



*Organisational
Model Guidelines
ex Legislative Decree 231/2001*

Cesab Carrelli Elevatori S.p.a.

Organisational Model

Guidelines for the model of organisation, management and control pursuant to Legislative Decree No. 231 of 8 June 2001 governing the administrative liability of legal entities, companies and associations with or without legal entity status, and subsequent modifications and additions.

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SPECIAL PART “C”: DISCIPLINARY SYSTEM

SPECIAL PART “D”: CONTRACTUAL CLAUSES

Legend

c.c. = Civil Code

c.p. = Criminal Code

c.p.p. = Criminal Procedure Code

P.A. = Public Administration

TUF = Integral text of provisions governing financial broking as per Legislative Decree No. 58 of 24 February 1998

GENERAL

1. LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

1.1 The liability of legal entities, companies and associations

Under Law No. 300 of 29 September 2000 - at the same time as the ratification and execution by the Republic of Italy of several international conventions¹ - the Government was assigned (art. 11) the “*power of attorney to regulate the administrative liability of legal entities and entities without legal entity status*”.

In implementation of the aforementioned power of attorney, the government enacted Legislative Decree No. 231 of 8 June 2001 (also referred to hereinafter as the “**Decree**”), setting out the regulatory code of the new system of liability of legal entities for administrative offences deriving from crimes, which constitutes a significant new departure in the field of company criminal law.

For the first time, in fact, the Legislator attributed to entities a liability which, although expressly defined as “*administrative*”, originates in the commission by certain parties/natural persons of a criminal offence, and is determined within the framework and according to the rules of criminal proceedings, thus diverging from the classic paradigm of the administrative offence.

The term “entity” (hereinafter “**Entity/Entities**”) refers to legal entities, including companies and associations without legal entity status, but excluding the State and Public Bodies.

The administrative liability of the Entity pertains only to the crimes expressly envisaged in the Decree itself or in legislation invoking the Decree: it therefore implies liability for a specific number of criminal offences, which is, however, subject to constant updating and progressive expansion by the legislator.

Entities are also deemed to be liable in relation to crimes and attempted crimes perpetrated on foreign soil, unless proceedings are taken by the Judicial Authorities of the State in which the crime was committed.

1.2 Pre-conditions of liability and perpetrators of crimes

In order for an Entity to be held administratively liable, the crimes listed in the Decree must be deemed to have been committed in the interests or to the advantage of the Entity, by the following categories of party:

¹ Namely the *Brussels Convention of 26 July 1995* regarding the protection of the financial interests of the European Community, the *Convention*, also signed in Brussels, of 26 May 1997, *on combating corruption involving functionaries of the European Community or Member States* and the *OECD Convention of 17 December 1997* on combating the corruption of foreign public officials in economic and international operations.

- persons holding representative, administrative or managerial offices of the entities themselves or of one of their organisational units invested with financial and functional autonomy, or by natural persons who, by virtue of their office or de facto, manage and control the entities (“**Top Management**”); or by
- persons subject to the management or supervision of a member of the top management (“**Subordinates**”), or by:
- third parties acting in the name and on behalf of the entity.

Furthermore, the Entity is deemed liable only if:

- the offence was committed in the interests of the Entity, regardless of whether this objective was achieved;
- the offence gave the entity an advantage, regardless of the intention of its perpetrator.

The entity is not, therefore, deemed liable if the perpetrators of the crime acted exclusively in their own interests or in the interests of third parties.

Pursuant to the Decree, the liability of the Entity is additional to and does not exclude the liability of the natural person who materially committed the crime, and is entirely independent of the latter; in fact, under art. 8 of the Decree, the Entity can be held liable even if the material perpetrator of the crime cannot be prosecuted or has not been identified, and also if the crime is deemed spent for reasons other than an amnesty.

1.3 Sanctions established by the Decree

Art. 9 of the Decree lists the sanctions which can be imposed on the Entity as follows:

- a) pecuniary sanctions;
- b) interdictive sanctions;
- c) confiscation;
- d) publication of the judgement.

Pecuniary sanctions apply whenever the entity is deemed liable by the judge, according to a system of commensuration of the sanction by quotas and in two phases: the judge must first determine the number of quotas (linking it with: i) the seriousness of the act, ii) the degree of responsibility of the entity and iii) the steps taken to eliminate or attenuate the consequences of the act and prevent the perpetration of other crimes), and then assign to each individual quota its own specific value (determined according to the economic capacity of the entity, in such a way as to ensure the efficacy of the sanction).

The extent of the sanction actually imposed therefore derives from the product of two factors: the number of quotas (which serves as a multiplication factor) and the individual value allocated to each quota (which represents the amount to be multiplied).

Art. 10 of the Decree establishes that the number of quotas may not be less than 100 or more than 1000 (for each offence, the law identifies the minimum and maximum number of quotas), and stipulates that the amount of each quota must fall within a range of between €258.23 and €1,549.37.

In the event of homicide or personal injury without intent caused as a result of the violation of safety regulations, the legislator establishes that the pecuniary sanction may not be less than 1000 quotas.

In certain cases, furthermore, the pecuniary sanction can be increased: for example, in the case of corporate crimes, if the entity has made a substantial profit the sanction can be increased by one third, and for the offence of *market abuse*, if the product or profit accruing to the entity is substantial, the sanction is increased by up to 10 times the value of the said profit or product.

Interdictive sanctions, which are imposed in conjunction with pecuniary sanctions, are only applicable in respect of the crimes for which they are expressly envisaged and only when certain conditions apply:

- prohibition from the exercise of business activity;
- suspension or revocation of the authorisations, licences or concessions instrumental in the perpetration of the offence;
- prohibition from entering into agreements with the public administration, except for the purposes of obtaining the use of a public service;
- exclusion from facilitated conditions, loans, contributions and subsidies, and the possible revocation of those already granted;
- prohibition from advertising goods or services.

The duration of interdictive sanctions ranges from 3 months to 2 years, but in exceptional and particularly serious cases, can be applied definitively.

Furthermore, interdictive sanctions can be also applied on a precautionary basis if strong evidence of the entity's liability exists and there are specific, substantiated grounds for supposing that there is a material risk that offences of the same nature as those under prosecution might be committed.

Confiscation of the price or profit deriving from the crime is always ordered if the entity is convicted of liability; should it not be possible to confiscate the price or profit deriving from the crime directly, the equivalent value of the price or profit deriving from the crime may be confiscated in the form of moneys, assets or other goods (equivalent confiscation).

Publication of the judgement consists in publishing the entire judgement or an extract thereof, at the expense of the entity, in one or more newspapers specified by the judge during sentencing, and by the posting of bills bearing the same information in the municipality in which the entity is headquartered.

1.4 Criminal offences

The liability of the entity does not extend to all types of crime, but is confined to the crimes expressly indicated in the following articles of the decree:

Art. 24	Undue receipt of benefits, deception against the State or a public body or for the purpose of obtaining public disbursements, and IT fraud against the State or a public body;
Art. 24 bis	IT-based crimes and illicit handling of data;
Art. 24 ter	Offences relating to organised crime;
Art. 25	Extortion and corruption;

Art. 25 bis	Counterfeiting of money, credit cards, revenue stamps and identification marks or instruments;
Art. 25 bis.1	Offences against trade and industry;
Art. 25 ter:	Corporate crimes;
Art. 25 quater	Crimes for the purposes of terrorism or the subversion of democratic order;
Art. 25 quater.1	Practices involving the mutilation of the female genital organs;
Art. 25 quinquies	Crimes against individual persons;
Art. 25 sexies	Market abuses;
Art. 25 septies	Homicide and serious or very serious personal injury without intent deriving from the violation of regulations governing occupational safety, health and hygiene;
Art. 25 octies	Receiving, laundering or using assets or goods of illicit origin;
Art. 25 novies	Breach of copyright;
Art. 25 decies	Inducement to refrain from making declarations or to make false declarations to the judicial authorities.

Furthermore, art. 10 of Law No. 146/2006 (*“Ratification and implementation of the Convention and Protocols of the United Nations against cross-border organised crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001”*), extends the administrative liability of entities to specific crimes in the event that the latter involve an organised criminal group and are trans-national in nature.

The relevant crimes for the purposes of the liability of entities deriving from the decree are outlined below.

Crimes committed in pursuance of relations with the Public Administration (Art. 24 and 25 of the Decree)

Art. 316 bis c.p.	Embezzlement to the detriment of the State
Art. 316 ter c.p.	Undue receipt of benefits to the detriment of the State
Art. 317 c.p.	Extortion
Art. 318 c.p.	Corruption by an act of office
Art. 319 c.p.	Corruption by an act contrary to the duties of office (aggravated pursuant to Art. 319 bis c.p.)
Art. 319 ter	Corruption in judicial acts
Art. 320 c.p.	Corruption of a public service agent
Art. 321 c.p.	Penalties for the corruptor
Art. 322 c.p.	Solicitation of corruption
Art. 322 bis c.p.	Peculation, extortion, corruption and solicitation vis-à-vis members of institutions of the European Community and functionaries of the European Community and foreign States
Art. 640, para. 2, No. 1 c.p.	Deception to the detriment of the State or other public body
Art. 640 bis c.p.	Aggravated deception for the purpose of obtaining public benefits
Art. 640 ter c.p.	IT fraud

IT-based crimes and illicit handling of data (Art. 24 bis of the Decree)

Art. 491 bis c.p.	IT documents
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Art. 615 ter c.p.	Unauthorised access to an IT or ICT system
Art. 615 quater c.p.	Unauthorised possession or disclosure of access codes to IT or ICT systems
Art. 615 quinquies	Dissemination of IT equipment, devices or programmes intended to damage or interrupt an IT or ICT system
Art. 617 quater c.p.	Interception, prevention or illicit interruption of IT or ICT communications
Art. 617 quinquies c.p.	Installation of equipment intended to intercept, prevent or interrupt IT or ICT communications
Art. 635 bis c.p.	Damage of IT programmes, data and information
Art. 635 ter c.p.	Damage of IT programmes, data or information used by the State or other public body, or in any event, of public utility
Art. 635 quater c.p.	Damage of IT or ICT systems
Art. 635 quinquies	Damage of IT or ICT systems of public utility
Art. 640 quinquies c.p.	IT fraud in relation to parties providing services of electronic signature certification

Offences relating to organised crime (Art. 24 ter of the Decree)

Art. 416 c.p.	Confederacy
Art. 416 bis c.p.	Association of an organised criminal nature, whether on domestic or foreign territory
Art. 416 ter c.p.	Electoral trade between politics and organised crime
Art. 630 c.p.	Kidnapping for the purpose of robbery or extortion
Art. 74 Presidential Decree 390/90	Association aimed at the illicit trafficking of scheduled drugs
Art. 407, para. 2, letter a), No. 5 c.p.p.	Crimes relating to the illegal manufacture, introduction into the State, offer for sale, transfer, possession and carrying on public property or property open to the public of weapons of war or their equivalent or parts thereof; explosives and clandestine weapons, and common firearms in numbers exceeding one

Crimes against public trust (Art. 25 bis of the Decree)

Art. 453 c.p.	Counterfeiting currency, complicit spending and introduction of counterfeit currency in the State
Art. 454 c.p.:	Defacing of currency
Art. 455 c.p.	Non-complicit spending and introduction into the State of counterfeit currency
Art. 457 c.p.	Spending counterfeit currency received in good faith
Art. 459 c.p.	Counterfeiting of postage and revenue stamps, introduction into the State, purchase, possession or circulation of counterfeit postage or revenue stamps
Art. 460 c.p.	Counterfeiting of watermarked paper for the production of credit cards or postage or revenue stamps
Art. 461 c.p.	Manufacture or possession of watermarked paper or instruments intended for the purpose of counterfeiting currency, postage or revenue stamps or watermarked paper
Art. 464 c.p.	Use of counterfeit or defaced postage or revenue stamps

Art. 473 c.p.	Counterfeiting, defacing or use of distinguishing marks or signs, or patents, models and drawings
Art. 474 c.p.	Introduction into the State and trade in products bearing counterfeit marks

Offences against trade and industry

Art. 513 c.p.	Manipulation of the freedom to conduct trade and industry
Art. 513 bis c.p.	Illicit competition involving threats or violence
Art. 514 c.p.	Fraud against national industries
Art. 515 c.p.	Fraud in pursuance of trade
Art. 516 c.p.	Sale of non-genuine substances as genuine
Art. 517 c.p.	Sale of industrial products bearing misleading marks
Art. 517 ter c.p.	Manufacture and sale of goods made by infringement of industrial property rights
Art. 517 quater c.p.	Counterfeiting of geographical indications or denominations of origin of agri-food products

Corporate crimes (Art. 25 ter of the Decree)

Art. 2621 c.c.	False corporate communications
Art. 2622 c.c.	False corporate communications to the detriment of shareholders or creditors
Art. 2624 c.c.	Falsification in the reports or communications of audit companies
Art. 2625 c.c.	Preventing the performance of checks
Art. 2626 c.c.	Undue return of conferments
Art. 2627 c.c.	Illegal distribution of profits and reserves
Art. 2628 c.c.	Illicit operations relating to shares or equity investments of the parent company
Art. 2629 c.c.	Operations prejudicial to creditors
Art. 2629 bis c.c.	Failure to disclose conflict of interest
Art. 2632 c.c.	Bogus formation of capital
Art. 2633 c.c.	Undue distribution of company assets by liquidators
Art. 2636 c.c.	Illicitly influencing the shareholders' meeting
Art. 2637 c.c.	Security-price manipulation
Art. 2638 c.c.	Obstructing the public supervisory authorities in the exercise of their office

Crimes for the purposes of terrorism (Art. 25 quater of the Decree)

Miscellaneous	Crimes for the purposes of terrorism or the subversion of democratic order envisaged in the criminal code or special laws
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Crimes against individual persons (Art. 25 quater 1 - and Art. 25 quinquies of the Decree)

Art. 583 bis c.p.	Practices involving the mutilation of the female genital organs
Art. 600 c.p.	Placing or keeping persons in slavery or servitude
Art. 600 bis c.p.	Child prostitution
Art. 600 ter c.p.	Child pornography

Art. 600 quater c.p.	Possession of pornographic material
Art. 600 quater.1 c.p.	Virtual pornography
Art. 600 quinques c.p.	Tourism initiatives aimed at exploiting child prostitution
Art. 601 c.p.	Trafficking in human beings
Art. 602 c.p.	Purchase and transfer of slaves

Crimes and administrative offences of *market abuse* (Art.25 sexies of the Decree)

Art. 184 / Art. 187 bis TUF	Abuse of privileged information
Art. 185 / Art. 187 ter TUF	Market manipulation

Trans-national crimes (Art 10 of Law No. 146/2006)

Art. 291 quater	Confederacy for the purposes of smuggling of
Presidential Decree No. 43/1973	foreign processed tobacco
Art. 74	Association aimed at the illicit trafficking of scheduled
Presidential Decree No. 309/1990	drugs
Art. 416 c.p.	Confederacy
Art. 416 bis c.p.	Conspiracy with organised crime networks
Art. 12	Orders against clandestine immigration
Legislative Decree No. 286/1998	
Art. 377 bis c.p.	Inducement to refrain from making declarations or to make false declarations to the judicial authorities.
Art. 378 c.p.	Aiding the evasion of justice

Crimes committed through the violation of occupational safety, health and hygiene regulations (Art 25 septies of the Decree)

Art. 589 c.p.	Homicide without intent
Art. 592 c.p.	Personal injury without intent

Receiving and laundering (Art 25 octies of the Decree)

Art. 648 c.p.	Receiving
Art. 648 bis c.p.	Laundering
Art. 648 ter c.p.	Use of monies, assets or goods of illicit origin

Breach of copyright (Art. 25 novies of the Decree)

Miscellaneous	Offences envisaged in articles 171, para. 1, letter a) bis; 171, para. 3, 171 ter, 171 septies, 171 octies of Law 633/1941 governing the protection of copyright and other rights connected with its exercise
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Inducement to refrain from making declarations or to make false declarations to the judicial authorities (Art. 25 decies of the Decree)

Art. 377 bis c.p.	Inducement to refrain from making declarations or to make false declarations to the judicial authorities
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Art. 1.5 Pre-conditions of exemption from liability of an Entity

The Decree expressly establishes, in articles 6 and 7, the exemption from administrative liability of the Entity for crimes committed to its own advantage and/or in its own interest if the entity has equipped itself with effective models of organisation, management and control (hereinafter also the “**Model**”), for preventing the offences listed therein.

In particular, if a crime is committed by Members of Top Management, the entity is not liable if it can prove that:

- before the act was committed, the managing body adopted and effectively implemented appropriate models of organisation, management and control for the purpose of preventing crimes of the type in question;
- the task of overseeing the operation and observance of the models and attending to their updating was assigned to a Supervisory Body within the entity enjoying autonomous powers of initiative and control;
- the persons committed the crime by fraudulently eluding the models of organisation and management;
- there was no omission of or shortcoming in supervision by the Supervisory Body appointed to oversee the operation of and compliance with the models of organisation and control.

For crimes committed by Subordinates, the entity may be held liable only if it is ascertained that the perpetration of the offence was made possible by non-fulfilment of duties of management or supervision. In the latter case, the Decree attributes liability to non-fulfilment of the duties of management and supervision, which are typically attributable to the top management (or parties appointed by the latter).

The charge of non-fulfilment of the duties of management or supervision does not apply if, before the crime was committed, the entity adopted and effectively implemented appropriate models of organisation, management and control for the purpose of preventing crimes of the type in question.

The simple adoption of the Model by the managing body is not in itself, however, sufficient to exonerate the entity from liability, insofar as it is necessary that the Model also be appropriate and effective. In view of this, the Decree indicates the essential characteristics for the drawing up of a model of organisation and control.

In order to prevent the envisaged crimes, the Model must, in particular, (art. 6 para. 2 of the Decree):

- identify and define the company’s activities within the framework of which the crimes envisaged in the Decree may be committed;
- establish specific protocols aimed at programming the formulation and implementation of the decisions of the Entity in relation to the crimes to be prevented;
- establish suitable procedures for procuring and managing financial resources to prevent the perpetration of such crimes;
- establish duties of information vis-à-vis the Supervisory Body appointed to oversee the operation of and compliance with the model of organisation, management and control, in order to ensure its practical, operational applicability;



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- establish a suitable internal disciplinary system for sanctioning non-compliance with the measures indicated in the model of organisation, management and control, in order to ensure its effectiveness.

With reference to the effective implementation of the Model, the following are also envisaged (art. 7 para. 4):

- periodic auditing and amendment (if applicable) of the Model in the event that significant violations of its provisions are discovered or if changes are made to the organisation or activities;
- the introduction of an appropriate internal disciplinary system of sanctions for non-compliance with the measures indicated in the Model.



2. THE CESAB MODEL OF ORGANISATION, MANAGEMENT AND CONTROL

2.1 The Company

Cesab Carrelli Elevatori S.p.a. (hereinafter also the “**Company**” or “**CESAB**”) is a company belonging to the TOYOTA Group (hereinafter also “**Toyota Group**”), a Japanese multinational operating in the following industries: automotive, lifting, textiles, componentry.

The Company, which was formed in 1942, performs the following activities: production and sale of fork-lift trucks (sector: lifting).

The Company has a “traditional” system of administration and control made up of the following company bodies:

- a Board of Directors invested with the power to manage the Company as per art. 2380-*bis* of the civil code;
- a Board of Statutory Auditors, tasked with “administrative control” in accordance with art. 2403 of the civil code.

The Company has a staff of approximately 350 people organised into functions and organisational units as set out in the company’s staff organisation charts.

2.2 Company objectives and Organisational Model

2.2.1 Objectives

The objectives which the Company sets itself include that of ensuring conditions of legality, fairness and transparency in the management of its affairs and company activities, both to safeguard its position and image in the market and to safeguard the expectations of its shareholders, customers and employees.

In order to achieve this objective, the Company has for many years adopted an extensive system of corporate *governance*, in line with international best practice.

In light of the above, the Company judged it to be in keeping with its policies and objectives to adapt its system of *governance* to the provisions of the Decree and to prepare and adopt its own model of organisation, management and control.

2.2.2 Preparatory activities to the adoption of the Model

The drawing up of the Model was preceded by a series of preparatory activities, in line with the prescriptions of the Decree and the guidelines issued by Confindustria (the Italian federation of industry), consisting, *inter alia*, of the following phases:

- Mapping of the areas exposed to the risk of crime:** this consists in identifying the functional areas of the company subject to the potential risk of the perpetration of crimes. Within this broader context, the specific activities exposed to the risk of crime were

identified for each of these areas, and the possible modes of committing crimes were then identified for each activity;

- ii. **Risk Assessment:** after mapping the areas exposed to the risk of crime, the existing internal control system (mandates, proxies and procedures) was assessed, with a view to highlighting - where necessary - its critical points and areas for improvement;
- iii. **Other components of the Model:** at this stage, steps were taken to draw up those components of the Model which the Company had not yet formally adopted, namely **a)** an extensive Code of Ethics conforming with the requirements of the Decree **b)** a disciplinary system and scheme of sanctions (complementing the system already envisaged by the applicable national collective labour contract) and **c)** a code of regulations governing the Supervisory Body establishing the appropriate powers, prerogatives and rights to enable it properly to monitor the operation, effectiveness and observance of the Model.

The preparatory activities described above were performed by means of a *self-assessment* (with the support of external consultants), which focused on an examination of company documentation and corporate procedures and practices, by means including interviews with company personnel. The documentation illustrating the work done and the methods by which it was achieved is filed at the Company's registered office and constitutes, to all effects, an integral part of the Cesab Model.

2.2.3 Adoption of the Model

The Model was adopted by the Company by resolution of the Board of Directors on 3 December 2009.

In the same resolution of 3 December 2009, the Board of Directors also appointed, in accordance with art. 6 of the Decree, a supervisory body (hereinafter also "**Supervisory Body**" or "**SB**"), with the task of overseeing the operation, effectiveness and observance of the Model, and attending to its updating and implementation.

The aims pursued by the Company by adopting the Model are as follows:

- to bring about in all persons who operate in the name or interest of the Company or on its behalf, an awareness of the possibility of committing, in the event of violation of the provisions established herein, an offence punishable by sanctions, of a criminal and administrative nature, against not only the natural person but also against the Company;
- to condemn all types of illicit conduct by all persons operating in the name and interest of the Company or on its behalf, insofar as such conduct is not only against the law but also against the ethical principles adopted by the Company and to which the Company intends to adhere;
- providing the Company, by controlling and monitoring its activities in risk areas, with the real and practical possibility of taking prompt action to prevent the perpetration of crimes.

The Model is also intended to:

- sensitise and disseminate at all levels of the Company, the rules of conduct and protocols for programming the formulation and implementation of Company decisions, with a view to managing and hence avoiding the risk of crimes being committed;

- invest the Supervisory Body with specific duties and adequate powers effectively to supervise the implementation and constant operation and updating of the Model, and assess that the necessary solidity and functionality of the Model are maintained over time;
- enable the processes of decision-making and authorisation conducted with the Company to be checked, in such a way that every significant step in such processes can be preventively identified and traced;
- outline the responsibilities in the formulation and implementation of Company decisions;
- establish assigned authorising powers compatible with the respective organisational and managerial responsibilities; keep records of delegations of power, responsibilities and duties within the Company, and ensure that the acts by which powers, proxies and autonomy are conferred, are compatible with the principles of preventive control;
- assess the activity of all parties which interact with the Company within the framework of the areas exposed to the risk of crime, and the operation of the Model, while also attending to its periodic updating on a dynamic basis, in the event that the analyses and assessments give rise to the need to make corrections and adjustments.

2.2.4 The Model and the Company's system of governance

By adopting the Model, the Company's aim has been to complete and perfect its system of corporate *governance* - which takes the form of a structured, organic complex of rules, codes of conduct, procedures and control systems - with a view to preventing the perpetration of the various types of crime envisaged in the Decree and deemed to be of relevance to the Company.

The Cesab system of *governance* is made up of the following components combined into a single instrument:

- The Company's code of ethics (hereinafter "**Code of Ethics**"), which constitutes an appendix to and integral part of the "*Code of conduct of Toyota Material Handling Europe*" adopted at group level. The Code of Ethics, which appears in Special Part "B" of this Model, establishes the ethical principles and general guidelines of conduct with which the heads of function, managers, employees and all parties working with the Company are required to comply in pursuance of their duties;
- an extensive organisational structure, under which duties and roles are distributed as shown in the company's staff organisation charts;
- a system of internal managerial proxies and mandates aimed at representing the Company in its relations with the outside world;
- a series of procedures indicating the operational procedures for the performance of work tasks and the respective control systems, as set out in the Quality Manual and elsewhere;
- a system for the management and control of financial resources;
- a system of staff communication and training covering all elements of the Model;
- an adequate disciplinary system and scheme of sanctions (hereinafter "**Disciplinary System**"), which makes up Special Part "C" of this Model, aimed at sanctioning the violation of the Model, the Code of Ethics and respective procedures;

- a Supervisory Body duly appointed by the Board of Directors and tasked with overseeing the operation, effectiveness and observance of the Model, and attending to its updating and implementation.

The model of *governance* indicated herein is subject to ongoing verification and monitoring by appropriate internal and external control bodies, including:

- the Compliance Officer, who conducts periodic checks on company processes and procedures with a view to ensuring that they comply with laws, regulations, *best practices* and ethical standards;
- the Board of Statutory Auditors, which conducts the checks envisaged by the law and records them in the Register of Minutes of the Meetings of the Board of Statutory Auditors;
- an Audit Company, which conducts accounting checks as part of the process of certifying the *reporting package*.

2.3 Contents of the Model

The Model is made up of all the “components” specifically identified in paragraph 2.2.4 above, and of all the procedures, company and group *policies* and systems of management and control referred to therein and/or envisaged in this document.

This document contains the descriptive guidelines of the Model and consists of a “*General Part*” and a series of “*Special Parts*”.

The General Part sets out the general rules and principles of the Model.

The Special Parts are each made up of:

- a list and explanation of the crimes currently deemed relevant to the Company for the purposes of application of the Decree (Special Part “A”);
- a code of ethics, which sets out the principles of conduct adopted by the Company (Special Part “B”);
- a disciplinary system and sanctions scheme (Special Part “C”);
- a clause to be included in contracts entered into with external contractors, commercial partners and third parties in general with which the Company has business relations (Special Part “D”).

This document has thus been structured in such a way as to streamline as far as possible those activities aimed at its updating and implementation: corporate evolutions and changes in Company structure, as well as changes in legislation - such as the possible extension of the types of crime which, by virtue of other regulations, are added to the Decree or in any event connected with its scope of application - may make it necessary to supplement the Model with additional provisions.

The Company’s Board of Directors, whether at the initiative and suggestion of the Supervisory Body or otherwise, shall be entitled to add to the Model at any time, amend its existing parts and add further Special Parts.

2.4 Control and monitoring of the effectiveness of the Model

The Supervisory Body has the duty to undertake and implement all the necessary initiatives for controlling the application of the Model, updating and amending it, and ensuring its correct and uniform implementation, in line with the requirements of the Decree.

2.5 Criminal offences of relevance to the Company

On the basis of the preparatory analyses of its own activities, the Company judged it useful and appropriate, in the present circumstances, to adopt the Model with reference to the following types of crime:

- crimes vis-à-vis the Public Administration (Art. 24 and 25 of the Decree);
- corporate crimes (Art. 25 ter of the Decree);
- crimes committed through the violation of occupational safety, health and hygiene regulations (Art. 25 septies of the Decree);
- IT-based crimes (Art. 24 bis of the Decree)

A list and explanation of the crimes currently deemed relevant to the Company for the purposes of application of the Decree is set out in Special Part “A” of this Model.

On the basis of the analyses made in the preparatory phase prior to the adoption of the Model, the Company decided that the possibility of perpetration of the other crimes envisaged in the Decree was remote and that it was therefore exhaustive for the purposes of the Model to provide a complete list of the said crimes in paragraph 1.4 and - by means of the directives formulated in this document and in the code of ethics - to call upon all employees, partners, suppliers and contractors of Cesab to comply with the values of protecting the individual person, fairness, morality, dignity and equality, and abide by the law.

2.6 Amendments to the Model

All substantive amendments and additions to the Model fall within the sphere of competence of the Board of Directors, insofar as this Model is an act issued by the managing body (cfr. Decree, Art. 6).

In derogation from the provisions of art. 2388 c.c., in order to ensure the stability and effectiveness of the Model, decisions regarding substantive amendments and additions to the Model must be approved with the favourable vote of at least two thirds of the directors present at the session.

2.7 Parties bound by the Model and areas subject to the risk of crime

Compliance with the provisions of the Model is obligatory for all parties bound by it (hereinafter also “**Parties bound by the Model**”), i.e.:



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- members of company bodies;
- employees and managers;
- contractors, suppliers and all parties which have relations with the Company and/or represent it in any way vis-à-vis third parties.

The Company forbids any derogation from the provisions established in the Model by the parties bound by it.

Any infractions of such provisions attract sanctions within the terms and according to the procedures envisaged in the Disciplinary System and Sanctions Scheme (see Special Part "C" of the Model).

3. SUPERVISORY BODY AND ITS REGULATORY CODE

3.1 Supervisory Body

In order to assure the Company exemption from administrative liability in accordance with the provisions of art. 6 of the Decree, the Company must identify and set up a Supervisory Body invested with the necessary authority and powers to oversee, in complete autonomy, the operation and observance of the Model; to update it as necessary and propose appropriate modifications or additions to the Company's Board of Directors.

In order to be eligible for selection, prospective members of the Company's Supervisory Body (hereinafter also "SB") must be in possession of the autonomy, independence and professionalism required by the Decree to perform such a role.

3.2 Composition of the Supervisory Body, appointment, revocation and grounds for ineligibility and invalidation of the mandate of its members

The number and required qualifications of the Supervisory Body is established by the Board of Directors, which appoints the Supervisory Body and its President by means of a specific resolution of the Board, stating reasons for the selection, which acknowledges that the persons selected are in possession of the autonomy, independence and professionalism required of members of the SB.

Members of the SB remain in office for three years and can be re-elected.

In exercising the functions of their office, members of the Supervisory Board must maintain the autonomy and independence required by the Decree: they must therefore notify the Board of Directors and the Supervisory Board immediately of any change in circumstance that may prevent them from meeting such requirements.

The appointed members of the Supervisory Body remain in office for the full duration of their mandate, regardless of changes in membership of the Board of Directors which appointed them, unless such re-election of the Board of Directors is occasioned by the perpetration of one of the crimes envisaged in the Decree: should this be the case, the newly elected Board of Directors shall appoint a new Supervisory Body.

The members of the Supervisory Body are drawn from a selection of candidates with legal, accounting, auditing and consulting skills, and who meet the required standards of professionalism. It is not permissible to appoint as a member of the Supervisory Board, or to retain as a member if already elected (automatic termination), the following:

1. any person in the situations covered by article 2382 of the civil code (prohibition, rescinding of authorisation, bankruptcy, sentencing to a penalty which results in ineligibility, whether temporary or otherwise, to hold public offices or unfitness to hold directorial office);
2. the spouse and relatives up to the fourth degree, of non-independent directors of the Company; the spouse and relatives up to the fourth degree of non-independent directors of companies controlled by the Company, of companies which control the Company and of companies subject to common control;
3. any person who has been sentenced, even if not definitively (including under art. 444 c.p.p.):

- to imprisonment for a period of not less than one year: **i)** for one of the offences envisaged in RD No. 267/1942; **ii)** for one of the crimes envisaged in legislation governing the activities of banking, finance, real estate, markets, securities and payment instruments; **iii)** for a crime against the public administration, against public trust, against property, against the public economy or of a fiscal nature;
 - to imprisonment for a period of not less than two years for any crime without intent;
 - for one or more crimes of the types envisaged and highlighted by the Decree, regardless of the type of sentence imposed;
 - for a crime resulting in sentencing to a penalty involving ineligibility, whether temporary or otherwise, to hold public office or temporary ineligibility to hold directorial offices of legal entities and enterprises;
4. any person who has held office as a member of the Supervisory Body within companies against which the sanctions envisaged in art. 9 of the Decree have been applied;
5. any person against whom one of the preventive measures envisaged in art. 3 of Law No. 55 of 19 March 1990 and subsequent amendments has been applied.

Except in the cases of automatic termination, the mandate of members of the Supervisory Body may not be revoked by the Board of Directors without just cause, having heard the opinion of the Board of Statutory Auditors. Cases of just cause of revocation include the following:

- the conviction of the Company pursuant to the Decree, or an order to settle, the records of which show "omission of or shortcoming in vigilance" on the part of the SB in accordance with art. 6, para. 1, letter d) of the Decree;
- breach of confidentiality in relation to information received in pursuance of the duties of office;
- unjustified absence from more than three consecutive meetings of the SB.

In the event of resignation or automatic termination of the mandate of a member of the SB, the latter shall promptly notify the Board of Directors, which shall take the appropriate decisions without delay.

The mandate of the SB shall be invalidated if the majority of its members cease to hold office as a result of resignation or other causes. In the above eventuality, the Board of Directors shall appoint the members of the SB again.

3.3 Duties, functions and powers of the Supervisory Body

It shall be the duty of the Supervisory Body to perform the functions of supervision and control envisaged by the Model.

The Supervisory Body enjoys autonomous powers of initiative and control within the framework of the Company in such a way as to enable it effectively to perform the functions envisaged by the Decree and the Model.

For all requirements necessary to the correct performance of its duties, the Supervisory body has at its disposal sufficient financial resources, which are assigned to it on the basis of an annual estimate approved by the Board of Directors, further to proposal by the SB itself. The need to ensure prompt intervention to prevent crimes, however, remains a priority: as such, in the event of

exceptional and urgent situations, the SB is entitled to use resources exceeding its spending power, on condition that it gives immediate notice thereof to the Board of Directors.

The activities provided for by the SB may not be censured by any other body or company body, without prejudice to the fact that the Board of Directors is in any event required to verify the adequacy of its intervention, insofar as, in the last instance, responsibility for the operation and effectiveness of the Model lies with the Board of Directors.

In order to guarantee full autonomy and independence in pursuance of its functions, the SB reports directly to the Company's Board of Directors.

The SB may request audience with the Board of Directors whenever it sees fit to exchange views with the said Board; by the same token, the SB is entitled to request explanations and information from the Board of Directors. Conversely, the SB may be convened at any time by the Board of Directors and other company bodies to report on specific events or situations relating to the operation and observance of the Model.

The SB is called upon to perform the following activities:

- dissemination of knowledge and understanding of the Model within the Company;
- supervising compliance with the Model within the Company;
- supervision of the validity and adequacy of the Model, with particular reference to conduct and practices encountered in the Company;
- verification of the actual capacity of the Model to prevent the perpetration of the offences envisaged in the Decree;
- supervision of the correct application of the Disciplinary System by the company functions appointed to do so;
- updating of the Model should it become necessary and/or appropriate to correct and adjust it, in relation to changes in company circumstances and/or changes in legislation;
- communication and periodic reporting to the Board of Directors in relation to activities undertaken, notifications received, corrections and improvements to the Model and their state of implementation.

Within the framework of the above activity, the SB shall fulfil the following duties:

- to disseminate and verify within the Company knowledge and understanding of the principles outlined in the Model;
- to collect, process, keep and update all relevant information for verifying compliance with the Model;
- to check and verify periodically the areas and activities identified as subject to risk, by means including, when deemed necessary for the purposes of fulfilling its functions, unscheduled inspections ("surprise inspections");
- to monitor and verify the Company's compliance with legislation governing occupational safety, health and hygiene;
- to check and verify the effectiveness and correct keeping of all documentation relating to the activities/operations identified in the Model;
- to verify periodically the internal proxies and mandates in force, and recommend the necessary amendments in the event that the latter are no longer compatible with the organisational and managerial responsibilities;

- to set up specific, dedicated channels of communication, aimed at facilitating the flow of notifications and information to the Body;
- to report promptly to the Board of Directors any violation of the Model deemed founded by the SB itself, which has come to its knowledge following a report from one or more employees or has been discovered by the SB directly;
- to assess periodically the adequacy of the Model in relation to the provisions and underlying principles of the Decree and the updating thereof;
- to assess periodically the adequacy of the flow of information and adopt corrective measures where applicable;
- to transmit promptly to the Board of Directors all information of relevance to the correct fulfilment of the functions of the SB, and to correct fulfilment of the provisions of the Decree;
- to transmit to the Board of Directors and the Board of Statutory Auditors, at intervals of at least every six months, a written report on the activities performed, notifications received and any disciplinary sanctions (connected with conduct relevant to the provisions of the Decree) imposed by the competent bodies; on necessary and/or appropriate corrections and improvements to the Model and their state of implementation. At least once a year, this report must be presented in person to the Board of Directors by the President of the SB.

For the purposes of fulfilling the duties assigned to it, the SB is invested with the powers and rights indicated below:

- to issue service orders and instructions aimed at regulating the activity of the SB and the flow of information to and from it;
- to access any company document of relevance to performing the duties assigned to the SB, including the company registers indicated in art. 2421 of the civil code;
- to request the collaboration of internal structures on a one-off or continuous basis, or avail itself of external consultants of proven professionalism, should this be necessary for the purposes of performing the necessary activities of verification and control or updating the Model;
- to order that the parties to whom such requests are made promptly provide the information, data and/or reports requested of them, in order to identify aspects connected with the various company activities of relevance to the Model and for the purposes of verifying the effective implementation thereof by the organisational structures of the company;
- to conduct the necessary internal investigations into presumed violations of the prescriptions of this Model;
- to request information, data and/or reports of use in supervising the correct application of the disciplinary system, from the company functions appointed to oversee disciplinary proceedings and the imposition of sanctions;
- to request, via the appropriate channels and persons, meetings of the Board of Directors and Board of Statutory Auditors for the purpose of discussing urgent matters;
- to take part in meetings of the Board of Directors and Board of Statutory Auditors;
- to access documentation produced by the auditor;
- to request heads of function to take part, without power to vote on resolutions, in the meetings of the Supervisory Body.

The Supervisory Body is required to prepare appropriate documentary evidence or the minutes of a meeting for all requests, consultations and meetings between the SB and other company functions. This documentation is then kept in the offices of the Supervisory body itself.

In view of the functions of the Supervisory Body and the specific professional contents required of these, in pursuance of its activity of supervision and control, the Supervisory Body may be supported by a dedicated staff (used on a full- or part-time basis, for the said specific duties), as well as availing itself of the support of the other internal company functions, which may be necessary on a time-by-time basis for the purposes of effective implementation of the Model.

Appropriate internal organisational documents will establish the operating criteria of the aforementioned dedicated staff, the personnel used within its ambit and the role and specific responsibilities conferred on such personnel by the Supervisory Body.

The Supervisory Body, whenever it sees fit and/or for activities requiring specialised professional know-how not available either within the Supervisory body or within the company as a whole, shall be entitled to avail itself of the specific professional capacities of external consultants to whom to delegate previously defined spheres of inquiry and the technical operations necessary for performing the function of control. The consultants must always, in any event, report the results of their work to the Supervisory Body.

The Supervisory Body's headquarters is located within the site of the Company's headquarters.

3.4 Rules governing the convocation and operation of the Supervisory Body

The Supervisory Body must meet at least every 4 months and in any event whenever necessary and/or advisable.

At least once a year, on a date close to the meeting of the Board of Directors called for the purpose of approving the financial statements, the Supervisory Body meets with the Board of Statutory Auditors to examine the financial statements and explanatory notes and to verify compliance with the Company's bye-laws and rules of *Corporate Governance*, and observance of the consequent code of conduct on the part of directors, the *management* and employees.

For each of its years in office, furthermore, the Supervisory Body holds one or more meetings with the Company's head of administration for the purpose of discussing the financial statements and analysing, on the basis of documentary evidence, the most salient items.

The meetings are convened by the President by means of a notice setting out the agenda, to be sent by fax, email or other means, at least ten days before the appointed date of the meeting, or, in urgent cases, at least one day before the said date. Each member of the Supervisory Body is entitled to request one item to be included in the agenda.

Meetings of the Supervisory Board are deemed to be duly and properly and convened, even in the absence of formal notice of convocation, if all the members of the said body are present.

Each Managing Director, the Board of Directors and the Board of Statutory Auditors are entitled to request that the Supervisory Board meet at any time.

For such meetings to be deemed valid, a majority of the members in office must be present.

Members unable to attend meetings and who do not intend to assign a proxy to another member of the Supervisory Body to exercise the right to vote in their place, must notify the President to this effect in a timely manner.

Meetings are held in person, by video link or by tele-conference (or a combination thereof) under the direction of the President, or, in his or her absence, by the oldest member.

Each member of the Supervisory Body casts a vote and the Body's decisions are adopted with the favourable vote of a majority of the members. In the event of a tie, the meeting's Chairperson has the deciding vote. Each member of the Supervisory Body present at the meeting is entitled have the reasons for his/her dissent recorded in the minutes.

Meetings of the Supervisory Body appoint a secretary, who drafts the minutes of the meeting. The Secretary, under the mandate of the President, compiles the agenda, sends notices of convocation and drafts the minutes of the meeting. The minutes are signed by the persons attending the meeting and the secretary appointed to write the minutes, and must be transposed into the register of minutes kept at the headquarters of the Supervisory Body.

On request, the Supervisory Body must promptly send copies of the minutes of its meetings to the Company's Board of Directors and Board of Statutory Auditors.

The Supervisory Body is in any event entitled to draft and approve its own specific internal regulatory code, which governs the activities of the said Body, defines in detail the technical and practical aspects of its operation, and establishes the details of all its other functions, procedures and methodologies.

3.5 Information Flows to and from the Supervisory Body

For the purposes of facilitating supervision of the effectiveness of the Model adopted by the Company, all Parties bound by the Model are required to bring to the attention of the Supervisory Body all information and notifications of any type, including from third parties, relating to the application of the Model and the effectiveness of its implementation.

The Parties bound by the Model must therefore inform the Supervisory Body promptly and in detail of any violation or suspected violation of the Model, its general principles, relevant procedures for the purposes of the Decree or the Code of Ethics, and of the ineffectiveness or unsuitability of any of the former, and any other potentially relevant fact. In particular, the Parties bound by the Model are required to send promptly to the Supervisory Body all information relating to:

- critical issues, anomalies or atypical facts which emerge from the control activities put in place by the relevant company functions (including peculiar situations, such as a high rate of staff *turnover*);
- decisions relating to the request, issue or use of public loans;
- visits, inspections and checks ordered by the competent bodies (by way of example only: ASL, INPS, INAIL, Revenue Guard Corps, Work Inspectorate, etc.) and, upon their conclusion, any findings or sanctions passed;
- disputes in progress, whether instigated by or against the company, and the respective outcomes upon their conclusion;

- measures and/or reports from judicial police bodies or any other authority from which it is possible to infer the conduct of inquiries, in relation to either known or unknown parties, for the crimes stipulated in the Decree;
- requests for legal assistance sent by personnel in the event of the instigation of judicial proceedings against them in relation to the crimes envisaged in the Decree;
- reports prepared by the Company's heads of function within the framework of the control activities performed, from which facts, acts, events or omissions of a critical nature in relation to the provisions of the Decree may emerge;
- reports highlighting disciplinary proceedings undertaken and sanctions (if any) imposed, the action taken or grounds for archiving disciplinary proceedings against company personnel.

In addition to the above, the heads of function, within their own sphere of competence, are required promptly and at all times to provide the Supervisory Body with all information requested by the latter in pursuance of its duties. The Supervisory Body must also be sent a copy of periodic occupational health and safety reports.

Parties bound by the Model who fail to fulfil correctly their duty to provide information to the Supervisory Body within the terms and by the means outlined above, may be subject to disciplinary sanctions.

The above information must be sent in writing to the following email address:
odv@cesab.it

Anyone wishing to remain anonymous may send their reports by priority post to the Supervisory Body at the Company's headquarters at the following address:

CESAB SpA
Att.ne Organo di Vigilanza
Via Persicetana Vecchia, 10
40100 Bologna

The Supervisory Body shall act in such a way as to safeguard the authors of such reports against any form of reprisal, discrimination, penalisation or any consequence thereof, and shall keep their identity confidential, without prejudice to legal obligations and the protection of rights of the Company or of persons accused erroneously and/or in bad faith.

All information, notifications and reports envisaged by this Model are kept by the Supervisory Body in an appropriate, confidential electronic and/or hard-copy archive in accordance with the provisions of Decree No. 196/2003 and for a period of 10 years.

3.6 Transmission of information regarding changes in company organisation to the Supervisory Body

Company bodies and/or the heads of function must also notify the Supervisory Body of the following:

- organisational changes (e.g. changes to the staff organisation chart, reviews of existing procedures or the adoption of new procedures or *policies*, etc);
- updates and changes to the system of proxies and mandates;
- significant and/or atypical operations involving the areas subject to risk of the crimes identified in the preparatory analyses carried out prior to adoption of the Model;
- changes in situations of risk or potential risk;
- any communications from the Auditor regarding factors which may be indicative of shortcomings in the system of internal controls;
- copies of the minutes of meetings of the Board of Directors and Board of Statutory Auditors;
- copies of any communications made to the Regulatory Authorities (e.g. Regulatory Authority for Competition and the Market, Regulatory Authority for the Protection of Personal Data, etc.);
- any other information which the Supervisory Body may request in pursuance of its duties.

4. INFORMATION AND TRAINING

4.1 Information and training of Parties bound by the Model

The Company's objective is promptly to disseminate the contents of this document and of the Model to the directors, managers and employees of the Company and to all parties which work with it. In light of this:

- i. the adoption of the Model is communicated to employees, heads of function and managers by means of the distribution of this document in the most appropriate manner (e.g. uploading to the Company's intranet and internet site, posting on notice-boards, availability of printed copies of the Model). The Company requires employees, heads of function and managers to issue a declaration confirming that they have viewed the Model and respective Special Parts and undertake to abide by it;
- ii. newly recruited staff are provided with a copy of the Model and respective Special Parts, together with the rest of the documentation normally issued at the time of hiring, by the Head of Human Resources. Like existing staff, newly recruited staff are also required to issue a declaration confirming that they have viewed the Model and undertake to abide by it;
- iii. to external suppliers, contractors and consultants.

All declarations confirming viewing of the Model and the undertaking to abide by it are sent to the Head of Human Resources, who sees to it that they are appropriately stored (by inclusion in the employee's record file in the case of employees).

Personnel and external partners are also given adequate training in relation to the contents of the Decree and the Model. This training activity is divided into the following phases:

- i. general training: i.e. a general training programme aimed at informing the Parties bound by the Model of the prescriptions of the Decree and the contents of the Model adopted by the Company;
- ii. specific training: i.e. a specific training programme for persons operating in areas exposed to the risk of crime, aimed at informing the Parties bound by the Model of **a)** the specific risks to which their area of work is exposed, and **b)** the principles of conduct and company procedures which they are required to follow in pursuance of their duties.

The contents of the training courses and the timetable and procedures for their delivery are defined by the Head of Human Resources in agreement with the SB, both of which then establish procedures for verifying attendance of the courses and the quality of the content of the training programmes.

Attendance of training courses regarding the Model is obligatory; failure to attend training sessions constitutes a violation of the Model itself and may attract disciplinary sanctions.

The information and training system is constantly monitored, and where necessary, modified by the SB in conjunction with the Head of Human Resources or other heads of function.



The information and training sessions actually delivered must be suitably documented and the respective documentation is kept by the Head of Human Resources.

4.2 External contractors and Partners

The Company's external contractors and partners are informed of the adoption of the Model and of the fact that the Company requires them to act in accordance with the principles of conduct established therein.

According to the type of external contractor or partner in question, the Company decides upon the most appropriate means (e.g. uploading to the Company's intranet and internet site), by which to inform such parties of the policies and procedures followed by the Company by virtue of the adoption of the Model, and to ensure that such parties undertake to abide by its principles. This may involve the inclusion of appropriate clauses in the contracts of external partners and contractors, obliging them to comply with the provisions of the Model.

5. PERIODIC AUDITS AND UPDATING OF THE MODEL

The Decree expressly establishes the requirement of updating the Model in order to ensure that it is constantly tailored to the specific requirements of the entity and the latter's day-to-day activities. Amendments and/or updates to the Model are chiefly made in response to:

- changes in legislation;
- violations of the Model and/or findings emerging from audits regarding its effectiveness (which can also derive from the experiences of other companies);
- changes to the organisational structure of the entity, deriving, for example from extraordinary financial transactions or changes in company strategy occasioned by the undertaking of new fields of activity.

In particular, the updating of the Model and hence the making of changes and/or additions to it, is the duty of the same managing body to which the legislator has assigned the task of adopting the Model. In this context, the SB, in conjunction with the heads of function involved on a time-by-time basis, must conduct:

- audits of the procedures and protocols. For this purpose, it periodically reviews the effectiveness and implementation of the protocols and procedures established in this Model;
- checks of the level of knowledge of the Model, by means including the analysis of requests for clarification and reports received;
- an update, should the conditions described above apply (particularly in the event of major changes to the Company's organisation or business, a high rate of staff *turnover*, or additions or amendments to the Decree) of the risk assessment aimed at reviewing the mapping of the activities potentially at risk.