



Principles and guidelines of the Model for Organisation and Control

This directive has been drafted while taking into consideration the Confindustria Guidelines on the Administrative Responsibility of Companies in accordance with Leg. D. 231/01.

1. LEGISLATIVE DECREE N.231/2001

This directive has been drafted while taking into consideration the Confindustria Guidelines on the Administrative Responsibility of Companies in accordance with Leg. D. 231/01.

1.1. Reference standard

Legislative Decree 231 of 8 June 2001 introduced rules and regulations concerning the “administrative responsibility of legal persons, of companies and associations, including those that do not have any legal personality”.

On the basis of the rules and regulations stated in the abovementioned decree, companies can be held responsible for any offences, specifically indicated, whether actually committed or attempted, in the interest and/or to the advantage of the company itself:

- by individuals who hold “top” positions as representatives, directors or managers of the company or of one of its organisational units, as well as individuals that are actually responsible for managing and controlling the company;
- by individuals who are managed or supervised by one of the individuals holding a “top” position.

On the basis of the dispositions of Leg. D. 231/2001 and, subsequent modifications, the administrative responsibility of the company is configured with reference to the following type of offence:

- offences committed during relations with Public Officials (such as corruption and embezzlement from the State, defrauding the State and computer fraud against the State, as indicated in articles 24 and 25 of Leg. D. 231/2001);
- computer crimes and illegal data processing (art. 24-b, Leg. D. 231/01) – article added by L. 18 March 2008 no. 48;
- offences concerning forging currency, public credit cards and revenue stamps, as indicated in art. 25-b Leg. D. 231/2001;
- any corporate crimes (such as circulating false company information, illegal influence on shareholder’s meetings), as indicated in art. 25-ter Leg. D. 231/2001;
- offences concerning terrorism and subversion of democratic order (including providing financing for such purposes), as indicated in article 25 quater Leg. D.231/2001;
- offences against individuals (such as the exploitation of prostitutes, underage pornography and treating people as slaves or reducing them to slavery, as indicated in article 25-quinquies of Leg. D 231/2001)
- exploitation of the market (art. 25-sexies, Leg. D. 231/01) – Article added by L. 18 April 2005 no. 62;
- crimes of manslaughter and grievous or very grievous negligent harm, committed with violation of the legislation on accident prevention and on safeguarding health and safety in the workplace (art. 25-septies, Leg. D. 231/01) - Article added by L. 3 August 2007 no. 123, art. 9;

- receiving stolen goods, laundering and using money, goods or valuables of illegal origin (art. 25-octies, Leg. D. 231/01) - Article added by Leg. D. 21 November 2007 no. 231, art. 63;
- transnational offences inserted by Law 16 March 2006, no. 146 such as criminal conspiracy (art. 416 p.c.), association with the mafia, etc.

N.B. The full list of offences is included in the document entitled "Updated list of offences foreseen by the Decree.

In the event that one of the offences specifically indicated in the reference standard is committed, the criminal responsibility of the individual that actually committed the act is accompanied by the administrative responsibility of the Company.

Vice versa, the company does not respond (art. 5, para 2, Leg. D. 231/2001) if the individuals concerned acted in their own interest or on behalf of a third party.

For all administrative irregularities that are linked to a crime, the following penalties are foreseen:

- financial penalty;
- disqualification;
- seizure;
- publication of the sentence.

In particular, in very serious cases, the application of disqualification may imply the suspension or withdrawal of licenses, concessions, authorisations, disqualification from carrying on business, ban on contracting with the P.A., ban on advertising goods and services, exclusion from financial loans, contributions and financial aid.

1.2 Premises for the company's exclusion from responsibility

Leg. D. 231/2001 foresees exemption from responsibility if the company demonstrates that:

- the management adopted and effectively implemented, prior to when the offence was committed, models of organisation, management and control that are suitable for preventing the occurrence of the criminal offences under consideration;
- it has entrusted to an internal body (called the Supervisory Board) with powers of initiative and control, the task of supervising the functioning and effective observance of the model in question, as well as providing for its updating;
- the individuals that committed the offence acted fraudulently;
- there was no negligence or insufficient control by the Supervisory Board.

With the aim of exonerating the responsibility of the Company, the Model of Organisation and Control within Comeca S.p.A. has defined operating methods and responsibility for the purposes of:

- identifying those activities where there is a possibility of offences being committed (sensitive activities) defined in the matrix "Risk analysis in accordance with Leg. D. 231/01 and sub. mod.";

- providing specific protocols/procedures aimed at programming training and the implementation of the Company's decisions in relation to offences to be prevented;
- identifying methods of managing financial resources that are appropriate for preventing offences being committed;
- providing compulsory information to the body appointed to supervise the functioning and observance of the model;
- introducing a disciplinary system that is appropriate for penalising lack of respect for the measures indicated in the model.

2. MODEL OF ORGANISATION, MANAGEMENT AND CONTROL

The Company, with the aim of guaranteeing correctness and transparency in the conduction of company business, considers the adoption of a model of organisation, management and control that is in line with the requirements of the decree to be necessary, as described in this document.

For this purpose the Company has:

- identified sensitive activities;
- identified specific preventive and / or contrasting measures within the protocols/procedures defined;
- established the principles and guidelines of the MOC using suitable management procedures.

2.1. Sensitive activities

The following sensitive activities are those for which application is foreseen of the control standards that are an integral part of the MOC:

- sensitive activities in relation to offences against the Public Administration (art. 24, 24 bis and 25 of Leg. D. 231/01);
- sensitive activities in relation to corporate offences (art. 25-ter of leg. d. 231/01);
- sensitive activities relating to legislation on health and safety (art. 25-septies)

2.2. Sensitive activities in relation to offences against the Public Administration

"Sensitive activities", in relation to offences against the Public Administration, are considered to be all those activities that imply, for any reason, contact with subjects that belong to the P.A. The full list of the activities is described in the document "Risk Analysis" (Attachment 2), an integral part of the Model documentation. Furthermore, moments of control, foreseen in specific procedures and/or protocols, have been defined.

2.3. Sensitive activities in relation to corporate offences

The following activities are considered to be "corporate offences":

- compilation of balance sheets, financial statements and mid-year accounts;
- handling of relations with Shareholders, the Board of Auditors and External Auditing Companies, if necessary;
- operations on share capital and profit distribution;
- communication, running and drawing up of minutes of the Shareholders' Meetings.

2.4. Sensitive activities in relation to health and safety

"Sensitive activities" in relation to offences of "crimes of manslaughter and grievous or very grievous bodily harm, committed with violation of the standards on accident prevention and the protection of hygiene and health in the workplace" (art. 25-septies, Leg. D. 231/01) are considered to be all those activities that are the subject of risk assessment, conducted on the basis of the letter and the spirit of Leg. D. 81/2008 (Consolidation act on health and safety in the workplace) as well as all the management type activities foreseen by the international BS OHSAS 18001:2007 standard, the absence of which could generate a situation of risk to workers, as well as other parties concerned.

2.4. Elements of the model

The Company's Board of Directors, which met on 5 October 2009, approved this document, entitled "Principles and guidelines in the Model of organisation, management and control" in accordance with legislative decree 8 June 2001 no. 231 and subsequent modifications and integrations.

The Model is made up of a complex structure of rules of conduct, principles, regulations, dispositions and their connected duties and responsibilities, aimed at the creation and diligent management of a system to control and monitor sensitive activities, with the aim of preventing the offences foreseen by Leg. D. 231 and subsequent integrations from being committed or even attempted.

The preventive objective of the Model is aimed at individuals in top positions and also at individuals under the command of others operating in the Company.

The Model:

- identify the activities where offences may be committed;
- refer to the procedures/protocols aimed at guaranteeing that the activity is carried out in observance of the law and for discovering and rapidly eliminating situations of risk;
- identify the most suitable method of managing financial resources in order to prevent offences being commissioned;
- provide obligatory information and training for the board delegated to supervise the functioning and observance of the model;
- introduce the most suitable disciplinary system to penalise failure to observe the measures indicated in the model.

The principles and guidelines in the Model are approved by the Board of Directors. The Supervisory Board has the task of implementing, updating and adapting, where necessary, those company regulations concerned with implementing this Model.

2.5. Who the model is applied to

The Model applies to all those who work to achieve the purpose and the objectives of the Company.

The Model applies to the components of the corporate bodies of the Company, the subjects involved in the functions of the Supervisory Board, employees, external consultants and commercial and/or financial partners.

3. SUPERVISORY BOARD

3.1. Identification

The Company's Board of Directors has arranged the nomination of the members of the Supervisory Board. The Supervisory Board defines and carries out its duties in accordance with the rules of collective decisions and has "independent powers of initiative and control" as per art. 6, para. I, lett.b), of Leg. D. 231/2001. The Supervisory Board also has autonomy, independence, professionalism and continuing action as required by the legislation.

The Supervisory Board is entrusted with:

- the necessary resources for carrying out its activities;
- the power to request from and/or award to third parties, that have the necessary specific skills, duties of a purely technical nature.

3.2. Appointment

The Company's Supervisory Board is appointed by the Board of Directors. The SB approves the Regulations (functional) and delivers a copy to the Board of Directors.

The Supervisory Board can be considered ineligible and/or cease to hold office if:

- found guilty, after final sentencing, of having committed one of the offences foreseen by Leg. D. 231/2001 and subsequent integrations;
- found guilty, after final sentencing, of an offence that implies disqualification, either permanent or temporary, from holding public office, or temporary disqualification from holding positions managing legal individuals or businesses.

Any withdrawal of the specific powers held by the Supervisory Board and the dedicated resources may only occur for just cause, following deliberation by the Board of Directors.

3.3. Functions and powers of the Supervisory Board

The Supervisory Board is entrusted with:

- implementing the Model on the basis of the indications provided in this document "Principles and guidelines of the Model for Organisation and control in compliance with Leg. D. 231/01 and subsequent modifications and integrations";
- verify the effectiveness of the Model to ensure that the actions implemented within the company correspond to the Model for organisation, management and control defined;
- monitor the effectiveness of the Model while verifying the suitability of the model provided to prevent the offences foreseen from occurring;
- update the Model with the aim of adopting suitable adaptations following environmental and/or organisational changes in the company.

While carrying out the duties assigned, the Supervisory Board has unlimited access to company information for activities of investigation, analysis and control. Information must be given, regardless of whether it regards a department, employee or member of a company body, when requested by the Supervisory Board or when any event or significant circumstances occur that affect the area of competence of the Supervisory Board.

N.B. For further information regarding the duties assigned to the SB, refer to the document “Supervisory Board Regulations in accordance with Leg. D. 231/2001”.

4. FLOW OF INFORMATION

4.1. Communication from the Supervisory Board to the top management of the company

The Supervisory Board reports on the implementation of the Model, and on any critical aspects that emerge and communicates the result of the activities carried out as it performs the duties assigned to it.

The following lines of reporting are foreseen:

- the first, on an ongoing basis, directly to the Managing Director;
- the second, on a quarterly basis, to the Board of Directors.

With reference to the communication flows indicated above, the Supervisory Board provides:

- a quarterly report with evidence of the activities carried out and the results achieved;
- immediate reporting regarding any innovations introduced about the administrative responsibility of companies;
- immediate reporting regarding serious violations identified during the performance of verifications, audits, inspections.

4.2. Communication to the Supervisory Board: information of a general nature and specific obligatory information

The Supervisory Board must be informed, by specific reports drawn up by Employees, by the Company bodies, Consultants and commercial and financial Partners, of any events that could cause the Company to be held responsible in accordance with Leg. D. 231/2001 and subsequent modifications and integrations.

All workers are given the opportunity to report any problems linked to health and safety in the workplace, in observance of basic workers' rights, if there is a possibility that there are the conditions for the commission of the actual offence foreseen by Leg. D. 231/2001, by using the suggestion box available in the division.

The following general rules apply in this regard:

- every individual in charge of a company area is responsible for collecting together any eventual information about the commission or feasible danger of the commission of any offences referred to in the Decree or of any general practices that are not in line with the code of practice contained in the Model;

- every employee must report any violation (or presumed violation) of the Model by contacting their direct superior and/or the Supervisory Board;
- consultants, collaborators and commercial and/or financial partners must make any reports directly to the Supervisory Board;
- The Supervisory Board assesses the reports received and defines the consequent measures in compliance with paragraph 5.

5. STRUCTURE OF THE DISCIPLINARY SYSTEM

5.1. Function of the disciplinary system

Article 6, paragraph 2, letter e) and art. 7, para. 4, letter b) of Leg. D. 231/2001 establish (with regard both to individuals in top positions and individuals under the command of others) the need for a "disciplinary system for penalising the failure to respect the measures indicated in the MOC".

Application of the disciplinary system presupposes the simple violation of the standards and requirements contained in the Model, therefore, it will be activated independently from the introduction and result of any criminal procedure brought by the relevant judicial Authorities.

5.2. Violation of the Model

The following are merely an example of violations of the Model:

- actions or practices that do not conform to the regulations in the Model when carrying out activities in areas where there is the risk of offences being committed;
- actions or practices that do not conform to the regulations in the Model, or the failure to carry out actions or practices prescribed by the Model that:
 - o expose the company to situations where there is an objective risk of one of the offences referred to in Leg. D. 231/2001 and subsequent integrations being committed; and/or
 - o are intended in an unequivocal manner to facilitate committing one or more offences referred to in the decree such as to determine the application of the penalties foreseen to the company;
- actions or practices that do not conform to the principles contained in the Code of Ethics, procedures and protocols and in the other documents that derive directly from this Model.

5.3. Measures for Directors

Upon being notified that a violation of the Model has been committed by one or more members of the Board of Directors, the Supervisory Board immediately informs all the other members of the same Board of Directors. The Board of Directors carries out the necessary investigations and, once the Board of Auditors has been consulted, takes the appropriate measures.

5.4. Measures for Auditors

Upon being notified that a violation of the Model has been committed by one or more members of the Board of Auditors, the Supervisory Board informs the Board of Directors.

The Board of Auditors carries out the necessary investigations and, once the Board of Directors has been consulted, takes the appropriate measures.

5.5. Measures for management

In the event of a confirmed violation of the Model by management, the company will provide for the application of the most appropriate measures for those responsible, in compliance with contractual provisions.

5.6. Measures for employees who do not hold management qualifications

Notification of a violation of the Model, corresponds to the start of procedures to establish the failures established by the current National Labour Contract.

The disciplinary penalties foreseen by the NLC are:

- verbal warning;
- written warning;
- suspension from work without pay for a maximum of 5 days;
- dismissal for just cause or for justified reason.

After having applied disciplinary measures, the Managing Director/Human Resources Manager communicates the application of these penalties to the Supervisory Board. The Supervisory Board provides for monitoring application of the disciplinary penalties.

5.7. Measures for Consultants and commercial and/or financial Partners

Violation of the regulations and dispositions in this Model by Consultants and commercial and financial Partners is penalised in accordance with the specific contractual clauses included in the relative contracts.

6. TRAINING AND COMMUNICATION

6.1. Foreword

The Company is committed to promoting and providing space, within the scope of its internal communications, to themes linked to the ethical/behavioural area of personnel and the prevention of irregularities. In this context ample opportunity is given, both inside and outside the structure, to present the principles contained in this Model, as well as the Code of Ethics. The level of training and information is implemented with a different degree of elaboration in relation to the resource's different level of involvement in sensitive activities.

6.2. Communication to the members of the company bodies

The Model is formally communicated by the Supervisory Board to each member of the company bodies. The individual that receives the communication signs a declaration stating that they have read and agree with the Model.

6.3. Training and communication to employees

The Model is formally communicated by the Supervisory Board to all the employees of the Company that are currently in service.

The structure of training courses is defined by the Supervisory Board in coordination with the relevant company departments. Furthermore, the document "Principles and guidelines of model 231" is available on the company's website and its intranet site.

6.4. Communication to third parties

In accordance with the content of the Code of Ethics, all those who have commercial and financial relations with the Company are informed about the document "Principles and guidelines of model 231".

The commitment to observe the reference principles of the Model by third parties that have contractual relations with the Company must be foreseen by a specific clause in the relevant contract that will be the object of acceptance by the contracting third party.

The Company will also assess other appropriate ways of communicating the reference principles of the Model to the market.
