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**PRINCIPLES OF THE ORGANIZATIONAL,
MANAGEMENT AND CONTROL MODEL
("MODEL 231")**

**COMPLIANCE PROGRAM PURSUANT TO
LEGISLATIVE DECREE NO. 231 OF JUNE 8, 2001**

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1. Legislative Decree n. 231/2001: Administrative Liability of Legal Persons, Companies, and Associations

To adapt the Italian regulations regarding the liability of legal persons to several international agreements that Italy had entered into some time previously, on June 8, 2001, was issued the Legislative Decree no. 231 (hereinafter, “the Decree”), called “Regulations regarding the administrative liability of legal persons, companies, and associations, including those without legal personality” (hereinafter “the Organization” or “the Organizations”).

The Decree introduced into Italian law the administrative – essentially criminal – liability of Organizations (including limited companies) for several crimes committed or any attempts to commit offences – in Italy or abroad – in the interest of or for the benefit of the latter by natural persons:

- who hold representative, administrative, or managerial positions in such Organizations or in one of their organizational units endowed with financial and operating autonomy or by natural persons who manage and control, even *de facto*, such Organizations;
- working under the direction or supervision of one of the persons mentioned above.

In this case the Organization may be held liable and consequently subject to money penalties and/or interdiction.

Such liability is in addition to that of the natural person who materially committed the deed.

With regard to the Crimes involving the aforesaid administrative liability of Organizations, the original text of the Decree refers to a series of crimes committed in relations with Public Agencies, namely (article 24 and 25, Decree):

- embezzlement to the detriment of the government or other public body (article 316-bis of the Penal Code);
- wrongful obtaining of grants, loans, or other funds from the government or other public bodies (article 316-ter of the Penal Code);
- extortion (article 317 of the Penal Code);
- bribery to obtain an official act (article 318 of the Penal Code);
- bribery to obtain an act contrary to official duties (article 319 of the Penal Code);
- bribery in legal proceedings (article 319-ter of the Penal Code);
- inducement to bribery (article 322 of the Penal Code);
- fraud against the government or other public body (article 640, first paragraph, n. 1 of the Penal Code);
- aggravated fraud to obtain public funds (article 640-bis of the Penal Code);
- IT fraud against the government or other public body (article 640-ter of the Penal Code).

Subsequently, other Laws amended the Decree extending the administrative liability of Organizations to other Crimes, such as:

- corporate crimes (article 25-ter, Decree: fraudulent corporate communications, fraudulent corporate communications damaging shareholders or creditors, fraudulent prospectuses, fraudulent reports or communications by the external auditor, obstruction of audits, wrongful return of capital contributions, illegal

allocation of net income and reserves, illegal transactions involving shares or stakes in the company or the controlling company, transactions prejudicial to creditors, etc.);

- crime and illegal treatment of data (article 24-bis, Decree);
- offences in connection with terrorism or the subversion of democracy as provided for in the Penal Code and by special laws (art. 25-quater, Decree);
- market abuse (25-sexies, Decree);
- offences against individuals (art. 25-quater.1 and 25-quinquies, Decree);
- transnational offences (Law 16 March 2006, no. 146: criminal associations, Mafia-like associations, etc.);
- crimes deriving from a violation of accident prevention regulations and workplace health and hygiene regulations (article 25-septies, Decree: manslaughter; serious or extremely serious involuntary bodily harm);
- money laundering and use of money, goods or utilities of illicit origin (article 25-octies, Decree), etc.

However, article 6 of the Decree provides for a specific kind of exemption from said liability if the Organization demonstrates that:

- a) before the offense was committed, the Organization's managing body had adopted and effectively implemented a Compliance Program suitable for preventing the Crimes and Administrative Infractions of the kind in question;
- b) the task of supervising the functioning of and compliance with the Program, as well as seeing to its updating, was entrusted to a body of the Organization endowed with autonomous powers of initiative and control (hereinafter, "the Watch Body");
- c) the persons who committed the Crimes and Administrative Infractions acted by fraudulently circumventing the aforesaid Compliance Program;
- d) the Watch Body did not fail to provide sufficient supervision.

2. The Compliance Program (Model 231) of the Company

Because company policies are sensitive to the need to ensure conditions of fairness and transparency in the conduct of Company affairs and activities, in order to protect its position and image, as well as the expectations of its stakeholders and the work of its employees, on 22 December, 2009 the Board of Directors of the Company approved for the first time the organizational, management and control Model pursuant to Legislative Decree no. 231 of 2001 (hereinafter, "Model 231").

The Model 231:

1. includes the Ethical Code;
2. identify the activities in which it is possible that the Crimes will be committed (i. Crimes committed in relations with Public Agencies; ii. Corporate crimes; iii. Crimes deriving from a violation of accident prevention regulations and workplace health and hygiene regulations);
3. provide for specific protocols aimed at planning the making and implementation of the Organization's decisions regarding the Crimes;
4. establish procedures for managing financial resources that are suitable for preventing the commission of such Crimes;
5. provide for the obligation of furnishing information to the Watch Body entrusted with supervising the functioning of and compliance with the Program;

6. make all those who work in the name and on behalf of the Company, especially in the Areas at Risk, aware that if the provisions referred to in it are violated they may commit an offense subject to penalties, both criminal and administrative, not only for themselves, but also for the Company;
7. emphasize that such kinds of illegal behavior are strongly condemned by the Company, because – even if the Company were apparently able to benefit from them – they are in any case contrary not only to the provisions of the law, but also to the ethical and social principles by which it intends to abide in carrying out its mission;
8. introduce an internal disciplinary system suitable for punishing failure to comply with the measures specified in Model 231.

This Compliance Program consists of a “General Part” and several “Special Parts” regarding the different kinds of Crimes to be prevented and the operative procedures.

The General Part includes the Ethical Code (called “General Part, Section II”).

The first Special Part – called “Special Part, Section I” – applies to the specific kinds of crimes provided for by articles 24 and 25 of the Decree, i.e. the crimes that can be committed against the Public Agencies.

The second Special Part – called “Special Part, Section II” – regards so-called Corporate Crimes (article 25-ter of the Decree).

The third Special Part – called “Special Part, Section III” – concern crimes deriving from a violation of accident prevention regulations and workplace health and hygiene regulations, i.e. manslaughter and serious or extremely serious involuntary body harm (articles 25-septies of the Decree).

The fourth Special Part – called “Special Part, Section IV” – concern operative procedures.

As provided by the Decree, Model 231 is based on the Code of conduct and Guidelines prepared by industry association (Confindustria).

The task of implementing and updating Model 231 is entrusted to the Chief Executive Officer, by virtue of the powers granted to the latter.

However, the task of updating the Model compulsory general principles (“General Principles”) is entrusted to the Board of Directors.

The principles and contents of Model 231 concern the members of company bodies, of management, and the employees of the Company as well as everybody who work, in Italy and abroad, for the achievement of Company’s objectives (hereinafter referred to as the “Addressees of Model 231”).

3. The Watch Body

To implement the provisions of art. 6, first paragraph, letter b) of the Decree, an external consultant (dr. Fabrizio De Simone) was chosen as the person at Company most qualified to take the task of supervising the functioning and observance of the Model 231, as well as seeing to its updating and thus to perform (according to the terminology used in the Model) the duties of the Compliance Officer (CO).

Non-executive employees, executives, directors and third parties (Consultants, Partners and Suppliers) are obliged to inform the CO of the Company concerned of facts regarding their activities if the latter could expose the Company to the risk of Crimes or entail violations of the Model 231, as well as facts regarding failure to observe the rules contained in the Compliance Program or the commission of Crimes.

The information must be channeled to the CO of the Company (e-mail address: studiofdesimone@gmail.com).

Reports may be in writing and regard any violation or suspected violation of the Model. The CO of the Company shall act so as to protect the person who makes the report from any kind of retaliation, discrimination, or penalization, as well as ensuring the confidentiality of the latter's identity, the legal obligations and the defense of the Company's rights or those of persons accused erroneously or in bad faith being understood.

4. The General Principles

The main General Principles of Model 231 are as follows:

- a) compliance with the law, regulations, statutory provisions, self-regulatory codes, ethical integrity and fairness, characterizes the conduct of Company's entire organization;
- b) any form of discrimination, corruption, forced or child labour is rejected. Particular attention is paid to the acknowledgement and safeguarding of the dignity, freedom and equality of human beings, to protection of labour and of the freedom of trade union association, of health, safety, the environment and biodiversity;
- c) compliance with the Code is fundamental for the quality of the Company's People working and professional performance;
- d) relationships among Company's People, at all levels, must be characterized by transparency, honesty, fairness, cooperation, loyalty and mutual respect;
- e) the Company's business and activities are inspired by and complies with the principles of loyalty, fairness, transparency, efficiency and an open market, regardless of the importance level of the transaction in question. In particular, it is prohibited to pay or offer, directly or indirectly, money and material benefits and other advantages of any kind to third parties, whether representatives of governments, public officers and public servants or private employees, in order to influence or remunerate the actions of their office;
- f) Company's People, as well as external collaborators whose actions may somehow be referred to Company, must have behaviours towards the Public Administration characterized by fairness, transparency and traceability. These relations have to be

- exclusively dealt with by the departments and individuals specifically appointed to do so, in compliance with approved plans and company procedures;
- g) all Company's People shall actively contribute to maintaining an optimal security standard, abstaining from unlawful or dangerous behaviours, and reporting any possible activities carried out by third parties to the detriment of Company's assets or human resources to superiors, to CO or to the body they belong to;
 - h) in any case requiring particular attention to personal safety, Company's People must follow the indications in this regard supplied by the Company, abstaining from behaviours which may endanger one's own safety or the safety of others, promptly reporting any danger for one's own safety, or the safety of third parties, to one's superior.

5. Training and Information

The Company shall plan the training of personnel for the purpose of implementing Model 231.

This plan shall provide for different degrees of training according to the addressees' positions in the Company, according, that is, to whether they work, for example, in specific Areas at Risk, are in charge of supervisory activities, or are employees in general.

Persons outside the Company (Consultants, Partners and Suppliers) may also be provided with special information on the policies and procedures adopted by the Company in accordance with Model 231 (Ethical Code, the present Principles of Model 231, etc.), as well as the texts of the contract clauses habitually used in this regard.

6. Disciplinary System

The Company has adopted an appropriate penalty system for the violation of the rules of conduct imposed in order to prevent the Crimes and, in general, of the internal procedures provided for by the aforesaid Model 231.

Any behavior by Consultants, Partners, or Suppliers in conflict with the conduct guidelines specified by the Ethical Code, Model 231 and present document and entailing the risk of committing a Criminal Offense may determine – according to the provisions of the specific clauses included in the contracts or partnership agreements – the rescission of the contractual relationship or any other specially provided contractual sanction, a claim for damages being understood in the event such behavior causes concrete damage to the Company, such as when a judge applies the measures provided for by the Decree.