

MIDI europe

S.r.l

*Organisational, management and control model
Pursuant to Italian Legislative Decree No. 231/2001*

Approved by the Board of Directors on 10/05/2013

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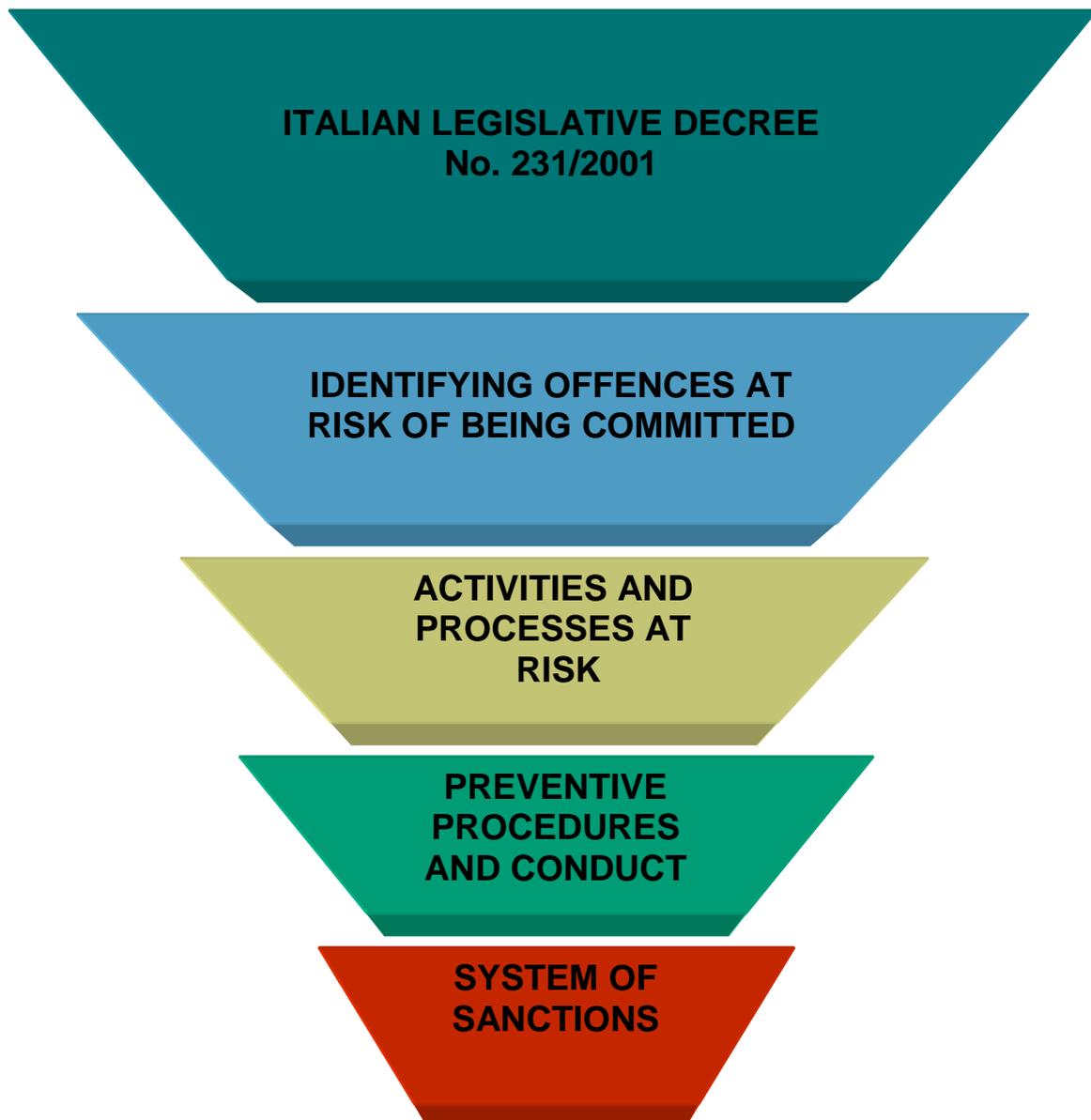
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1 INTRODUCTION AND REFERENCES

Italian Law No. 300 dated 29 September 2000 in compliance with the obligations set forth in the OECD Convention (September 1997) and in other international protocols, delegated the Government to draft and establish a system of administrative liability of entities and companies, including disciplinary sanctions. In enacting the law, the Government issued It. Leg. Dec. No. **231 dated 8 June 2001**, which came into force on 4 July 2001, concerning **“Regulation of the administrative liability of legal entities, of companies and of associations, including those with no legal personality”**.

It. Leg. Dec. No. 231/2001 or the Decree: The Legislative Decree No. 231 dated 8 June 2001, “Regulation of the administrative liability of legal entities, of companies and of associations, including those with no legal personality” and its subsequent amendments and additions.

Offences: the types of crimes to which the provisions in It. Leg. Dec. No. 231/2001 apply also subsequent to any amendments and additions;

Company: **MIDI EUROPE Srl;**

Parent Company /Controlling Company: the company that directly or indirectly controls MIDI EUROPE Srl;

Model: this Organisational, Management and Control Model;

Senior Representatives: persons who are representatives, directors or managers of the company or of one of its organisational units that has financial and functional independence, or by individuals who are responsible for managing or controlling the company;

Employees: persons who have a subordinate employment contract with MIDI EUROPE Srl;

The Supervisory Body: the organism provided for by this Model;

Activities and processes at risk: the activities of MIDI EUROPE Srl where there is a risk of Offences being committed;

CCNL: The National Collective Employment Contracts signed by the major employee trade unions, that are currently in force and applied within MIDI EUROPE Srl;

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Internal proxy: internal assignment of powers associated with the function, which do not require a notarial proxy in order to carry them out but have an effect on the communication organisation system

Power of attorney: unilateral legal transaction, performed in the presence of a notary public, with which MIDI EUROPE assigns powers of representation before third parties and which is recorded in the Register of Companies at the Chamber of Commerce;

Chairman The Chairman of the Board of Directors of MIDI EUROPE Srl;

ABBREVIATIONS

I.P.C. : Italian Penal Code

I.C.C. : Italian Civil Code

C.F.L. : Consolidated Finance Law (Italian Legislative Decree No. 58 dated February 1998 - the Draghi Law)

SB: The Supervisory Body

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2. *It. Leg. Dec. No. 231/2001 AND ITS PROVISIONS*

By reading in detail the contents of Italian Legislative Decree No. 231/2001, you can see that Art. 5 (1) sanctions the liability of the company if certain offences are committed in its interest or to its advantage:

- a) By persons who are representatives, directors or managers of the company or of one of its organisational units that has financial and functional independence (Senior Representatives), or by individuals who are *de facto* responsible for managing or controlling the company;
- b) By persons subjected to the management or supervision of the persons indicated in letter a) above (e.g. employees).

Therefore, if one of the specifically referred to offences is committed, the criminal liability lies with the person who actually committed the act whereas the “administrative” liability of the company is added - if and provided that all the other regulatory conditions are present.

From the point of view of sanctions, whatever offence is committed, the corporate body is always subject to the application of a monetary fine; more serious offences also involve the application of disqualification sanctions, such as debarment from running a business, the suspension or revocation of permits, licences or concessions, the ban from making contracts with the Public Administration, the exclusion from receiving loans, grants or subsidies and the possible revocation of those already granted, a ban from advertising goods and services.

2.1 The offences

The types of offences to which the provisions in question apply, are:

- a) **Articles 24 and 25) Offences committed in relations with the Public Administration**
 - ❖ *Misuse of public funds to the detriment of the State* (Art. 316-bis I.P.C.);
 - ❖ *Improper obtaining of public funds to the detriment of the State* (Art. 316-ter I.P.C.);
 - ❖ *Aggravated fraud to the detriment of the State or of another public entity or with the pretext of exempting someone from military service* (Art. 640 (2) No. 1, I.P.C.);
 - ❖ *Aggravated fraud aimed at obtaining public funding* (Art. 640-bis I.P.C.);
 - ❖ *Computer fraud* (Art. 640-ter I.P.C.);
 - ❖ *Corruption relating to the exercise of official duties* (Art. 318 I.P.C. - Art. 321 I.P.C.);

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- ❖ *Incitement to corruption (Art. 322 I.P.C.);*
- ❖ *Extortion (Art. 317 I.P.C.);*

- ❖ *Corruption relating to actions contrary to official duties (Art. 319 I.P.C. - Art. 319-bis - Art. 321 I.P.C.);*
- ❖ *Corruption in judicial proceedings (Art. 319-ter (2) I.P.C.; Art. 321 I.P.C.);*
- ❖ *Corruption of persons engaged in public services (Art. 320 I.P.C.);*
- ❖ *Misappropriation of public funds, extortion, corruption and incitement to corruption of members of European Community bodies and officials of the European Community and of Member countries (Art. 322-bis I.P.C.).*

b) Art. 24-ter) Organised crime offences [Article added by Italian Law No. 94 of 15 July 2009, Art. 2 (29)]

- ❖ *Criminal association (Art. 416 I.P.C. excluding sub. para. 6).*
- ❖ *Criminal association aimed at reducing individuals into slavery and maintaining them there, trading individuals, purchase and sale of slaves and offences concerning violations of the provisions on illegal immigration as referred to in Art. 12 of It. Leg. Dec. 286/1998 (Art. 416, sub. para. 6, I.P.C.)*
- ❖ *Mafia-style criminal association (art. 416-bis I.P.C.);*
- ❖ *Mafia and political collusion in election rigging (Art. 416-ter I.P.C.);*
- ❖ *Kidnapping for the purposes of extortion (Art. 630 I.P.C.);*
- ❖ *Criminal conspiracy aimed at the illegal trafficking of drug substances (art 74. of Dec. No. 309 of It. Pres. of Rep. of 09.10.1990);*
- ❖ *Unlawful manufacture, introduction into the country, placing for sale, selling, detention or carrying in a public place or a place open to the public, of weapons of war or similar or parts thereof, of explosives, of smuggled arms as well as common firearms(*) (Art. 407 (2) lett. a), number 5) I.C.P.P.). (*) Excluding those known as “indoor range”, or with gas emissions, and also compressed air or compressed gas arms with long or short barrel whose projectiles release a kinetic energy of more than 7.5 joules, and rocket launchers, except when they are arms used for fishing or arms and instruments for which the “Central Consultative Committee for the control of arms” excludes their capability of causing harm to persons, given their respective characteristics.*

c) 25-bis) Crimes relating to counterfeit money

- ❖ *Forgery of money, spending and introduction into the State of counterfeit money, with prior alliance, (Art. 453 I.P.C.);*
- ❖ *Alteration of coinage (Art. 454 I.P.C.);*
- ❖ *Spending and introduction into the State of counterfeit money, without alliance, (Art. 455 I.P.C.);*
- ❖ *Spending counterfeit money received in good faith (Art. 457 I.P.C.);*

- ❖ *Falsification of duty stamps, introduction into the State, acquisition, detention, or placing into circulation, of falsified duty stamps (Art. 459 I.P.C.);*

- ❖ *Counterfeiting of watermarked paper in use for the manufacturing of public assets in paper or duty stamps (Art. 460 I.P.C.);*
- ❖ *Manufacturing or detention of watermarks or instruments aimed at falsifying coins, duty stamps, or watermarked paper (Art. 461 I.P.C.);*
- ❖ *Use of counterfeit or altered duty stamps (Art. 464 I.P.C.);*
- ❖ *Counterfeiting, altering or use of distinguishing marks or signs for patents, models and designs (Art. 473 I.P.C.);*
- ❖ *Introduction into the State and marketing of products with false trademarks signs (Art. 474 I.P.C.);*

d) Art. 25-bis. 1 Offences against Industry and Trade

- ❖ *Infringed freedom in industry and trading (Art. 513 I.P.C.);*
- ❖ *Fraud in running a commercial business (Art. 515 I.P.C.);*
- ❖ *Sale of non-genuine food items as genuine (Art. 516 I.P.C.);*
- ❖ *Sale of industrial products with misleading marks (Art. 517 I.P.C.);*
- ❖ *Manufacturing and marketing of goods produced by usurping industrial property titles (Art. 517-ter I.P.C.);*
- ❖ *Counterfeiting agricultural and food products with geographical or denominational origin marks (Art. 517-quater I.P.C.);*
- ❖ *Unlawful competition with menace or violence (Art. 513-bis I.P.C.);*
- ❖ *Fraud against national industries (Art. 514 I.P.C.);*

e) Art. 25-ter) Corporate crimes

- ❖ *False company communications (Art. 2621 I.C.C.);*
- ❖ *False company communications which damage shareholders or creditors (Art. 2622 I.C.C.);*
- ❖ *False statements in the reports or communications of the Independent Auditors (Art. 2624 I.C.C.);*
- ❖ *Obstruction of controls (Art. 2625 I.C.C.);*
- ❖ *Wrongful repayment of contributions (Art. 2626 I.C.C.);*
- ❖ *Illegal distribution of profits and reserves (Art. 2627 I.C.C.);*
- ❖ *Illegal operations in shares or capital shares or of the parent company (Art. 2628 I.C.C.);*
- ❖ *Operations prejudicial to creditors (Art. 2629 I.C.C.);*
- ❖ *Failure to report a conflict of interest (Art. 2629-bis I.C.C.);*
- ❖ *Fictitious creation of share capital (Art. 2632 I.C.C.);*
- ❖ *Improper distribution of company assets by liquidators (Art. 2633 I.C.C.);*

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- ❖ *Illegal influence over shareholders' meetings*(Art. 2636 I.C.C.);
- ❖ *Market manipulation* (Art 2637 I.C.C);
- ❖ *Obstructing the duties of public supervisory authorities* (Art. 2638 I.C.C.);

f) Art. 25-quater) Crimes whose aims are of terrorism or subversion of the democratic order as provided for in the Penal Code and the special laws

g) Art 25-quater 1) Infibulation

- ❖ *Mutilation of female genital organs* (Art. 583-bis I.P.C.);

h) Art 25-quinquies) Crimes against the individual (Art. 25-quinquies of It. Leg. Dec. 231/2001)

- ❖ *Reduction to or maintenance in a state of slavery* (Art. 600 I.P.C.);
- ❖ *Child prostitution* (Art. 600-ter I.P.C.);
- ❖ *Child pornography* (Art. 600-ter (1) and (2) I.P.C.)
- ❖ *Possession of pornographic material* (Art. 600-quater I.P.C.);
- ❖ *Tourism aimed at the exploitation of child prostitution* (Art. 600-quinquies I.P.C.);
- ❖ *Trading and dealing in slaves* (Art. 601 I.P.C.);
- ❖ *Purchase and sale of slaves* (Art. 602 I.P.C.);

i) Art. 25- sexies) Offences of Market Abuse (Art. 25-sexies of It. Leg. Dec. 231/2001)

- ❖ *Abuse of inside information* (Art. 184 C.F.L.);
- ❖ *Market manipulation* (Art. 185 C.F.L.);

j) Art 25- septies) Manslaughter (Art. 589 I.P.C.) serious or very serious culpable personal injury (Art. 590 I.P.C.), committed in breach of occupational health, safety and accident prevention regulations

k) Art. 25-octies) Receiving stolen goods, money-laundering and use of money, assets and goods from unlawful sources

- ❖ *Receiving stolen goods* (Art. 648 I.P.C.);
- ❖ *Money laundering* (Art. 648-bis I.P.C.);
- ❖ *Use of money, goods or profits from illegal activities* (Art. 648-ter I.P.C.);

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l) Art.25-nonies) Crimes related to the breach of copyright

- ❖ *Making a protected copyright work or part thereof available to the public, on a computerised system, using connections of any kind (Art. 171 of Italian Law No. 633/1941 (1) lett.a) bis);*
- ❖ *Offences relating to the previous point committed against another individual's works not intended for publication, when the person's honour or reputation is offended (Art. 171 (3) of Italian Law No. 633/1941);*
- ❖ *Illegal duplication, in order to gain profit, of computer software; importing, distribution, sale or possession for marketing or entrepreneurial purposes or renting out of software contained on devices lacking the SIAE counter-mark; preparation of means to remove or elude computer software security devices (Art. 171-bis (1) of Italian Law No. 633/1941);*
- ❖ *Reproduction, transfer onto another device, distribution, communication, presentation or public demonstration of the contents of a data bank; extraction or use of a data bank; distribution, sale or licensing out of data banks (art. 171-bis (2) of Italian Law No. 633/1941);*
- ❖ *Illegal duplication, reproduction, transmission or public diffusion using any procedure, in whole or in part, of original works intended for the television or cinema circuit; the sale and renting of discs, tapes or similar devices or any other device containing audio or video recordings of similar musical, cinema or audiovisual works or sequences of moving images; works of literature, drama, science or education, music or musical theatre, multi-medial works, including those inserted into collective or composite works or data banks; reproduction, duplication, transmission or unlawful diffusion, sale or trading, transfer in any manner whatsoever or unlawful importing of more than fifty copies or examples of works protected by copyright or associated rights; placing onto on-line systems, through the use of any kind of connection, of any original works - or part thereof - protected by copyright (Art. 171-ter of Italian Law No. 633/1941);*
- ❖ *Failure to inform SIAE of the identification details of devices not subject to counter-marking or false declaration (art. 171-septies of Italian Law No. 633/1941);*
- ❖ *Fraudulent production, sale, importing, promotion, installation, modification, use for public or private use of equipment or parts thereof intended for the decoding of audio-visual transmissions with reserved access via air, satellite or cable in either analogue or digital format (art. 171-octies of Italian Law No. 633/1941);*

m) Art 25 – decies) Inducing individuals into not making statements or into making false statements to judicial authorities

- ❖ *Inducing individuals into not making statements or into making false statements to judicial authorities (art. 377-bis I.P.C.);*

n) Italian Law No. 146 / 2006 : Cross-border organised crime

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- ❖ *Criminal association (Art. 416 I.P.C.);*
- ❖ *Mafia-style criminal association (art. 416-bis I.P.C.);*
- ❖ *Criminal association aimed at smuggling foreign tobacco products (art. 291-quater of Dec. No. 43/1973 of Pres. of It. Rep.)*
- ❖ *Criminal conspiracy aimed at the illegal trafficking of drug substances (art 74. of Dec. No. 309/1990 of Pres. of It. Rep.)*
- ❖ *Offences relating to trafficking of migrant persons (Art. 12 of It. Leg. Dec. No. 286/1998)*
- ❖ *Money laundering and use of money, goods or profits from illegal activities (Art. 648, 648-bis and 648-ter I.P.C.);*
- ❖ *Inducing individuals into not making statements or into making false statements to judicial authorities (art. 377-bis I.P.C.);*
- ❖ *Aiding and abetting another person (Art. 378 I.P.C.);*

o) Art. 24 - bis) Computer crime and unlawful handling of data (It. Law 48/2008)

- ❖ *False statement in a public or private computerised document (Art. 491-bis I.P.C.);*
- ❖ *Illegal access to a computer or a computerised system (Art. 615-ter I.P.C.);*
- ❖ *Illegal possession and circulation of access codes to computerised systems (Art. 615-ter I.P.C.);*
- ❖ *Circulation of equipment, devices or computer programmes aimed at damaging or stopping computer systems (article 615-quinquies I.P.C.)*
- ❖ *Illegal interception, impediment or stopping of computer communications (Art. 617-quater I.P.C.);*
- ❖ *Installation of equipment designed to intercept, impede or stop computer communications (article 617-quinquies I.P.C.)*
- ❖ *Damaging computer information, data and programmes (Art. 635-bis I.P.C.);*
- ❖ *Damaging information, data and programmes used by the State or another public body or in any case of public interest (article 635-ter I.P.C.)*
- ❖ *Damaging computer systems (Art. 635-quater I.P.C.);*
- ❖ *Damaging computer systems of public interest (Art. 635-quinquies I.P.C.);*
- ❖ *Computer fraud by an individual who is responsible for certifying computer signatures (article 640-quinquies I.P.C.)*

p) Art. 25-undicies Environmental crimes pursuant to It. Leg. Dec. No. 121 of 7 July 2011 "Implementation of Directive 2008/99 on the protection of the environment through criminal law, as well as Directive 2009/123/EC on ship-source pollution and on the introduction of penalties for infringements"

- ❖ *Killing, destroying, capture, taking or possessing specimens of protected wild animals or plant species (art. 727-bis I.P.C.)*
- ❖ *Damage to natural habitats (art. 733-bis I.P.C.);*

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- ❖ *Unauthorised management of waste (Art. 256 of It. Leg. Dec. No. 152/2006);*
- ❖ *Computerised system for controlling the traceability of waste (Art. 260 of It. Leg. Dec. No. 152/2006);*
- ❖ *Violation of the obligation to send information, maintain obligatory registers and books on waste (Art. 258 It. Leg. Dec. 152/2006);*
- ❖ *Illegal trafficking in waste (Art. 259 of It. Leg. Dec. No. 152/2006);*
- ❖ *Environmental impact assessment: Compliance with the conditions in the integrated environmental authorisation (Art. 29 of It. Leg. Dec. No. 152/2006);*
- ❖ *Pollution of water (Art. 137 of It. Leg. Dec. No. 152/2006);*
- ❖ *Clearance and reclamation of sites (Art. 257 of It. Leg. Dec. No. 152/2006);*
- ❖ *Organised activities for the illegal trafficking in waste (Art. 260 of It. Leg. Dec. No. 152/2006);*
- ❖ *Emissions into the atmosphere (Art. 279 of It. Leg. Dec. No. 152/2006);*
- ❖ *Import/export, trade, transportation of animals and plant-life in extinction; (Arts. 1 and 3-bis of It. Law No. 150/92);*
- ❖ *Production, consumption, import-export, possession and trading in substances that are harmful to ozone (Art. 3 It. Law No. 549/93);*
- ❖ *Culpable or malicious pollution of water - Malicious pollution (Arts. 8 and 9 It. Leg. Dec. 202/07)*

The attached Risk Analysis Document highlights the level of risk regarding the possibility of the various types of crimes being committed by MIDI EUROPE Srl.

It is clear that the Administrative Liability of corporate entities has a much broader range and is abstractly capable of being applied to any kind of crime.

One area where this broadening could possibly relate to the activities of **MIDI EUROPE**, if it takes part in public tenders, is provided by It- Leg. Dec. No. 163 of 12 April 2006 “Code on Public Tenders”.

This Decree introduced a new aspect into the subject of liability of Entities, in particular in Art. 38 which defines the requirements of a general nature that competitors need to have in order to take part in public tenders. More in general, for the performance of works, services and supplies, this regulation also establishes the unsuitability of parties which have been convicted with a debarment sanction pursuant to Art. 9 (2) of Leg. Dec. 231/2001.

2.2 Conditions for the exclusion of the entity's liability

Articles 6 and 7 of Legislative Decree No. 231/2001 provide for a form of exemption from liability for any company that has adopted and effectively implemented the

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“Organisational, Management and Control Model” aimed at preventing the committing of offences by Senior Representatives.

Therefore **MIDI EUROPE** is not liable for the offences committed by its Senior Representatives or by those subject to the direction or supervision of Senior Representatives, if it can prove that:

- a) it has initiated an adequate process of risk assessment;
- b) its Organisational Model provides for a system of sanctions for the breach of the regulations in the Code of Ethics, as well as the procedures provided for in the Model itself;
- c) it has created a Supervisory Body with tasks, requisites and powers that are explained in greater detail further on;
- d) the SB is not guilty of failing to carry out its controls or performs them insufficiently
- e) the perpetrator of the crime acted by **fraudulently** evading the provisions of the Model.

2.3 Reference sources and codes of conduct

The Decree specifies that Models can be adopted, guaranteeing the requirements referred to above, on the basis of codes of conduct prepared by relevant trade associations.

This Model is therefore inspired by the “*Guidelines for the construction of Organisational, Management and Control Models*”, prepared by Confindustria.

The Code of Ethics, attached to this Model is considered an integral part thereof. Although its aims and extent are quite different, it represents an instrument that encourages conduct aspiring to its guiding values - both within and outside the Company - and contains the rules of conduct that all those who work in and on behalf of **MIDI EUROPE**, at all levels, are obliged to observe and guarantee observance of with regard to and to the benefit of all stakeholders, also with reference to malicious offences and manslaughter and culpable personal injury due to violations of the occupational health and safety regulations;

The Model, on the other hand, meets the specific requirements contained in It. Leg. Dec. No. 231/01, that aim to prevent particular types of offences being committed (for acts that were apparently performed to the advantage of the company but which may, on the basis of the provisions of the said Decree, lead to administrative liability on account of an offence);

Therefore, as a compendium of the rules of conduct that need to be complied with, the Code of Ethics assists in creating the exemption from the terms of liability referred to in It. Leg. Dec. No. 231/2001.

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3. THE MODEL

3.1 Function of the MIDI EUROPE Srl Model

In adopting the Model, the Company's intention is to fulfil all its obligations under the provisions of the law and, in particular, comply with the guiding principles of the Decree and also to provide an effective system of preventive controls, in particular, with regard to the objective of preventing offences being committed.

Through this Model, the Company means to achieve the following aims:

- a) providing employees - and also those who act with a company mandate or are associated with the Company - with adequate information regarding the activities that can lead to the risk of offences being committed and concerning the relevant sanctions that may affect them or the Company as a result of violations of the rule of law or of MIDI EUROPE's internal provisions.
- b) disseminating and confirming a corporate culture based on legality with express objection by the Company of all forms of conduct contrary to the rule of law, to its internal provisions and, in particular, to the provisions contained in this Model;
- c) disseminating a culture of risk prevention and controls that need to make sure that the objectives, that the Company establishes for itself at any time, are accomplished;
- d) providing an efficient and balanced business organisation, with particular regard to making decisions and to their transparency, to preventive and subsequent controls, and also as regards internal and external information.

The Model provides for appropriate measures to improve efficiency in performing activities in full compliance with the law and its regulations, through the identification and prompt elimination of any risk situations.

The Company adopts and implements its effective procedural and organisational choices in order to:

- a) ensure that all human resources are hired, managed and trained according to the criteria outlined in the Code of Ethics and in compliance with the relevant laws, in particular with Art.8 of the Workers' Statute;
- b) encourage cooperation towards the effective implementation of the Model by all individuals who operate within the Company or with it, also ensuring protection and confidentiality regarding the identity of those who provide true information leading to the identification of conduct not in line with its prescriptions;
- c) ensure that the separation of powers, duties and responsibilities as well as their attribution within the corporate organisation, are compliant with the principles of transparency, clarity and verifiability and are consistent with the Company's activities;
- d) make sure that the determination of company objectives, at all levels, complies with criteria that are realistic and objectively achievable;
- e) identify and describe the activities performed by MIDI EUROPE, its functional organisation and its organisational chart through documents that are kept up-to-date

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and include clear information about powers, tasks and responsibilities assigned to the various individuals, as regards the performance of individual activities;

- f) implement training programmes, with the aim of ensuring effective knowledge of the Code of Ethics and the Model by all those who operate within the Company or with it and are directly or indirectly involved in activities and operations at risk.

3.2 Elements in the Model

MIDI EUROPE has undertaken an analysis of the company context aimed at highlighting the area or sector and what procedures might lead to the occurrence of offences under It. Leg. Dec. No. 231/01, drawing inspiration from the methodological approach of Confindustria which is briefly introduced as follows in its principal methodological phases:

- a) implementing a **process of risk assessment** consisting of the following two phases:
1. **Identification of risks:** *that takes the shape of an analysis of the company context so as to highlight the area/sector of activity and what procedures might lead to offences under It. Leg. Dec. No. 231/01 being committed. Following the methodological dictates of “Control and Risk assessment”, the risks were identified and then classified according to their level of occurrence and seriousness.*
 2. **Planning and development of the control system:** *that is, the assessment of the existing control system within the entity, the formulation of a “gap analysis” intended to identify which processes need operating procedures appropriate to effectively counter the identified risks, the definition of the reference framework of preventive actions that the structure needs to implement to adequately counter the risks of offences being committed.*
- b) providing an adequate system of sanctions for breaches of the regulations in the Code of Ethics and/or of the procedures provided for in the Model itself. Such violations, in fact, damage the relationship of trust created with the Company and must as a consequence lead to disciplinary actions, regardless of whether any judicial proceedings occur in those cases where the conduct actually becomes an offence;
- c) establish a body with independent initiative and control powers (hereinafter referred to as the **Supervisory Body**) which possesses the requisites of Autonomy, independence, professionalism and respectability and the competence to supervise the **effectiveness** of the Model and to conduct ongoing careful examination regarding its **adequacy**;

With this in mind, MIDI EUROPE launched the following activities:

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- ❖ with the support of external consultants, it proceeded to inventory the various company areas and current processes, creating links between them and the possible offences specified in the Decree. The output of this activity is represented by a “Risk Analysis Document“ which for all the types of offences shows:
 - the activities/processes involved;
 - the company functions involved;
 - the assessment of risk based on the probability of an occurrence and its level of gravity;
- ❖ based on the macro-categories of offences that might occur, it developed some **SPECIAL PARTS** which define the guidelines and appropriate procedures for preventing or significantly reducing the risk of offences being committed.
- ❖ it identified the function of the Reference 231 Officer for the analysis and prevention of risks.

Therefore in MIDI EUROPE, any sensitive activities are mainly those referred to in the specific **SPECIAL PARTS**.

The SB has the power to identify other activities at risk which, on the basis of future legislative developments or Company activities, may be included among the list of sensitive activities.

The model also includes the related annexes which are an integral part of it:

1. List of offences and sanctions pursuant to It. Leg. Dec. No. 231/01
2. Italian Legislative Decree No. 231/01
3. Risk Analysis Document
4. “Document on Preventive Measures” for activities at risk (developed within each individual SPECIAL PART) with references to any operating procedures or protocols.
5. Data Security Policy Document
6. Risk Assessment Document pursuant to It. Leg. Dec. No. 81/2008 and reference documents
7. List of company procedures and policies

The following are also considered as elements that make up the Model:

- ❖ the Company By-laws;
- ❖ the compendium of existing delegations of powers and operating powers of attorney or a summary thereof.

As regards the establishment of the Supervisory Body, the Board of Directors instituted the **Supervisory Body** with the requisites specified in Chapter 4 below

In the performance of its control activities, it has free access to all company data and can make use of all corporate functions and structures. It also submits its audit reports to the

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Board of Directors and/or to the Board of Statutory Auditors. It also has its own budget to be used to carry out the functions it was appointed to perform.

Recipients of the Model

The rules contained in the model are applied to those who perform functions of management, administration, direction and control within the Company (including those who do so *de facto*), to the Company's employees (even if on secondment abroad to carry out their activities), as well as to those who are not part of the Company but act with a mandate from or are associated with the Company, through so-called freelance contracts.

The Company disseminates the contents of this Model using the most appropriate means to provide effective knowledge thereof by all interested individuals, who must fully comply with all its provisions, also as a fulfilment of their duties of loyalty, fairness and diligence, that arise from the legal relationships established with the Company.

The Company condemns any conduct that differs from the law and the provisions of the Model and the Code of Ethics, even if such conduct aims to be in the interests of the Company i.e. with the intention of providing it with some advantage.

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4. SUPERVISORY BODY

4.1 General information and requisites

Pursuant to Art. 6 (1) of It. Leg. Dec. No. 231/2001, a Supervisory Body is established within MIDI EUROPE, in order to perform certain activities of direction and control as detailed in paragraph 4.3 below.

The Supervisory Body is independent, is autonomous in its actions and control activities, and its activities are characterised by professionalism and impartiality. These requisites must be understood as a benchmark for the procedures in fulfilling the tasks assigned to it. Therefore, it is positioned at the top level within the corporate hierarchy and is in direct relations with the Board of Directors of the Company and the boards of control, which it will notify, if any violations of this Model occur. The autonomy and independence of the Supervisory Body are, therefore, guaranteed by its recognised position within the context of the corporate organisational structure, as well as by the relationship lines with the company's senior management.

The SB has continuity of action and adequate “financial” autonomy through the allocation of resources from the Company, if required to assist it to fulfil its scheduled activities. The SB cannot be assigned functions of an operational kind so as to ensure the utmost objectivity in its actions.

4.2 Appointment and revocation of members of the SB

The SB is appointed by resolution of the Board of Directors. With this resolution, the Board of Directors decides on the number of persons making up the SB, if constituted as a board, bearing in mind the activities to be performed and the experience gained by this Body in its activities. The choice regarding the composition of the SB must, nevertheless, be guided by the intention of it achieving the most effective level of operation.

The SB may consist of a single person or be constituted as a board. Employees may also be members of the SB. The regulations in the Italian Civil Code regarding mandates apply to the SB.

The fees for members of the SB are fixed by the Board of Directors when it is appointed and remains unchanged throughout its period in office.

The member or members (with the exclusion of any employees) must be chosen from among individuals outside the organisation, who are independent and in possession of specific competences and levels of professionalism.

The requisites regarding independence, competence and professionalism must be considered as requirements for all members of the SB and must be assessed with strict reference to the supervisory activities it needs to perform and that require, therefore, significant skills and technical and legal knowledge so as to ensure adequate analysis of the System of control and risk assessment.

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The possible inclusion of a member from within the company meets the need of allowing the SB to have an immediate and in-depth knowledge of the Company structure, its organisation and its activities based on the definitions in the by-laws and internal regulations.

If a member of the SB resigns or dies (if it is in the form of a board), the Chairman of the SB - or the oldest member, if the person resigning or who dies is the Chairman - must acknowledge the announced resignation or death of the member concerned and refer to the Board of Directors to have the person replaced.

The members of the SB must possess subjective requisites that ensure their effective autonomy and independence. The following are considered motives of ineligibility/incompatibility and/or forfeiture of office as a member of the SB:

- ❖ Being in one of the conditions provided for under Art. 2382 I.C.C., i.e. of debarment, disqualification, bankruptcy or conviction which leads to (even temporary) disqualification from holding public office, or the inability to hold senior managerial posts;
- ❖ Being a member of the Board of Directors or of another corporate body or senior manager or general manager of **MIDI EUROPE**, or of a company controlled by or controlling the Company or of the Auditing Firm assigned the task of auditing the accounts under current legislation, or auditors assigned a task by the latter;
- ❖ Being married to or having a kin relationship of up to the fourth level with any individuals mentioned in the previous point;
- ❖ Performing operational duties that are likely to affect objectivity in making judgements when checking on conduct and the application of the Model, or such as to affect the authoritativeness and ethical nature of their behaviour;
- ❖ Having had a civil service job with one of the central or local authorities during the three years prior to being appointed a member of the Supervisory Body;
- ❖ Being direct or indirect holders of shareholdings of such a size as to allow considerable influence to be brought against the Company or its subsidiaries;
- ❖ Having a conflict of interests - even if it is a potential one - with the Company or with its subsidiaries which could compromise the individual's independence.

If during the period of office, certain events were to occur leading to the forfeiture of office of one of the SB members, the Chairman of the SB - or the oldest member, if the person forfeiting office is the Chairman - must acknowledge the forfeiture of the member concerned and refer to the Board of Directors to have the person replaced. In this case, the newly-appointed members finish their term of office with the others already in office. If the SB consists of just one person, then the Chairman of the Board of Directors must acknowledge the forfeiture and call a Board Meeting to adopt the necessary measures.

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When a member or members of the SB are appointed, they stay in office for three years and can be re-elected. They can only be revoked by the Board of Directors for just cause. If, during the period of office, one or more members of the SB fail to continue their work, the Board of Directors appoints replacements. In this case, the newly-appointed members finish their term of office with the others already in office.

The particular nature of the SB's assignments and the specific professional abilities required to perform its tasks might mean that the Company's SB seeks support from an internal reference officer whose functional and organisational criteria must be agreed with the Chairman of the Board of Directors together with the GM and/or MD.

In any case, following the above procedures and when there is a need to make use of professional abilities not found within the SB or on the Company's staff, the SB may ask permission from the Board of Directors to seek advice from other external professionals.

4.3 Tasks, checks and powers of the SB

On a general level, the SB is assigned the task of:

- ❖ checking the appropriateness, adequacy and effectiveness of the Model in preventing offences punishable under It. Leg. Dec. No. 231/2001 being committed, in relation to the structure and activities performed by the Company;
- ❖ monitoring that the prescriptions in the Model and in the documents associated with it are complied with by the recipients, and taking any appropriate measures, as necessary.
- ❖ verifying whether the Model needs updating and implementing and updating the internal control procedures by checking on any changes in the company's situation; analysing the effectiveness and functionality of the proposed amendments;
- ❖ performing every other task that is attributed to the SB by law or by the Model.

The SB performs the aforesaid aims by:

- ❖ implementing its control procedures with one clarification, however, that primary responsibility for control over the activities - also with reference to the potential risk areas - lies with the operating management and is an integral part of the existing process controls within the Company;
- ❖ regularly surveying the corporate activities so as to have an up-to-date map of the risk areas within the overall corporate context;
- ❖ checking on the implementation of appropriate initiatives for the dissemination of knowledge and understanding of the Model;
- ❖ checking the internal organisational documentation required for the functioning of the Model, containing instructions, procedures, explanations and/or updates;

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- ❖ coordinating with the other corporate functions (also through specific meetings) in order to monitor the risk activities more effectively;
- ❖ ascertaining any alleged violations of the provisions in this Model and/or in It. Leg. Dec. No. 231/2001 and proposing the most appropriate measures to be taken;
- ❖ reporting to the competent bodies about any deficiencies in the Model and formulating related proposals for amendments and improvements;
- ❖ coordinating with the Managers of the other Corporate Functions in order to coordinate the various aspects relating to the implementation of the Model;
- ❖ carrying out every other kind of general or targeted control, that might be necessary, over the actual performance of individual operations, procedures or activities within the Company.

Any SB activities that might lead to and/or require the intervention of the structure, must be agreed and coordinated beforehand with the General Manager of the Company.

The members of the SB must fulfil their duties with the diligence of a mandate holder and are responsible for the truth of their statements.

In order to be able to fulfil its tasks thoroughly, the SB must:

- have adequate financial means at its disposal in order to perform its supervisory and control activities as specified in the Model. In this sense, the Board of Directors, in line with the SB's proposal, annually approves an expenditure budget for the year in progress and the final accounts of the previous year.
- possess the powers to request and acquire data, documents and information from every level and sector of the Company;
- possess the powers to investigate, inspect and verify conduct (also through interrogating personnel while guaranteeing confidentiality and anonymity), and also to propose sanctions against individuals who have not complied with the regulations contained in the Model.

All documentation concerning the activities performed by the SB (reports, information sheets, inspections, checks, papers, etc.) is kept in an appropriate archive with access restricted to members of the SB for a period of at least 5 years (without prejudice to any other obligations found in other regulations).

4.4 Rules regarding the operation of the SB

If the SB is constituted as a board, it must personally proceed with appointing one of its members as Chairman and one with the functions of Secretary. If no agreement is able to be found on the choice of the Chairman and/or the Secretary, these appointments will be made by the Board of Directors.

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If the Chairman is absent or unable, he is substituted in all assignments by the oldest member .

The SB meets at least once every six months. The meeting is called by the Chairman.

The SB must also be promptly convened:

- ❖ by the Chairman, whenever he feels it is necessary;
- ❖ by the Chairman, whenever he receives a direct motivated request from just one of the members of the SB;
- ❖ by the Chairman, whenever he receives a direct motivated request from just one of the members of the other corporate bodies, such as the Board of Statutory Auditors and/or the Board of Directors.

The meeting can be called informally or formally by written notification.

The Chairman and the Secretary write and sign the minutes of the meetings which are kept by the Secretary in chronological order.

In order for the resolutions to be valid, the majority of the members in office need to be present.

The resolutions are passed by absolute majority of votes. If a vote is drawn, the vote of the person chairing the meeting takes precedence.

The unjustified absence at two consecutive meetings means that the member forfeits their office.

For information and consultation purposes, other persons can also take part in the meetings of the SB (members of the Board of Directors, of the Board of Statutory Auditors, of the Auditing Firm etc.), when expressly invited to do so by the SB.

4.5 Checks on the Model by the SB

In relation to the tasks of monitoring and updating the Model assigned to the SB by Art. 6 of It. Leg. Dec. No. 231/2001, the Model will be subject to three kinds of checks:

- ❖ Checks on the records. These checks will be done periodically on the most important deeds and contracts entered into by the Company within the identified risk areas.
- ❖ Checks on the procedures. This kind of check will also be done periodically and will concern the functioning of the Model and the application of defined procedures within the general part and the SPECIAL PARTS.
- ❖ Checks on reports received and actions taken following requests by the SB or by other interested parties and on the knowledge that interested parties have of the Model. This kind of check is conducted once a year.

The results of these checks are highlighted in the SB's Annual Report to the Board of Directors.

4.6 Information flows from the SB to the top management and the Board of Statutory Auditors

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The Supervisory Body reports to the top management and control bodies of the Company regarding the implementation of the Model and/or any critical aspects and informs them of the results of its activities in carrying out its assigned tasks. While respecting the principles of autonomy and independence, it is necessary to establish specific channels of communication and adequate means of cooperation between the SB and the other Corporate Bodies of the Company, so as to allow the SB to work with maximum efficiency.

For this purpose, the SB reports to the Board of Directors and the Board of Statutory Auditors:

- ❖ regarding its activities, after each meeting it holds, by attending the immediately subsequent meetings of the Corporate Bodies;
- ❖ on an annual basis regarding the implementation of the Model, highlighting the checks and control activities performed, the results of the same, any deficiencies in the Model and any proposals for actions that need to be taken. On this occasion, the SB will also submit the annual programme of checks for the following year.

In addition, the SB can request a hearing with the Board of Directors and/or the Board of Statutory Auditors whenever it considers it appropriate for these bodies to examine or intervene on matters relating to the functioning and effective implementation of the Model or whenever particularly significant events have occurred.

In order to guarantee a correct and effective flow of information, aimed at the full and correct exercising of its powers, the SB also has the right to ask the Chairman of the Board of Directors directly for clarification or information.

4.7 Information flows to the SB

In addition to the documentation expressly referred to in each single SPECIAL PART of this Model, the SB needs to be notified about the implementation of the Model in the areas of activity at risk and about any violations of the regulations in the Model.

In particular, there is:

- a) an obligation on the part of all Recipients of the Model to report any violations;
- b) an obligation on the part of all Recipients of the Model to provide information about official acts; this also applies to those individuals involved in the reception and/or preparation of such acts;

With regard to point a), the following prescriptions apply:

- ❖ reports must be made in writing and not be anonymous. They must be addressed to one's own Functional Manager or directly to the SB;
- ❖ The SB assesses the reports it receives and takes any consequent measures under its own responsibility and discretion, by listening (if appropriate) to the person making the report and/or to the person responsible for the alleged violation, and providing a written report on any decisions not to proceed with an internal investigation.
- ❖ The SB ensures protection for persons providing information, against any form of retaliation, discrimination or penalization, also guaranteeing that the identity of the person

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will be kept confidential, except when legal obligations or safeguarding the rights of the Company or of persons who have been accused falsely, require otherwise;

- ❖ Th SB creates and maintains an archive where to store all the reports it has received, after making its own report about each one. This archive must be kept by the SB and must not be accessible to any person except the SB.

In order to facilitate the flow of reports and information to the SB, specific channels of information must be created (email, postal address...) and notified formally to the whole structure.

The SB gathers any reports it receives also from third parties (e.g. customer complaints) regarding any actual or presumed violation of the Model or, nevertheless, about any behaviour not in line with the Company's rules of conduct.

With reference to point b), information concerning the following points must be sent to the SB without delay:

- ❖ the system of delegated powers and the continually-updated organisational chart;
- ❖ measures and/or reports from Police Authorities or from any other Authority, which could lead to the belief that investigations are in progress, even with regard to unknown persons, concerning offences referred to in It Leg. Dec. No. 231/2001 committed in the interest or to the advantage of the Company;
- ❖ the launch of judicial proceedings for offences under It. Leg. Dec. No. 231/2001;
- ❖ every deed and/or document relating to public subsidies received by the Company;
- ❖ a summary table prepared after public tenders or negotiated contracts with Public Entities;
- ❖ any reports prepared by managers of the corporate functions within the scope of their activities which may include details about deeds, acts, events or omissions of a potentially critical nature regarding compliance with It. Leg. Dec. No. 231/2001;
- ❖ organisational and regulatory actions aimed at the effective implementation of the Model at all levels;
- ❖ reports regarding the start of disciplinary proceedings, any sanctions applied or the shelving of such proceedings with related reasons for the closure.

The SB may ask for information and/or documentation about the above, from the Board of Directors, other Corporate Bodies, Senior Managers and Employees. The relevant corporate functions are obliged to provide full cooperation in this.

If the above obligations on providing information are not observed, the SB may propose the issue of disciplinary measures to the Board of Directors or the Management.

The failure to comply with the obligations on providing information leads to the application of disciplinary measures under the CCNL and company regulations.

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5. STRUCTURE OF THE SYSTEM OF SANCTIONS

5.1. Guiding principles and aims of the system of sanctions

In the light of Art. 6 of It. Leg. Dec. No. 231/2001, an important aspect for the effectiveness of the Model and for the efficiency of the actions of control by the Supervisory Body is the preparation of a system of sanctions, as specified below, in response to violations of the rules of conduct contained in the Model and aimed at preventing offences under the Decree.

In this regard MIDI EUROPE has prepared a suitable disciplinary system for sanctioning the failure to comply with the provisions of the Model with reference to individuals on the top rungs in the company and those individuals under the management of others. Disciplinary sanctions are applied regardless of the outcome of any criminal proceedings, since the rules of conduct imposed by the Model are assumed by the Company in full independence regardless of any offence that such conduct may provoke.

The disciplinary system adopted by MIDI EUROPE provides for a scale of applicable sanctions in line with the level of risk that each type of conduct may provoke with respect to the committing of offences. The adequacy of the disciplinary system towards the provisions of It. Leg. Dec. No. 231/2001 needs to be monitored constantly by the SB and the SB needs to be ensured adequate flows of information regarding the types of sanctions inflicted and the circumstances surrounding their imposition. The SB may propose that the Board of Directors takes some disciplinary measures and will monitor their application, but the responsibility for disciplinary action lies with the Board of Directors, or with the Management if appropriately delegated, who will exercise such powers according to the specified methods and procedures in the disciplinary system in force at the time.

5.2 Sanctions for violations of the Model and/or Code of Ethics: the various cases

In line with the provisions of the law and for the sake of example, the following are violations of the Model and/or the Code of Ethics:

- ❖ actions or behaviour that do not comply with the provisions of the Model and/or the Code of Ethics, or the failure to act or behave in line with the provisions of the Model and/or the Code of Ethics, when fulfilling activities at risk;
- ❖ actions or behaviour that do not comply with the provisions of the Model and/or the Code of Ethics, or the failure to act or behave in line with the provisions of the Model and/or the Code of Ethics:
 - a) that will objectively expose the Company to a situation of risk as regards the committing of one of the offences under It. Leg. Dec. No. 231/2001;
 - b) that are unequivocally aimed at committing one or more of the offences under It. Leg. Dec. No. 231/2001;
 - c) that are likely to lead to the application against the Company of sanctions under It. Leg. Dec. No. 231/2001.

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5.2.1 Measures against Directors

If any of the Directors of MIDI EUROPE breach the provisions of the Model and/or the Code of Ethics, the SB shall inform the entire Board of Directors and the Board of Statutory Auditors, who will take appropriate actions in line with the regulations in force.

5.2.2 Measures against Senior Managers

If any senior manager breaches the rules of conduct contained in this Model and/or the Code of Ethics, it will lead to the application of a sanction against the person responsible, that is considered most appropriate in line with the provisions of the Law and the regulations specified in the related national labour contract, including the possibility of dismissal.

In addition, such cases might also lead to the revocation of the powers of attorney assigned to the senior manager and, where possible, the assignment to other duties.

The sanctions of a disciplinary nature, as well as the possible request for compensation for damages will be proportionate to the level of responsibility, the role and the level of trust associated with the assigned tasks.

The Supervisory Body must be involved in the procedures to verify violations and impose sanctions on senior managers due to violations of the Model, in the sense that no disciplinary measures may be filed away or disciplinary sanctions imposed on a senior manager, due to breaches of the Model, without the SB being informed or asked for its opinion.

5.2.3 Measures against Employees (Workers, Office Staff and Middle Managers)

Any conduct by Employees in violation with the rules of conduct contained in this Model and/or the Code of Ethics amounts to a disciplinary offence and will lead to the application of disciplinary sanctions.

Any report made by the SB concerning violations of the Model and/or the Code of Ethics will activate the procedural mechanism aimed at verifying the reported conduct and/or omission.

If the investigations, which will follow the disciplinary procedure in force at the time, prove that violations of the Model and/or the Code of Ethics have occurred, disciplinary sanctions in line with the applicable employment contract will be identified and imposed on the individual responsible for the actions. The sanctions will be decided by the Board of Directors or by the competent Personnel Dept. on the basis of the delegated powers and responsibilities and after seeking the SB's advice, if necessary.

Sanctions that are applicable against employees fall within the category of those in the CCNL used by the Company, in compliance with the procedures in Art. 7 of Italian Law No. 300 of 30 May 1970 (Workers' Statute). The specified disciplinary sanctions are:

- ❖ Verbal warning;
- ❖ Written warning;
- ❖ Fine of up to three hours of relevant total salary rate (basic salary + weighting);
- ❖ Suspension from service and from receiving salary up to a maximum of 3 days;
- ❖ Disciplinary dismissal (with or without notice - pursuant to Art. 2119)

The sanctions imposed are proportionate to the gravity of the violation. Attention will be given to:

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- ❖ the intentionality of the conduct or the level of negligence;
- ❖ the overall conduct of the employee with particular regard to the existence or otherwise of previous disciplinary actions;
- ❖ the level of responsibility and autonomy of the employee committing the disciplinary offence;
- ❖ the seriousness of the effects of the conduct i.e. the level of risk to which the Company may reasonably be exposed - pursuant to and with the effects of It. Leg. Dec. No. 231/2001 - as a result of the censured conduct;
- ❖ any other particular circumstances surrounding the disciplinary offence;

In addition to and supplementing the examples specified in the relevant CCNL, it should be noted that any employee/worker will be guilty of an offence, if through their own failure to act or by aiding and abetting other persons, they:

- ❖ violate the internal procedures provided for by this Model and/or Code of Ethics due to “non-compliance with the provisions of service”;
- ❖ violate the internal procedures provided for by this Model and/or Code of Ethics through conduct that amounts to “tolerance of irregularities in service” or “failure to comply with service duties or obligations,” which has not jeopardised a service or the interests of MIDI EUROPE;
- ❖ violate the internal procedures provided for by this Model and/or Code of Ethics or, in performing activities in risk areas, they adopt a kind of conduct that does not comply with the provisions of the Model and/or the Code of Ethics, where such conduct may be construed as a “refusal to carry out orders concerning service obligations”, or as “habitual negligence or habitual failure to comply with laws or regulations or service obligations in carrying out work duties” or in general, for any deliberate negligence or failure to comply with laws or regulations or service obligations, that cannot otherwise be sanctioned;
- ❖ adopt, in performing activities in risk areas, a kind of conduct that does not comply with the provisions of this Model and/or the Code of Ethics, where such conduct may be construed as an “irregularity, carelessness or negligence, or failure to comply with laws, regulations or service obligations which have jeopardised the safety and regularity of service with serious damage to assets of the company or of third parties”;
- ❖ adopt, in performing activities in risk areas, a kind of conduct that clearly violates the provisions of this Model and/or the Code of Ethics, and will lead to the effective application against the company of measures under the Decree, since such conduct will necessarily be construed as an “intentional violation of laws or regulations or official duties, which may seriously jeopardise or have seriously jeopardised the Company or third parties”;
- ❖ have behaved in a way that is directly aimed at committing an offence punishable under It. Leg. Dec. No. 231/2001.

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The Supervisory Body must be involved in the procedures to verify violations and impose sanctions due to violations of the Model and/or the Code of Ethics, in the sense that no disciplinary measures may be filed away or disciplinary sanctions imposed due to breaches of the Model and/or the Code of Ethics without the SB being informed or asked for its opinion. In any case, if the deed amounts to violation of duties under the law or the employment contract and such conduct no longer allows the employment relationship to continue, not even on a temporary basis, a decision may be taken to dismiss the individual without notice, pursuant to Art. 2119 of the Italian Civil Code and in compliance with the disciplinary procedure.

5.2.4 Measures against Statutory Auditors

If any of the Statutory Auditors of MIDI EUROPE breach the provisions of the Model and/or the Code of Ethics, the SB shall inform the entire Board of Directors and the Board of Statutory Auditors, who will take appropriate actions in line with the regulations in force.

5.2.5 Measures against Consultants and Partners

Any conduct adopted by Consultants or partners in contrast with the rules of conduct indicated in the Model and that is likely to lead to the risk of an offence being committed under It. Leg. Dec. No.231/2001, may, in line with the specific clauses in the underlying contract governing the relationship, determine the termination of the relationship, without prejudice to the possible application of penalties, if they are provided for. The Company may also seek compensation, if such conduct causes actual damage to it.

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6. DISTRIBUTION AND KNOWLEDGE OF THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

MIDI EUROPE promotes the knowledge of the Model and the Code of Ethics, the related internal controls and updates to them by all Employees who are obliged to be aware of its contents, comply with it and to contribute towards its implementation. The principles and contents of the Model and/or the Code of Ethics are addressed to the Recipients as defined in the Definitions.

6.1 Obligation to have knowledge of the Model and Code of Ethics:

With the aim of achieving the objectives set forth in the Organisational and Management Model, the Company undertakes to implement all appropriate activities to enable all recipients to have full knowledge of the existence and contents of the Model and the Code of Ethics.

Therefore, the Board of Directors adopts all necessary measures that are useful and appropriate for achieving this aim, taking due account of any proposals from the SB.

These measures also provide for the inclusion of clauses in contracts governing relationships with recipients, which make express reference to the Model and the Code of Ethics.

In addition to the inclusion of the Model and the Code of Ethics in contractual conditions with recipients and on the Company's official website, and references to them in leaflets and brochures and other kinds of documents normally used in communication, the Company is also committed to running internal training programmes for Employees, Senior Managers, Senior Representatives and Consultants/Partners and external information programmes for Suppliers, Customers and any others.

6.2 Internal training programmes

In order to implement the Model and the Code of Ethics, the Company's Management, in cooperation with the SB, manages the training programmes for Employees, Senior Managers and Directors (if appropriate), which are structured in line with the Annual Personnel Training Programme.

Training is directed at the Recipients with varying levels of in-depth analysis according to each person's position and role.

In particular, for the Senior Managers, Middle Managers and Directors, it consists of meetings with specific training materials. Any update to the Model or the Code of Ethics will involve new meetings to update one's knowledge of the documents.

For this purpose, each member of the corporate bodies and/or each middle manager must sign a declaration stating that they are aware of and adhere to the principles and contents of the Model. These declarations are filed away and kept by the SB.

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Training for Employees consists of lesson meetings where they are given internal explanatory notes on the Model and/or the Code of Ethics and/or parts thereof which define the rules to be applied. Communications relating to updates may be provided using tools such as email or the company's intranet.

Training must be given to new employees.

6.3 External information programmes

The Company also promotes the knowledge of and compliance with the Model by its Freelance Assistants, Customers, Suppliers and Business Partners as well as by private individuals and/or groups that are affected by the direct and indirect effects of company activities.

These individuals will be informed about the contents of the Model as soon as they start a professional and/or business relationship with the Company.

The letters of assignment and agreements must contain specific clauses, which bind those signing them to comply with the rules of the Model, also on the understanding that any transgression of the rules could lead to the termination of their contract.

6.4 Code of Ethics

The rules of conduct contained in the special parts of this Model are integrated with those of the Code of Ethics.

Since the "Code of Ethics" is an essential part of the Model, it is an instrument of general importance for the promotion and dissemination of correct "*Corporate Conduct*", with the aim of reinforcing the compendium of values and rules of conduct that the Company intends to refer to constantly in its activities, and of making sure that these are complied with by all employees, freelancers and entities that have dealings with the Company, as a means of protecting its reputation and image in the market.

It describes the guiding values that the Company, in performing its activities, recognises as its own and which it invites all components of the organisation (employees, senior managers, directors) to comply with, as well as all external parties, such as freelancers, customers, suppliers and partners in general;

The ethical principles contained in the Code of Ethics, that are pertinent to the topics covered in the Organisational Model, consist of the basic rules of behaviour for the company to do business in a legitimate manner.

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7. ADOPTION OF THE MODEL AND SUBSEQUENT AMENDMENTS

Without prejudice to any express provisions below, the Board of Directors has exclusive responsibility for the adoption and amendment of the Model.

1. Of its own initiative or following proposals from the Supervisory Body, the Board of Directors promptly updates the Model, if any violations or avoidance of the provisions contained therein occur, which highlight the inadequacy in guaranteeing effective prevention of offences.
2. The Board of Directors promptly updates the Model, also following proposals from the Supervisory Body, if any changes are made to the regulatory framework or in the organisation and activities of the Company.
3. The procedures and amendments of the Model must be made known promptly to the Supervisory Body.
4. Any proposals to amend the Model must be made known promptly to the Supervisory Body, which must express its opinion on the matter.
5. As an exception to the previous point, the Chairman may make changes to the Model of an immaterial nature, if they are necessary to make it clearer or more effective. These changes must be notified to the Board of Directors and the Supervisory Body.
6. In any case, the SB must promptly send a written report to the Chairman without delay about any events that highlight the need to revise the Model. In this case, the Chairman must call a Board of Directors' meeting so as to pass the relevant resolutions. All interested functions must apply the appropriate compatible provisions to make amendments to the procedures required to implement the Model. Any amendments to procedures must be made known promptly to the Supervisory Body, which must express its opinion on the matter.
7. If it became necessary to issue additional Special Parts regarding new kinds of offences entering the sphere of application of It. Leg. Dec. No. 231/2001, the Board of Directors is delegated the power to supplement this Model in a subsequent phase, with an appropriate resolution, also proposed by the Supervisory Body.

The Special Parts of the Organisational Model are kept in documentary form in the company and are available to anyone requesting to see them, subject to company evaluation, by connecting to the company website www.isuzu.it and entering the “Contacts” area.