore the liability of the corporation only occurs should a member of senior management or a subordinate contribute towards the offence of the Public Official or the public service officer in order to obtain some form of benefit for the Company.

❖ **Bribery (articles 318-319-320 of the Italian Criminal Code)**

This offence would occur when a Public Official or a public service officer receives or accepts the promise of money or other benefits, either for himself or for others, in exchange for meeting, neglecting or delaying his office duties or for performing activities contrary to his duties.

This crime could also take place when the unlawful offer or promise are made for acts - in keeping with or contrary to official duties - already performed by the public officer.

Hence, the crime exists both in the event in which a public official does his own duty for payment (for example, speeding up matters which are part of his normal duties) and in the event in which he performs activities contrary to his duties (for instance, favouring one party over another in the award of a public tender).

Bribery differs from extortion in that there is an agreement between the corrupted and corrupting parties to obtain mutual benefit whilst in the case of extortion the conduct of the public official or the public service officer is imposed on the private party.

Pursuant to article 321 of the Italian Criminal Code, the sentences imposable on public officials and on public service officers are equally applicable to any private parties who give or promise money or other benefits to them.

❖ **Instigation to corruption and bribery (article 322 of the Italian Criminal Code);**

This crime could take place when someone offers or promises money or other benefits to a public official or to a public service officer with the intention of persuading him to act contrary to or in keeping with his duties, but when the promise or offer is rejected.

The conduct of the Public Official or of the public service officer who solicits a promise or a offer from a private party receives the same punishment.

❖ **Judicial corruption (article 319 c)**

This crime could occur when someone offers or promises a Public Official (not only a judge, but also a registrar or another office-bearer), or a public service officer either money or other benefits with the intention of favouring or damaging one party in a civil lawsuit, criminal trial or administrative trial.

To be utterly clear in our examination of the foreseeable offences envisaged by article 24 of the Decree (extortion, bribery and corruption, instigation to corruption and bribery and judicial corruption) it must be pointed out that, pursuant to article 322 b of the Italian Criminal Code, these crimes exist even when the aforementioned conduct involves foreign public officials or those who fulfil tasks similar to those of Italian public officials in bodies belonging to the European Community, other member states of the European Union, of foreign nations or international public organisations.

A.3. AREAS POTENTIALLY AT RISK

As a result of mapping the risk areas and detecting the sensitive processes

the following activities within INVER's organisational structure: have been identified which could potentially lend themselves to crimes being committed:

taking part in public procurement procedures (calls for tender)

requesting authorisations, concessions, licences and certification

- application for and use of contributions, subsidies, funding or any other similar payments from the

state, other public corporations or the European Community;

-sponsorships;

-purchase of goods:

- handling relations with collaborators;

- purchase of other services;

- staff hiring;

- gifts to civil servants;

- donations and charitable contributions

- purchase and disposal of assets;

- handling legal disputes and out-of-court settlements

A.4 INTENDED READERSHIP AND RULES OF CONDUCT

This Special Section is addressed to the directors, managers, employees and internal and external collaborators and the partners who co-operate in the activities mentioned above in any way.

In order to counteract the risks described above - without detracting in any way from the express prohibition against any behaviour which might provide grounds for the aforementioned offences or any conduct which might lead to them or be comparable to them - INVER has adopted the following procedures:

- Code of Ethics

- Administrative and Accounting Management

- Classification of Consultants

- Supplies

Observance of these procedures are binding on all those involved.

A.4. TASKS OF THE SUPERVISORY

COMMITTEEThe Supervisory Committee is charged with the following tasks:

- a) with specific reference to prevention of the aforementioned crimes, check that the procedures adopted by the Company are effective, complete and strictly adhered to;
- b) proposing any amendments/additions;
- c) performing specific inspections;
- d) checking whether reports have any basis in fact;
- e) reporting back to the BoD on the outcome of inspections and assessments;

B. CORPORATE OFFENCES

B.1. BASICS

Mapping out the risk areas and defining the sensitive processes has allowed us to delineate the following foreseeable risk of crime being committed.

❖ **Misleading corporate statements (article 2621 of the Italian Civil Code); misleading corporate statements to the detriment of the Company, the shareholders and other creditors (article 2622 of the Italian Civil Code).**

These offences are applicable when material information of an untrue nature (or information which is still subject to assessment) is presented in financial statements, reports or any other company communications required by law for the benefit of shareholders or the general public, or when information required by law is withheld within the same documents with regard to the economic, net asset or financial situation of the company such as to mislead the persons in address.

The only variance between these two types of crime lies in whether the shareholders and creditors are financially damaged or not (the offence envisaged by article 2622 of the Italian Civil Code has grounds only when financial detriment has effectively been caused whilst the crime described in articles 2621 of the Italian Civil Code stands regardless of whether damage has been caused or not.)

In order for there to be grounds for these particular crimes, it is essential that the omitted or false information significantly distorts the way the economic, net asset or financial circumstances of the Company is represented.

Liability also exists when information relates to property owned or handled by the Company on behalf of third parties.

In order to qualify as a crime, there must be a deliberate intent to deceive the shareholders and the general public and the offender must act with the intention of obtaining unlawful profit for himself or for others.

The offence is not punishable if the falsehoods or omissions determine a variation in the result of the year before taxation not exceeding 5% or a variation in the shareholders' fund not in excess of 1%.

In any case, the offence is not liable to punishment if it ensues from estimates which taken separately diverge from the correct appraisals by no more than 10%.

The offence envisaged by article 2622 of the Italian Civil Code is punishable only when a complaint is lodged unless it has been committed to the detriment of the State, other public corporations or the European Community or unless it relates to listed companies in which case official action will be taken by the authorities.

The parties who are at risk of committing the two aforementioned offences are the company directors, the general managers, the auditors and the liquidators.

❖ **Obstruction (article 2625 of the Italian Civil Code);**

This offence occurs when those activities associated with shareholders, corporate bodies or auditors and aimed at controlling and/or auditing the company are either obstructed or impeded. The parties who are at risk of committing this offence are the company directors. Grounds to proceed against such conduct are provided when documents are concealed or withheld and other subterfuges are employed.

In the event of no damage being caused to the shareholders, it qualifies as an administrative wrongdoing and does not classify as a crime.

❖ **Unlawful restitution of capital contributions (article 2626 of the Italian Civil Code);**

With the exception of cases of lawful reduction of share capital, this crime is applicable when shareholders are repaid their contributions, even when simulated, or are released from their obligations to make contributions.

The parties who are at risk of committing this offence are the company directors, but also any shareholders who benefit from the repayment or release from their duties and who thus participate in the offence pursuant to article 110 of the Italian Criminal Code; this is applicable in the event of them having played a decisive role in the unlawful conduct of the company directors or if they have instigated such a conduct in any way.

❖ **Unlawful distribution of profits or reserves (article 2627 of the Italian Civil Code);**

This offence is applicable when profits are shared (or part-payments on profits are made) which have not been effectively obtained or which are allocated by law to reserves, or when reserves are released (not set up with profit) against the law.

The return of the profits or replenishment of the reserves before the set term for approving the financial statements extinguishes the crime.

The parties who are at risk of committing this offence are the company directors. The shareholders who benefit from the profit sharing or the release of the reserves participate in the offence pursuant to article 110 of the Italian Criminal Code; this is applicable in the event of them having played a decisive role in the unlawful conduct of the company directors or if they have instigated such a conduct in any way.

❖ **Unlawful transactions on shares or share capital or by the parent company (article 2628 of the Italian Civil Code);**

This offence occurs when (with the exception of those cases admitted by law) shares or share capital issued by the company or the parent company is underwritten or purchased so as to cause detriment to the integrity of the share capital or the reserves which according to the law may not be distributed or released.

It should be noted that, if the capital or the reserves are replenished prior to the due date for the approval of the financial statements of the tax year in question, the offence ceases to exist.

The parties who are at risk of committing this offence are the company directors.

The company directors of the parent company are responsible as accomplices with the company directors of the subsidiary should the unlawful transactions on the shares of the parent company have been performed upon their instigation.

❖ **Transactions to the detriment of the creditors (article 2629 of the Italian Civil Code);**

This crime occurs when the share capital is reduced, mergers with other companies or corporate divisions are performed in breach of the law or which cause detriment to creditors.

When the creditors are reimbursed before judgement is passed, the crime ceases to exist.

The parties who are at risk of committing this offence are the company directors.

❖ **Fictitiously paid up capital stock (article 2632 of the Italian Civil Code);**

This crime occurs when there is fictitious formation or increase of the capital stock by :

- assigning shares or share capital for sums below their nominal value;
- mutual subscription of shares or share capital;
- significant overpricing of non-cash contributions, receivables or company assets in the event of corporate reorganisation.

The parties who are at risk of committing this offence are the company directors and the contributing shareholders.

❖ **Undue influence on the general shareholders' meeting (article 2636 of the Italian Civil Code);**

This offence occurs when a majority of votes is obtained during the shareholders' assembly by means of fake or fraudulent documents with the intention of obtaining an unlawful profit either for oneself or for others.

This crime can be committed by anyone, even by individuals who are external to the company.

B.2. AREAS POTENTIALLY AT RISK

By mapping the risk areas and identifying the sensitive processes, the following activities have been defined as being at risk of crime within the organisational structure of INVER:

- incoming and outgoing cashflow management;
- bookkeeping;
- preliminary activities prior to drawing up the financial statements, the management report and other corporate communications;
- company transactions which relate to assets and which might, in particular, affect the integrity of the capital stock;

As far as pinpointing the areas at risk is concerned, the greatest risk is present in the company bodies.

B.3. INTENDED READERSHIP AND RULES OF CONDUCT

This Special Section is addressed to the Directors, the Statutory auditors, the external auditors, the senior management, the company employees and the external collaborators (with particular reference to the professional experts who draw up the financial statements on the Company's behalf) who contribute in any way to the aforementioned activities.

In order to counteract the risks described above - without detracting in any way from the express prohibition against any behaviour which might provide grounds for the aforementioned offences or any conduct which might lead to them or be comparable to them - INVER has adopted the following procedures:

Code of Ethics

- Administrative and Accounting Management
- Supplies

Those involved are expressly bound to:

- adopt a fair, unambiguous and cooperative approach in observance of the law and corporate procedures in all activities relating to financial statements and other corporate reports in order to provide the shareholders and third parties with a truthful and fair picture of the economic, net asset and financial standing of the company;

- adopt a fair, unambiguous and cooperative approach in observance of the law and corporate procedures in order to protect the company assets;
- strictly adhere to all the rules laid down by law to protect the integrity and effective state of the share capital; and act consistently in full observance of internal procedures which are inspired by the law in order not to damage the guarantees in place for creditors and third parties in general;
- ensure that the Company and its corporate bodies are run smoothly and facilitate all forms of control on the corporate management as set forth by law and safeguard the shareholders ensuring that decisions are made freely and fairly;
- strictly adhere to the procedures above

B.4. TASKS OF THE SUPERVISORY

COMMITTEEThe Supervisory Committee is charged with the following tasks:

- a) with specific reference to prevention of the aforementioned crimes, check that the procedures adopted by the Company are effective, complete and strictly adhered to;
- b) proposing any amendments/additions;
- c) performing specific inspections;
- d) checking whether reports have any basis in fact;
- e) reporting back to the BoD and the Board of Auditors on the outcome of inspections and assessments;

C. HANDLING OF STOLEN GOODS, MONEY LAUNDERING AND USE OF ILLEGAL PROCEEDS

C.1. BASICS

Mapping out the risk areas and defining the sensitive processes has allowed us to delineate the following foreseeable risk of crime being committed.

❖ Handling of stolen goods (article 648 of the Italian Criminal Code)

This crime occurs when a person - who is not an accomplice in committing the actual crime - purchases, receives or conceals money or objects deriving from any crime, or who intervenes to abet the purchase, receipt or concealment in order to obtain profit for himself or for others.

For this particular case to apply, the money or objects must derive from previous criminal activity (for example, theft, tax offences etc.) which goes to constitute grounds for handling of stolen goods.

The offender must also intend to obtain an advantage - for himself or for others - which does not necessarily have to be a financial one.

The concept of purchase and receipt refers to activities enabling the individual to come into physical possession of money or objects deriving from criminal activity. Concealment means hiding money or objects.

Interceding in the purchase, receipt or concealment of goods provides grounds when the intermediary creates a contact between the parties, even indirectly.

For the handler of stolen goods to qualify as such, he must act with criminal intent and he must be aware that the money or objects were unlawfully obtained and he must want to buy, receive, conceal or criminally wish to intercede in order to facilitate these activities in order to obtain an unfair profit for himself or others.

❖ Money laundering (article 648 b of the Italian Criminal Code)

This crime occurs when an individual - even though he was not an accomplice in the actual crime - substitutes or transfers money, goods or other benefits deriving from intentional criminal acts or performs other transactions with the aim of masking their criminal source.

Not unlike the crime of handling stolen goods, with the offence of money laundering, the money, goods or other benefits (and this extends to companies, credit securities, credit entitlements) must derive from previous intentional criminal activities (for example, theft, tax offences, etc.) for there to be grounds for the offence.

the criminal act of substituting money, goods or other benefits of criminal origin consists in "concealing" the criminal source of the money, goods or benefits by replacing them.

The transfer entails money, goods or other benefits moving from one party to another so that any trace of its unlawful source is erased.

The obstructive approach consists in activities aimed at preventing the money, goods or other benefits from being identified so as to mask their nefarious origin.

From a subjective standpoint, the generic intent to deceive is necessary in the sense that there must be awareness of the criminal origin of the goods or the desire to bring about the activities mentioned above.

❖ **Use of illegal proceeds (article 648 c of the Italian Criminal Code)**

This offence is identifiable in the conduct of an individual who uses money, goods or other utilities deriving from crime in trade or finance provided that the offender is not an accomplice in committing the actual crime (for instance, theft, tax offences, etc.).

The concept of "use" may refer to any form of use of illegal proceeds.

The reference to trade or finance may be traced to any sector in which profit can be obtained.

From a subjective standpoint, the generic intent to deceive is necessary in the sense that there must be awareness of the criminal origin of the goods or the desire to bring about the circumstances described above.

C.2. AREAS POTENTIALLY AT RISK

By mapping the risk areas and identifying the sensitive processes, the following activities have been defined as being at risk of crime within the organisational structure of INVER:

- purchase of goods
- Handling contractual relations with business or financial partners

C.3 INTENDED READERSHIP AND RULES OF CONDUCT

This Special Section is addressed to the directors, managers, employees and internal collaborators who co-operate in the activities mentioned above in any way.

In order to counteract the risks described above - without detracting in any way from the express prohibition against any behaviour which might provide grounds for the aforementioned offences or any conduct which might lead to them or be comparable to them - INVER has adopted the following procedures:

- Code of Ethics
- Administrative and Accounting Management
- Supplies

Observance of these procedures are binding on all those involved.

C.4. TASKS OF THE SUPERVISORY

COMMITTEEThe Supervisory Committee is charged with the following tasks:

- a) with specific reference to prevention of the aforementioned crimes, check that the procedures adopted by the Company are effective, complete and strictly adhered to;
- b) proposing any amendments/additions;
- c) performing specific inspections;
- d) checking whether reports have any basis in fact;
- e) reporting back to the BoD on the outcome of inspections and assessments;

D. MANSLAUGHTER AND ACCIDENTAL INJURIES IN BREACH OF REGULATIONS ON WORKER PROTECTION AND SAFETY AT WORK

D.1. BASICS

Mapping out the risk areas and defining the sensitive processes has allowed us to delineate the following foreseeable risk of crime being committed.

❖ Involuntary manslaughter (article 589 of the Italian Criminal Code)

This offence is identifiable in the conduct of an individual who causes the death of another person as a result of infringing the regulations on preventing accidents at work.

❖ Serious personal injury (article 590 of the Italian Criminal Code)

This offence is identifiable in the conduct of an individual who causes serious personal injury or grievous bodily harm to another person as a result of infringing the regulations on preventing accidents at work.

Personal injury is serious when:

- 1) it brings about an illness which endangers the life of the injured person or it causes an illness or an inability to go about his ordinary business for a period in excess of forty days;
- 2) it causes permanent weakening of a sense or an organ;
- 3) the injured party is a pregnant woman and the event causes premature delivery; The personal injury is grievous and it leads to a period of imprisonment of between six to twelve years when it causes:
 - 1) an illness which is certainly or probably incurable;
 - 2) the loss of a sense;
 - 3) the loss of a limb, or mutilation which makes the limb unusable, or the loss of an organ, or the ability to procreate, or a permanent or serious difficulties in speech;
 - 4) deformation or permanent disfigurement;
 - 5) miscarriage (articles 545, 585, 587).

D.2. AREAS POTENTIALLY AT RISK

The areas at risk and the sensitive processes with reference to the aforementioned offences are specifically identified in the Risk Assessment Document adopted by STUDIO CONSILIA SRL of San Lazzaro (Bologna, Emilia Romagna, Italy).

D.3 INTENDED READERSHIP AND RULES OF CONDUCT

This Special Section is addressed to the directors, managers, employees and internal collaborators each according to their own responsibilities.

In particular, this Special Section is addressed to the Chairman of the Board of Directors in his capacity as employer, the senior management, the company executives, the Health and Safety Officer and his workers and the Company Physician.

The Italian Legislator has made express provisions for grounds for criminal action to be taken against the Supervisory Committee in the event of failure to monitor or report unsatisfactory circumstances.

In order to contain the aforementioned risks, in addition to ensuring the strict observance of current regulations, INVER has recently appointed an external consultant with specific expertise entrusting him with the task of drawing up the Organisational Model envisaged by article 30 of Legislative Decree 81/08

The provisions of the Code of Ethics are also referred to.

Observance of current regulations is strictly binding on all those involved.

D.4. TASKS OF THE SUPERVISORY

COMMITTEEThe Supervisory Committee is charged with the following tasks:

- a) with specific reference to prevention of the aforementioned crimes, check that the procedures adopted by the Company are effective, complete and strictly adhered to;
- b) proposing any amendments/additions;
- c) performing specific inspections;
- d) checking whether reports have any basis in fact;
- e) reporting back to the BoD and the Board of Auditors on the outcome of inspections and assessments without prejudice to their duty to observe their legal responsibilities;

E. ENVIRONMENTAL OFFENCES

E.1. BASICS

Mapping out the risk areas and defining the sensitive processes has allowed us to delineate the following foreseeable risk of crime being committed.

- ❖ unauthorised waste management - article 256, paragraph 1, Legislative decree 152/06

- ❖ temporary waste storage contravening the provisions of law - article 256, paragraph 6, Legislative decree 152/06

E.2. AREAS POTENTIALLY AT RISK

The areas at risk and the sensitive processes with reference to the aforementioned offences are specifically identified in the special procedure entitled PREVENTION, ENVIRONMENTAL OFFENCES.

D.3 INTENDED READERSHIP AND RULES OF CONDUCT

Those to whom this Special Section is addressed are carefully identified and indicated in the procedure above.

As previously noted, in order to contain the aforementioned risks, INVER has adopted a special procedure aimed at regulating tasks and responsibilities.

Observance of this procedure is binding on all those involved.

D.4. TASKS OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is charged with the following tasks:

- a) with specific reference to prevention of the aforementioned crimes, check that the procedures adopted by the Company are effective, complete and strictly adhered to;

- b) proposing any amendments/additions;
- c) performing specific inspections;
- d) checking whether reports have any basis in fact;
- e) reporting back to the BoD on the outcome of inspections and assessments;