
Mittel S.p.A.

**Organisation, Management and Control Model
pursuant to Legislative Decree 231/01.**

SUMMARY OF THE MODEL

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Regulatory framework

Legislative Decree no. 231/2001

Legislative Decree 231/2001 was issued on 8 June 2001 in implementation of the mandate pursuant to article 11 of Law no. 300 of 29 September 2000. It came into force on 4 July 2001. The Decree adapted national regulations to the prescriptions regarding the liability of legal persons contained in several international conventions which Italy had in the meantime embraced.

Among the most significant of these Conventions are:

- the Convention of 26 July 1995 on the Protection of the European Communities' Financial Interests, OJEC no. 316 of 27.11.1995;
- the Convention on the Fight against Corruption involving European Officials or Officials of Member States of the European Union;
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 17 December 1997.

Legislative Decree 231/2001 "*Rules and regulations concerning the administrative liability of legal persons, companies and associations, including those devoid of legal personality*" for the first time introduced into Italy a criminal liability regime for entities in relation to a number of crimes committed in the interest or to the advantage of such entities, by persons who are representatives, administrators or top managers of the entity or of an organisational unit belonging to said entity but with financial and functional independence, including persons that exercise, even *de facto*, the management and control thereof and, lastly, by persons under the management and supervision of one of the parties indicated above. This liability is added to the liability of the natural person who materially committed the criminal act, and this is the novel aspect of the Decree.

The type of offence introduced by Legislative Decree 231/2001 means to ensure that certain criminal offences may also lead to sanctions being levied on the assets of the entities which gained an advantage from the commission of the crime. Pecuniary sanctions are envisaged for all of these types of crimes. For more serious cases, debarment penalties are also envisaged, such as the suspension or revocation of licences and concessions, prohibition from contracting with the Public Administration, debarment from conducting business, exclusion from or revocation of funding and grants or the prohibition from advertising goods and services.

Crimes

The crimes which, based on Legislative Decree 231/01, as amended, could result in administrative liability for the entity are only those expressly listed in the law and, specifically:

- Crimes against the Public Administration, specifically: crimes of embezzlement against the State (article 316-bis of the Italian Criminal Code), undue receipt of funding from the State (article 316-ter of the Italian Criminal Code), bribery (article 317 of the Italian Criminal Code), corruption for the exercise of powers (article 318 of the Italian Criminal Code), corruption to motivate an act against official duties (article 319 of the Italian Criminal Code), corruption in official acts (article 319-ter of the Italian Criminal Code), corruption of a public official (article 320 of the Italian Criminal Code), inducement of corruption (article 322 of the Italian Criminal Code), fraud (article 640, subsection 2, n. 1 of the Italian Criminal Code), aggravated fraud to obtain public subsidies (article 640-bis of the Italian Criminal Code), computer fraud (if committed against the State or other public entity - article 640-ter of the Italian Criminal Code), pursuant to articles 24 and 25 of Legislative Decree 231/01;
- Computer crimes and the illegal handling of data (articles 491-bis, 615-ter, quater, quinquies, 617 quater, quinquies, 635-bis, ter, quater, quinquies, 640-quinquies of the Italian Criminal Code), pursuant to article 24-bis of Legislative Decree 231/01;
- Counterfeiting crimes, including the counterfeiting of money, public credit instruments, duty stamps and identifying marks and instruments (articles 453, 454, 455, 457, 459, 460, 461, 464, 473, 474 of the Italian Criminal Code), pursuant to article 25-bis of Legislative Decree 231/01;
- Corporate crimes, specifically, untruthful corporate communications (article 2621 of the Italian Civil Code), untruthful corporate communications by listed companies (article 2622 of the Italian Civil Code), obstruction of control (article 2625, subsection 2 of the Italian Civil Code), fictitious establishment of corporate capital (article 2632 of the Italian Civil Code), undue returns of contributions (article 2626 of the Italian Civil Code), unlawful allocation of profits and provisions (article 2627 of the Italian Civil Code), illicit operations on corporate or parent company shares or shareholdings (article 2628 of the Italian Civil Code), transactions detrimental to creditors (article 2629 of the Italian Civil Code), undue allocation of corporate assets by liquidators (article 2633 of the Italian Civil Code), illicit influence on the shareholders' meeting (article 2636 of the Italian Civil Code), market manipulation (article 2637 of the Italian Civil Code), failure to disclose a conflict of interest (article 2629-bis of the Italian Civil Code) obstructing the performance of public supervisory authority functions (article 2638, subsections 1 and 2 of the Italian Civil Code), pursuant to article 25-ter of Legislative Decree 231/01;
- Crimes with terrorist intent or designed to overthrow democracy foreseen by the criminal code and by any special laws, pursuant to article 25-quater of Legislative Decree 231/01;
- Female genital mutilation, pursuant to article 583-bis of the Italian Criminal Code, as prescribed by article 25-quater.1 of Legislative Decree 231/01;
- Offences against individuals, specifically, forcing or holding persons in slavery (article 600 of the Italian Criminal Code), child prostitution (article 600-bis of the Italian Criminal Code), child pornography (article 600-ter of the Italian Criminal Code), possession of pornographic materials (article 600-quater of the Italian Criminal Code), virtual pornography (article 600-quater.1 of the Italian Criminal Code), sexual tourism (article 600-quinquies of the Italian Criminal Code), human trafficking (article 601 of the Italian Criminal Code) the purchase or sale of slaves (article 602 of the Italian Criminal Code) the enticement of

minors (art. 609-*undecies* of the Italian Criminal Code), as set forth in article 25-*quinquies* of Legislative Decree 231/01;

- Market abuse crimes, specifically, insider trading and market manipulation set forth in Part V, title I-*bis*, chapter II of the Consolidated Finance Law pursuant to Legislative Decree 58/98, in accordance with article 25-*sexies* of Legislative Decree 231/01;
- Certain crimes when they are “transnational” in nature, specifically criminal association (article 416 of the Italian Criminal Code), association with the Mafia (article 416-*bis* of the Italian Criminal Code), criminal association for smuggling of foreign tobacco products (article 291-*quater* of the Consolidated Law pursuant to Decree of the President of the Republic no. 43 of 23 January 1973), criminal association for illicit drug trafficking (article 74 of the Consolidated Law pursuant to the Decree of the President of the Republic no. 309 of 9 October 1990), activities favouring illegal immigrations (article 12, subsections 3, 3-*bis*, 3-*ter* and 5 of the Consolidated Law pursuant to Legislative Decree no. 286 of 25 July 1998), inducement not to provide statements or to provide untruthful statements to the judicial authorities (article 377-*bis* of the Italian Criminal Code) or aiding and abetting (article 378 of the Italian Criminal Code).

In 2007, the following were added:

- article 25-*septies* concerning crimes of negligent homicide and serious personal injury, committed in breach of the regulations for the protection of health and safety in the workplace (articles 589 and 590, subsection 3 of the Italian Criminal Code);
- article 25-*octies* receiving, laundering and use of money, assets or benefits deriving from illicit activities (articles 648, 648-*bis* and 648-*ter* of the Italian Criminal Code).

In 2009 the following were added:

- article 24-*ter* of Legislative Decree 231/01 - article added by Law no. 94 of 15 July 2009, article 2, subsection 29 - concerning crimes perpetrated by organised crime associations (articles 416, 416-*bis*, 416-*ter*, 630 of the Italian Criminal Code and article 74 DPR 309/90);
- article 25-*novies* of Legislative Decree 231/01 - article added by Law no. 99 of 23 July 2009 - concerning crimes of copyright violation (Law 633/41);
- an additional article 25-*novies* of Legislative Decree 231/01 (*) **see reference** - article added by Law no. 116 of 3 August 2009 - specifically concerning inducement not to provide statements or to provide untruthful statements to the judicial authorities (article 377-*bis* of the Italian Criminal Code), which, in any event, gives rise to liability of the entity also where the offence is committed in an exclusively national arena;
- article 25-*bis.1* - article added by Law no. 99 of 23 July 2009 - concerning criminal offences against industry and trade (article 513 *et seq.* of the Italian Criminal Code);

In 2011 the following were added:

- article 25-undecies of Legislative Decree 231/01 – article added by Legislative Decree no. 121 of 7 July 2011 - concerning environmental crimes;
- subsection 4-bis of article 6 of Legislative Decree 231/01 – subsection added by (article 16) Law Decree no. 212 of 22 December 2011 – which assigns to the Board of Statutory Auditors, the Supervisory Board or the Management Control Committee the option of carrying out the functions performed by the Supervisory Body.

(*) The Legislative Decree 231/01 thus updated, in addition to broadening the range of crimes, has resolved the problem generated by the presence of two art. 25-novies, by renaming the art. “25-novies. Inducement to refuse to rendering statements or rendering false statements to the judicial authorities” into “25-decies”. The environmental crimes are therefore now recorded as art. 25-undecies.

In 2012:

- article 25-duodecies of Legislative Decree 231/01 was added – Article added by Legislative Decree no. 109 of 16 July 2012 - which concerns the employment of citizens of foreign countries who are in the country illegally (Art. 22, paragraphs 12 and 12-bis of Legislative Decree 286/98);
- Art. 25, paragraph 3 of Legislative Decree 231/01 relating to crimes committed in relations with the Public Administration was supplemented to include reference to the new Art. 319 quater of the Criminal Code following the approval of the proposed anti-corruption legislation of 6 November 2012 (Law 190/2012, Art. 1, paragraph 77);
- letter s-bis) was added to Art. 25-ter, paragraph 1 of Legislative Decree 231/01 – letter added to the proposed anti-corruption legislation of 6 November 2012 (Law 190/2012, Art. 1, paragraph 77) – which adds the crime of bribery between individuals to the vast range of corporate crimes governed by Art. 25 of the Decree.

In 2014:

- Art. 25, subsection 3, relative to *offences against individuals* was integrated with the inclusion of the crime prescribed by art. 609-undecies of the Italian Criminal Code (*enticement of minors*) following the approval of Italian Legislative Decree no. 39/14 of 4 March 2014;
- subsection 1-bis of art. 53 was introduced that affected the management methods to be adopted by the liquidator of companies, firms, shareholdings or cash placed under attachment following the approval of Italian Legislative Decree 101/13 of 31 August 2013, converted with modifications by Law No. 125/13 of 30 October 2013
- changes have been introduced to art. 25-octies with the updating of the legislation concerning "*Receiving, laundering and use of cash, assets or benefits deriving from illicit activities, as well as self-laundering*" following the introduction of the crime of self-laundering foreseen by art. 648-ter.1 Italian Criminal Code. (introduced by L. 186/14 of 15 December 2014).

The introduction of the crime of Self-laundering among the list of crimes included in the Decree is undoubtedly the most significant integration to have taken place in 2014: the legislator's intent is to punish

the conduct of anyone who, having committed a crime or wilfully taken part in committing a crime then uses, replaces, transfers into economic, financial, business or investment activities the cash, assets or other benefits obtained by committing the crime, thus effectively interfering with their identification as products of a criminal activity; the legislator has also prescribed an increase in the penalty when the crime is committed in the process of exercising a banking, financial or other professional activity.

It follows that, in the event that the proceeds resulting from crimes committed by the entrepreneur are reinvested in a business activity in the interest and to the advantage of the same business activity (while, conversely, "personal" uses of the proceeds of a criminal conduct and their mere utilisation cannot be sanctioned as self-laundering), the company involved may be held responsible pursuant to the Decree and will be subject to the sanctions and dispositions foreseen by said law; the legislator's goal is therefore the "sterilisation" of the economic aspects of the supposed crime, committed upstream, and in order to contrast the "illegal" competitive advantage obtained by anyone using criminally acquired funds.

The crime would also seem to have very specific implications especially because it extends the company's management responsibility in relation to tax offences (currently not included in the Decree): in actual fact tax offences are generally included among malicious crimes whose proceeds are usually reinvested, replaced or transferred in order to make it difficult to trace their criminal origin; furthermore, if the tax offence is committed within a business activity and in the interest of the same, the reinvestment of the criminal proceeds in the business activity is almost a given. It would seem therefore plausible that where a subject is taken to court for a tax offence committed in the performance of its business activity, the same subject may also be charged with self-laundering and, consequently, even the company to which the subject is connected can be charged with the said offence.

In 2015:

- changes were introduced to art. 25-ter, with the adoption of the new articles 2621 of the Italian Civil code ("*Untruthful company information*") and 2622 of the Italian Civil Code ("*Untruthful corporate communications by listed companies*"), as well as the introduction of the new art. 2621-bis of the Italian Civil Code ("*Minor offences*"), following the approval of Law No. 69 of 27 May 2015;
- changes have been introduced to art. 25-undecies, with the inclusion of the new articles 452-bis of the Italian Criminal Code ("*Environmental pollution*"), 452-quater of the Italian criminal code ("*Environmental disaster*"), 452-quinquies of the Italian Criminal Code ("*Negligent criminal behaviour against the environment*"), 452-octies of the Italian Criminal Code ("*Aggravating circumstances*") and 452-sexies of the Italian Criminal Code ("*Trafficking and negligent disposal of highly radioactive material*") following the approval of Law no. 68 of 27 May 2015;
- changes have been introduced to art. 416-bis of the Italian criminal Code "*Association with the Mafia*" for which the penalties have been strengthened;
- changes have been introduced to art. 317 of the Italian Criminal code "*Bribery*" with the inclusion of the figure of the "*person engaged in public service*" among the active perpetrators of the crime.

Sanctions

The sanctions envisaged by the law which can be applied to the company as a result of the commission or attempted commission of the specific crimes mentioned above consist of:

- pecuniary sanctions of up to a maximum of EUR 1,549,370 (the value of the single amount envisaged for the various crimes charged ranges from EUR 258.23 to EUR 1,549.25);
- debarment penalties with a duration of no less than three months and no more than two years which, in turn, may consist of:
 - a) debarment from conducting business;
 - b) suspension or revocation of authorisations, licences or concessions functional to the commission of the crime;
 - c) prohibition from contracting with the Public Administration;
 - d) exclusion from facilities, funding, grants or subsidies or possible revocation of those granted;
 - e) prohibition from advertising goods and services;
 - f) seizure of profits made by the company as a result of the crime;
 - g) publication of the conviction (which may be ordered when a debarment sanction applies).

Persons committing the crime

According to Legislative Decree 231/01 the company is liable for crimes committed in its interest or to its advantage:

- by “persons who are representatives, administrators or top managers of the entity or of an organisational unit with financial and functional independence, as well as by persons that exercise, even *de facto*, the management and control thereof” (parties in top management positions; article 5, subsection 1, point a) of Legislative Decree 231/01);
- by persons under management or supervision of one of the persons in a top management position (persons under the management of others; article 5, subsection 1, point b) of Legislative Decree 231/01).

As per express provision of law (article 5, subsection 2 of Legislative Decree 231/01), the company shall not be liable if the persons indicated acted exclusively in their own interest or in the interest of third parties.

Interest or advantage for the Company

Liability shall arise in the event that the illegal conduct was committed in the interest or to the advantage of the company. However, this occurs not only where the illegal conduct resulted in an advantage for the entity (whether equity-related or not), but also in the event that, though the concrete result was not achieved, the reason for the action-crime lies in the company’s interest.

Exemption from liability

Legislative Decree 231/01 establishes different liability exemption mechanisms depending on whether the crime was committed by persons in top management positions or by subordinates.

The first situation is governed by article 6 of Legislative Decree 231/01, pursuant to which the company may be exempted from liability deriving from the commission of the crimes indicated, if it proves that:

- a. the management body adopted and effectively implemented, prior to the commission of the action, appropriate organisation and management models for the prevention of the type of crime which was committed;
- b. the task of overseeing the implementation, effectiveness and compliance with the models as well as ensuring their revision was assigned to an internal body with independent powers to take action and perform verifications;
- c. the natural persons committed the crime by fraudulently circumventing the organisation and management models;
- d. the Supervisory Body was neither negligent nor lax in performing its duties.

Conversely, where the crime was committed by persons under management or supervision of superiors, pursuant to article 7 of Legislative Decree 231/01, the entity is liable if the commission of the crime was made possible due to the failure to observe management or supervisory obligations.

The entity shall not be considered as having failed to observe management or supervisory obligations if, prior to the commission of a crime, it adopted and effectively implemented an appropriate organisation, management and control model for the prevention of the type of crime which was committed.

The Mittel Group complies with the regulations set forth in Legislative Decree no. 231/01, adopting and updating a Model pursuant to Law 231 for its subsidiaries, for the purpose of preventing the commission of the crimes envisaged in the Decree.

Confindustria Guidelines

As the Mittel Group is a group whose Parent Company is listed on the Italian Stock Exchange, it decided to refer to numerous sources to define its model. These include:

- the Confindustria Guidelines;
- the Italian Bankers' Association (ABI) Guidelines;
- the Corporate Governance Guidelines issued by Borsa Italiana.

General requirements

Application of the Model to Mittel Group companies

The Mittel Group's Model pursuant to Law 231 has been structured so that it can also be used by affiliated companies and/or subsidiaries.

The general section of the Model illustrates the general principles and rules that must be observed, without prejudice to the assignment of responsibilities to each single company, which shall implement and issue their own Model which shall be composed of a General Section (common to all Group companies) and a Specific Section (drafted based on the specific risk assessment made by each separate company).

Governance System and Supervisory Body

Each Group company’s Model pursuant to Law 231 is integrated with the Model pursuant to Law 231 of Mittel S.p.A. and the Governance System defined and implemented by the Group. This Governance System includes organisational and internal supervisory instruments intended to guarantee the transparency of operations, the existence of a highly structured system of regular and ongoing controls and awareness campaigns targeting all personnel on internal control issues.

It is also noted that the Supervisory Body of the Parent Company Mittel S.p.A. is assigned a supporting role, whereby it is required to provide consulting and methodological coordination, for the other Supervisory Bodies of each single company.

Structure of the Model

An outline of the general structure of the Model pursuant to Law 231 is provided below.

		Group 231 Model	Company 231 Model
1	Code of Ethics	●	Implementation
2	Organisational Charts		●
3	Job Descriptions		●
4	Company duties and responsibilities		●
5	Initial Risk Analysis under Law 231		●
6	Management and Operational Procedures	●	●
7	Model pursuant to Law 231 - General Section	●	Implementation
8	Model pursuant to Law 231 - Specific Section		●
9	Supervisory Body		●

Definition and updating of the Model pursuant to Law 231

The purpose of the Model

The Mittel S.p.A. project is designed to ensure the drafting of the Model pursuant to articles 6 and 7 of Legislative Decree 231/01. The decision to draw up a Model pursuant to Law 231, which, it should be noted, is an option, not an obligation, has various connotations.

Firstly, it was a way of taking on responsibility and guaranteeing transparency towards all Group companies and the market.

Secondly, it provided an opportunity to consolidate and strengthen the Company’s Governance System and to heighten the awareness of employees and all workers on control with the aim of preventing illegal conduct. The Company’s Model is the result of an analysis aimed at building a system for risk prevention and management, in line with the provisions of Legislative Decree 231/01, based on the rules set forth therein, in addition to the Confindustria and ABI Guidelines and, where possible, international best practices related to Corporate Governance.

The stages of this process were as follows:

Analysis and mapping of company processes: i.e., the analysis of the company context in order to highlight the operational and internal communication processes used by the company.

Identification of sensitive processes: i.e., the analysis of the processes identified through the analysis detailed in the previous point to establish where and how events detrimental to the objectives indicated by Legislative Decree 231/01 may occur. This analysis performed by:

- documentary examination of organisational appointments, minutes of the Board of Directors' meetings, powers of attorney and company instructions;
- direct interviews with key managers within the company's organisation to verify how the main company processes are performed, existing procedures, any problems that have arisen in the past, the appropriateness and regularity of transactions and the separation of functions and powers.

These activities were formally drawn up in a document entitled Analysis of 231 Risk Areas, which for each of the various companies assesses the operational activities that have an element of risk to them and the tools that have been put in place to prevent crimes being committed..

Analysis of the existing control system: for each activity at risk, the existing control system was assessed in order to evaluate whether existing controls needed strengthening.

The goal of this phase was to analyse company practices in order to identify which areas/activities were particularly liable to the perpetration of illegal conduct, and then evaluate whether the existing controls were sufficient to combat said conduct. This analysis led to the identification of the processes that the Company considered as sensitive and highlighted the existing controls and any related problem areas, specifically in order that the requirements of the Model could be met.

Model definition and revision: based on the existing situation and the provisions and purposes of Legislative Decree 231/01, possible improvements to the current Internal Control System (processes and procedures) and to the main organisational structure were identified in order to establish a "specific" organisation, management and monitoring model compliant with the provisions of Legislative Decree 231/01.

Implementation of Fundamental Principles of Legislative Decree 231/2001

The Company essentially decided to implement the indications set forth in Legislative Decree 231 and to guarantee that:

- a Supervisory Body is assigned the task of promoting the effective and correct implementation of the Model, which should include supervising company conduct and the authorisation to receive regular updates on significant company activities pursuant to Legislative Decree 231/2001;
- the Supervisory Body is provided with appropriate resources to support it in the performance of its assigned duties and so that it might achieve feasible results;
- the Model's operation is verified, and periodically updated as required (*ex post* verification);

- it will undertake to build up awareness and disseminate the rules of conduct and established procedures to all company levels;
- each significant transaction can be verified and tracked in compliance with Legislative Decree 231/2001;
- functions are duly separated so that no party can independently manage an entire process;
- authorisation powers consistent with assigned responsibility are clearly outlined;
- all significant information is reported to the Supervisory Body;
- the various Group Committees are instructed to support the Supervisory Body to ensure constant and regular verification of those activities where illicit conducts are most likely.

Dissemination of the Model

Information for employers, management, Directors, Auditors and external contractors of the Mittel Group

In order for the Model to be effective, the Company intends to ensure that its personnel is fully aware of the procedures and rules of conduct adopted as a result of the implementation of the specific principles set forth herein, with differing levels of detail depending on the resource's level of involvement in areas where at risk activities are performed.

At the time of accepting a job/appointment, new employees and members of the Board of Directors and of the Board of Statutory Auditors are asked to sign a specific statement whereby they accept the precepts of the Code of Ethics and commit to complying with the procedures adopted in order for the specific principles of the Model to be implemented.

The Company will also inform all of its consultants, external contractors and sensitive suppliers (those suppliers which, due to the type/value of services offered to the company, do not qualify as occasional suppliers) of the contents of the Code of Ethics, using all means considered appropriate to this end.

Disciplinary system

Purpose of the disciplinary system

Setting up a system of sanctions has a dual purpose:

- a) to guarantee the implementation and observance of the Model pursuant to Law 231;
- b) to meet one of the requirements considered essential by the Decree in order for the Company to be exempt from liability (article 6, subsection 1, point e; article 7, subsection 4, point b).

Targets of the disciplinary system

The targets of the disciplinary system are the directors, senior managers, employees (supervisors and clerical workers), manual workers, consultants, contractors and third parties in general who have entered into contractual relationships with the Company.

The application of the sanctions takes account of the legal framework and provisions that apply for the type of working relation established with each individual party.

Applicable Sanctions

The sanctions applicable in the event of a breach of the Model's rules are the following, in increasing order of seriousness:

a) sanctions that do not entail the termination of the working relationship:

- verbal warning;
- written warning;
- fine not exceeding the retribution earned for 4 hours' work;
- suspension from work without pay for a maximum of 10 days.

b) sanctions that involve termination of the working relationship:

- disciplinary dismissal without notice, along with the other *de facto* and *de jure* consequences.

Disciplinary measures against Senior Managers

In the event of a breach of the Model's provisions by the Company's senior management personnel, this disciplinary system shall be applied in compliance with law, to the relative contract and the applicable national collective bargaining agreement.

The application of the sanction that involves the termination of employment is justified whenever a Senior Company Manager engages in conduct that breaches the provisions contained in the Model to such an extent that the existing bond of mutual trust is irretrievably compromised.

Disciplinary measures against persons who represent, manage or control the Company, and against members of the Supervisory Body

The Supervisory Body shall promptly notify the Board of Statutory Auditors of any breaches or violations of the company organisational procedures or of the principles of the Code of Ethics perpetrated by any of the Company's Directors, so as to evaluate what measures should be enacted; based on the seriousness of the breaches, which may culminate, for the most serious breaches, in the exercise of the legal action envisaged by articles 2392 and 2393 of the Italian Civil Code, and the consequent removal from office.

Punishable breaches under this disciplinary system shall also include instances of negligence and/or incompetence by the members of the Board of Directors that lead to a failure to implement, comply or update the Model.

Where breaches are committed by a member of the Board of Statutory Auditors, disciplinary proceedings must be handled by the entire Board of Directors as a group, following consultation with the Supervisory Body and the Board of Statutory Auditors.

Measures to be taken against members of the Supervisory Body relative to conduct that breaches the rules set forth in the Model, the company procedures, the Code of Ethics or the Internal Governance System, as well as negligent conduct which results in a failure to oversee the implementation, compliance and updating of the Model, shall be implemented by the Board of Directors as a group, following consultations with the Board of Statutory Auditors.

Measures against consultants and third parties in general

Any conduct by consultants, contractors and third parties who have entered into relationships with the Company that breaches the rules contained in the Model may result - as envisaged by specific contractual

clauses in the assignment letters, agreements and contracts – in the immediate termination of the contractual relationship and possible claims for compensation by the Company, where such conduct causes tangible damage to the Company.

Supervisory Body

Identification of the Supervisory Body

Legislative Decree 231/01 states that in addition to being equipped with independent powers of action and control, the Supervisory Body (hereinafter, also “SB” or the “Body”) must be assigned the task of supervising the implementation and compliance of the Model, as well as overseeing the updating thereof (article 6, subsection 1, point b of Legislative Decree 231/01).

The assignment of the responsibilities indicated above and their correct, effective performance are essential conditions to be granted exemption from liability in the event that the crime was committed by persons “in top management positions” (expressly contemplated by article 6). However, where the crime can be attributed to persons under the management of superiors (pursuant to article 7), the decision to assign the supervisory function to the SB, though not required by regulations, would be recommended, as it would demonstrate the entity’s intention to comply with the crime prevention intent of the legislation.

As the law does not specifically indicate which position/body should be assigned the SB function, the Confindustria Guidelines and indications provided by legal precedents on the matter were used as reference. These indications suggest that the SB should be a separate body from the Board of Directors, and display the following characteristics:

- a) *autonomy, independence and absence of conflicts of interest*
- b) *professional competence*
- c) *continuity of action*
- d) *integrity*

Functions and powers of the Supervisory Body

The Supervisory Body is responsible for the supervision and control functions set out in the Model.

The Supervisory Body is assigned the task of overseeing compliance with the Model on behalf of employees, corporate bodies, consultants and external contractors, the effectiveness and appropriateness of the Model in relation to the corporate structure, its effectiveness in preventing the commission of the crimes as well as assessing the need to update the Model, as a result of changes within the Company or of the regulations governing Company conduct.

The SB has free access to all company documents it deems relevant, and the Company's management is responsible for promptly providing answers to questions posed by the SB.

The SB has the right to initiate “internal investigations” to acquire additional information when conduct punishable under the Model's provisions is believed to be taking place.

Where the company's budget is concerned, the management body must set aside a suitable amount of financial resources, as proposed by the SB, which the SB may dispose of in order to cover all costs linked to the correct performance of its duties.

Specific Section

Identification of sensitive processes

The risk analysis conducted for the purposes of Legislative Decree 231/2001 showed that Sensitive Processes mainly concern the following:

- a) relations with the Public Administration;
- b) corporate crimes;
- c) crimes related to market abuse.

The tables below list the potentially critical relations entertained by the Company wherein each of the types of crime indicated by Decree 231 could take place. For each of the crimes listed, the table shows whether there are Company processes within which these offences are liable to occur (and if the at risk processes are present, then the process is classified as sensitive).

Crimes in relationships with the Public Administration

Crimes in relationships with the Public Administration (articles 24 and 25)	Potentially sensitive process for Mittel
Embezzlement against the State (article 316-bis of the Italian Criminal Code)	YES
Undue receipt of funding from the State (article 316-ter of the Italian Criminal Code)	YES
Fraud (article 640, subsection 2, n. 1 of the Italian Criminal Code)	YES
Aggravated fraud to obtain public grants (article 640-bis of the Italian Criminal Code)	NO
Computer fraud (if committed against the State or other public entity (article 640-ter of the Italian Criminal Code)	YES
Bribery (article 317 of the Italian Criminal Code)	YES
Corruption for the exercise of powers (article 318 of the Italian Criminal Code)	YES
Corruption to motivate an act against official duties (article 319 of the Italian Criminal Code)	YES
Aggravating circumstances (article 319-bis of the Italian Criminal Code)	YES
Corruption in official acts (article 319-ter of the Italian Criminal Code)	YES
Undue inducement to give or promise advantages (article 319-quater of the Italian Criminal Code)	YES
Corruption of a public official (article 320 of the Italian Criminal Code)	YES
Penalty for the briber (article 321 of the Italian Criminal Code)	YES
Inducement of corruption (article 322 of the Italian Criminal Code)	YES
Embezzlement, extortion, undue inducement to give or promise advantages, corruption and inducement of corruption of members of the bodies of the European Union and officials of the European Communities and foreign countries (article 322-bis of the Italian Criminal Code)	YES

Computer crimes and illegal handling of data

Computer crimes and illegal data processing (art. 24-bis)	Potentially sensitive process for Mittel
False statements in a computerised document that is public or has probative value (article 491-bis of the Italian Criminal Code)	NO
Illegal access to an IT or electronic system (article 615-ter of the Italian Criminal Code)	YES
Illegal holding and dissemination of access codes to IT or electronic systems (article 615-quater of the Italian Criminal Code)	YES
Dissemination of IT equipment, devices or programs for the purpose of damaging or interrupting an IT or electronic system (article art. 615-quinquies of the Italian Criminal Code)	YES
Illegal interception, blocking or interruption of IT or electronic communications (article 617-quater of the Italian Criminal Code)	NO

Installation of devices for the purpose of intercepting, blocking or interrupting IT or electronic communications (article 617-quinquies of the Italian Criminal Code)	YES
Damaging IT information, data or programs (article 635-bis of the Italian Criminal Code)	YES
Damaging IT information, data or programs used by the Government or other public authorities or, in any event, for the public service (article 635-ter of the Italian Criminal Code)	YES
Damaging IT or electronic systems (article 635-quater of the Italian Criminal Code)	YES
Damaging IT or electronic systems used in the public service (article 635-quater of the Italian Criminal Code)	YES
IT fraud of the certification of electronic signature (article 640-quinquies of the Italian Criminal Code)	NO

Criminal association and crimes transnational in nature

Potentially sensitive process for Mittel

Criminal association (article 24-ter) and crimes transnational in nature

Criminal association (article 416 of the Italian Criminal Code)	NO
Association with the Mafia (article 416-bis of the Italian Criminal Code)	NO
Exchanges votes for favours with the Mafia (article 416-ter of the Italian Criminal Code)	NO
Hostage taking or kidnapping for ransom (article 630 of the Italian Criminal Code)	NO
Criminal association for foreign tobacco smuggling	NO
Criminal association for illicit trafficking of drugs and psychotropic substances	NO
Inducement not to provide statements or to provide untruthful statements to the judicial authorities (article 377-bis of the Italian Criminal Code)	NO
Aiding and abetting (article 378 of the Italian Criminal Code)	NO
Provisions against illegal immigration	NO

Counterfeiting crimes

Potentially sensitive process for Mittel

Counterfeiting of money, public credit instruments, duty stamps and identifying marks and tools (article 25-bis)

Counterfeiting of money, spending and introducing counterfeit money, through concerted action, into the country, (article 453 of the Italian Criminal Code)	NO
Alteration of money (article 454 of the Italian Criminal Code)	NO
Spending and introducing counterfeit money, without concerted action, into the country, (article 455 of the Italian Criminal Code)	NO
Spending counterfeit money received in good faith (article 457 of the Italian Criminal Code)	NO
Counterfeiting duty stamps, introducing counterfeit duty stamps into the country, purchasing, holding or circulating counterfeit duty stamps (article 459 of the Italian Criminal Code)	NO
Counterfeiting watermarked paper used to make public credit instruments or duty stamps (article 460 of the Italian Criminal Code)	NO
Creation or holding of watermarks or tools to be used for counterfeiting money, duty stamps or watermarked paper (article 461 of the Italian Criminal Code)	NO
Use of counterfeit or altered duty stamps (article 464 of the Italian Criminal Code)	NO
Counterfeiting, alteration or use of distinctive signs of intellectual property or industrial products (article 473 of the Italian Criminal Code)	NO
Introduction into the country and sale of products with false trademarks (article 474 of the Italian Criminal Code)	NO

Criminal offences against industry and trade

Potentially sensitive process for Mittel

Criminal offences against industry and trade (25-bis.1)

Disruption of industrial or trade freedom (article 513 of the Italian Criminal Code)	NO
Unfair competition through threats or violence (article 513-bis of the Italian Criminal Code)	NO
Fraud against national industries (article 514 of the Italian Criminal Code)	NO
Trade fraud (article 515 of the Italian Criminal Code)	NO
Sale of non-natural food products as natural (article 516 of the Italian Criminal Code)	NO
Sale of industrial products with false trademarks (article 517 of the Italian Criminal Code)	NO
Manufacture and trade of goods in infringement of industrial property rights (article 517-ter of the Italian Criminal Code)	NO

Corporate crimes

Potentially
sensitive
process
for
Mittel

Corporate crimes (article 25-ter)

Untruthful corporate communications (article 2621 of the Italian Civil Code)	YES
Minor offences (Art. 2621-bis of the Italian Civil Code)	YES
Untruthful corporate communications by listed companies (article 2622 of the Italian Civil Code)	YES
Obstruction of control (article 2625, subsection 2 of the Italian Civil Code)	YES
Fictitious establishment of corporate capital (article 2632 of the Italian Civil Code)	YES
Undue returns of contributions (article 2626 of the Italian Civil Code)	YES
Unlawful allocation of profits and reserves (article 2627 of the Italian Civil Code)	YES
Illicit operations on corporate quotas (or shares) or on quotas (or shares) of the parent company (article 2628 of the Italian Civil Code)	YES
Transactions to the detriment of creditors (article 2629 of the Italian Civil Code)	YES
Undue allocation of corporate assets by liquidators (article 2633 of the Italian Civil Code)	YES
Breach of trust following a transfer or promise of an asset (article 2635 of the Italian Civil Code)	YES
Illicit influence on the shareholders' meeting (article 2636 of the Italian Civil Code)	YES
Market manipulation (article 2637 of the Italian Civil Code)	YES
Failure to disclose a conflict of interest (article 2629-bis of the Italian Civil Code)	YES
Obstruction of the exercise of public supervisory authority functions (article 2638, subsections 1 and 2 of the Italian Civil Code)	YES

Crimes for the purpose of terrorism or overthrow of democracy

Potentially
sensitive
process
for
Mittel

Crimes for the purpose of terrorism or overthrow of democracy (art. 25-quater)

Crimes for the purpose of terrorism or overthrow of democracy envisaged by the criminal code and special laws	NO
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Female genital mutilation

Potentially
sensitive
process
for
Mittel

Female genital mutilation (art. 25-quater.1)

Female genital mutilation (article 583-bis of the Italian Criminal Code)	NO
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Offences against individuals

Potentially
sensitive
process
for
Mittel

Offences against individuals (article 25-quinquies)

Forcing or keeping persons in slavery (article 600 of the Italian Criminal Code)	NO
Child prostitution (article 600-bis of the Italian Criminal Code)	NO
Child pornography (article 600-ter of the Italian Criminal Code)	NO
Possession of pornographic materials (article 600-quater of the Italian Criminal Code)	NO
Virtual pornography (article 600-quater.1 of the Italian Criminal Code)	NO
Sexual tourism aimed at child prostitution (article 600-quinquies of the Italian Criminal Code)	NO
Human trafficking (article 601 of the Italian Criminal Code)	NO
Purchase or sale of slaves (article 602 of the Italian Criminal Code)	NO
Enticement of minors (art. 609-undecies of the Italian Criminal code)	NO

Market abuse crimes

Potentially
sensitive
process
for
Mittel

Market abuse crimes (article 25-sexies)

Insider trading (Legislative Decree 24.02.1998, n. 58, article 184)	YES
Market manipulation (Legislative Decree 24.02.1998, n. 58, article 185)	YES

Negligent homicide and serious personal injury committed in breach of the regulations for the protection of health and safety in the workplace

<i>Negligent homicide and serious personal injury committed in breach of the regulations for the protection of health and safety in the workplace (article 25-septies)</i>	Potentially sensitive process for Mittel
Negligent homicide (article 589 of the Italian Criminal Code)	YES
Negligent serious personal injury (article 590 of the Italian Criminal Code)	YES

Receiving, laundering and use of money, assets or benefits deriving from illicit activities, as well as self-laundering

<i>Receiving, laundering and use of money, assets or benefits deriving from illicit activities, as well as self-laundering (article 25-octies)</i>	Potentially sensitive process for Mittel
Receiving (article 648 of the Italian Criminal Code)	NO
Laundering (article 648-bis of the Italian Criminal Code)	YES
Use of money, assets or benefits deriving from illicit activities (article 648-ter of the Italian Criminal Code)	YES
Self-Laundering (article 648-ter of the Italian Criminal code)	YES

Crimes of copyright violation

<i>Crimes of copyright violation (article 25-novies)</i>	Potentially sensitive process for Mittel
Article 171, point a-bis, Law April 22, 1941, n. 633	NO
Article 171-bis, Law April 22, 1941, n. 633	NO
Article 171-septies, Law April 22, 1941, n. 633	NO
Article 171-octies, Law April 22, 1941, n. 633	NO
Article 171-ter, Law April 22, 1941, n. 633	NO

Inducement not to provide statements or to provide untruthful statements to the judicial authorities

<i>Inducement not to provide statements or to provide untruthful statements to the judicial authorities (article 25-decies)</i>	Potentially sensitive process for Mittel
Inducement not to provide statements or to provide untruthful statements to the judicial authorities (article 377-bis of the Italian Criminal Code)	YES

Environmental crimes

<i>Environmental crimes (article 25-undecies)</i>	Potentially sensitive process for Mittel
Killing, destruction, capture, taking, holding specimens of protected wild animal or plant species (article 727-bis of the Italian Criminal Code)	NO
Destruction or deterioration of habitats within a protected site (article 733-bis of the Italian Criminal Code)	NO
Environmental pollution (art. 452-bis of the Italian Criminal Code)	NO
Environmental disaster (art. 452-quater of the Italian Criminal Code)	NO
Negligent criminal behaviour against the environment (art. 452-quinquies of the Italian Criminal Code)	NO
Aggravating circumstances (art. 452-octies of the Italian Criminal Code)	NO
Trafficking and negligent disposal of highly radioactive material (art. 452-sexies of the Italian Criminal Code)	NO
Dumping of industrial waste water containing dangerous substances; dumping into the ground, the subsoil or groundwater; dumping into the sea from ships or airplanes (Legislative Decree no. 152/06 art. 137)	NO
Unauthorised waste management (Legislative Decree no. 152/06 art. 256)	YES
Pollution of the ground, the subsoil, surface water or groundwater (Legislative Decree no. 152/06 art. 257)	NO

Breach of disclosure obligations, obligations concerning the keeping of mandatory registers and forms (Legislative Decree no. 152/06 art. 258)	NO
Illegal trafficking of waste (Legislative Decree no. 152/06 art. 259)	NO
Organised activities for illegal waste trafficking (Legislative Decree no. 152/06 art. 260)	NO
False indications of the nature, composition and chemical-physical characteristics of waste in preparing a waste analysis certificate; entry into SISTRI (the Italian Waste Tracking System) of a false waste analysis certificate; Failure to fill out or fraudulent alteration of the hard copy of the SISTRI form - waste transport handling area (Legislative Decree no. 152/06 art. 260-bis)	NO
Import, export, holding, use for profit, purchase, sale, display or holding of protected species for sale or for commercial purposes (Law no. 150/92 art. 1 e art. 2)	NO
Pollution deriving from wilful misconduct, caused by ships (Legislative Decree no. 202/07 art. 8)	NO
Pollution deriving from negligence, caused by ships (Legislative Decree no. 202/07 art. 9)	NO

Employment of citizens of foreign countries who are in the country illegally

<i>Employment of citizens of foreign countries who are in the country illegally (article 25-duodecies)</i>	Potentially sensitive process for Mittel
Employment of foreign workers not in possession of residence permits, or with expired permits for which renewal has not been requested by the legal deadline, or with revoked or cancelled permits (Legislative Decree no. 286/98 article 22, point 12 and Legislative Decree no. 286/98 article 22 comma 12-bis)	YES
Illegal brokerage and exploitation of labour (article 603-bis of the Italian Criminal Code)	YES

The Organisation, Management and Control Model and the Code of Ethics enable all parties who become privy to information relating to the commission of crimes or circumstances and/or conduct that is not compliant with the rules of conduct set out by Mittel S.p.A. pursuant to Legislative Decree 231/2001, to report them spontaneously to the Supervisory Body.

These reports may be sent to the email address of the Supervisory Body:

odv.mittel@mittel.it

or to the Company's offices in Piazza Armando Diaz 7 in Milan.

Only reports concerning suspected breaches of the Company's Organisation, Management and Control Model and/or Code of Ethics should be sent to the above addresses.

The Supervisory Body shall guarantee the utmost confidentiality of the reports received.

Reports may also be made anonymously.

The general table of contents of the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 of Mittel S.p.A. is shown below.

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