

MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL EX D.LGS 231/2001

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TABLE OF CONTENTS

<u>GENERAL</u>	3
<u>FOREWORD</u>	4
<u>1. LEGISLATIVE DECREE NO. 231/2001</u>	5
<u>2. ADOPTION OF THE MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL</u>	7
<u>2.1 Model Structure</u>	7
<u>2.2 Addressees of the Model</u>	7
<u>2.3 Offences for which risk is estimated, detailed list:</u>	8
<u>2.4 Predicate offences for which – as related to the activities developed by the Company and to its operational context – no risk of committing is estimated but on which a supervisory activity will be developed: list of cases.</u>	10
<u>2.5 Approval and Implementation of the Model’s reference principles</u>	12
<u>3. ORGANIZATION STRUCTURE OF FATA S.P.A.</u>	13
<u>4.2 Regulations on the Appointment, Termination and/or Replacement of the Supervisory Board Members.</u>	16
<u>4.5 Modalities for Appointment, Revocation and Suspension of the Supervisory Board</u>	17
<u>4.6 Functions and Powers of the Supervisory Board</u>	18
<u>4.7 Obligations to inform the Supervisory Board</u>	19
<u>4.8 Reporting of the Supervisory Board to the Company Organs</u>	20
<u>6. DISCIPLINARY SYSTEM</u>	22
<u>6.1 The Aim of the Disciplinary System</u>	22
<u>6.2 Measures to be undertaken against the Employees (excluding Officers)</u>	22
<u>6.3 Measures against the Officers</u>	23
<u>6.4 Disciplinary System – Synoptic framework</u>	23
<u>6.5 Measures against Consultants/Collaborators</u>	25
<u>6.6 Measures against Subjects with Contract/Trading Relationships with FATA</u>	25
<u>6.7 Measures against the Directors</u>	25
<u>6.8 Measures against the Auditors</u>	25
<u>6.9 Measures against the Supervisory Board</u>	25
<u>6.10 Subjects Entitled to Inflict the Disciplinary Measures</u>	25
<u>7. MODEL AND CODE OF ETHICS</u>	26
<u>8. AUDIT ACTIVITIES ON APPLICATION AND SUITABILITY OF THE MODEL</u>	27

ANNEXES:

1. CODE OF ETHICS
2. LIST OF THE OFFENCES ASSUMED
3. ORGANIZATIONAL STRUCTURE
4. EVIDENCE CARDS
5. FLOWS AND THRESHOLDS

GENERAL

FOREWORD

Fata S.p.A. (hereafter “**FATA**” or the “**Company**”) aligned to the ethical behavior of the parent company, thus ensuring wider conditions of fairness and transparency in the running of its business and corporate activities and – to this purpose – has adopted the Model of Organization management and control (hereafter the “**Model**”) ex Legislative Decree 231/01 (hereafter the “**Decree**”) compliant with the model of its parent company, even though leaner and more flexible since it is oriented to a “small enterprise”, in compliance with the directives expressed in the Guidelines of Confindustria, by which:

“a small enterprise, whose definition is to be sought for – rather than in the quantity parameters – in the essentiality of the internal hierarchical and functional structure...”

The main activities developed to respond to the dictates of the Decree are as follows:

Risk Detection:

Analysis of the corporate context to highlight those areas and sectors of activity which are subject to risk of predicate offence as well as the modalities of those behaviors which may lead to commit predicate offences.

Devising of the Protocol System:

Evaluation of the control system existing within the Company and adaptation – if required – in terms of capability to counteract efficiently – i.e. reducing to acceptable level - the risk identified.

Code of Ethics and Disciplinary system

Adoption of the parent company’s Code of Ethics, adapted to the Company’s features (Annex 1).

Supervisory Board

Appointment of a specific Supervisory Board

1. LEGISLATIVE DECREE NO. 231/2001

Administrative liability of legal bodies, companies and associations

The Decree, in defining the “*Discipline of the administrative liability of legal bodies, companies and associations, even if with no legal personality*”, introduced into the Italian legal system, a status of **administrative liability** (which can be assimilated to criminal liability) for the Entities (companies, associations, consortiums and the like): for *offences against the Public Administration* (Articles 24 and 25 of the Decree), *offences against the assets of the State or another public body* (Article 25-bis of the Decree, as amended by Law no. 99/2009), for the *corporate offences* listed in Article 25ter, and for the offences (mentioned in Article 25-quarter) *aimed at terrorism or subversion of the democratic order*, as well as those *offences which are in any case committed in violation of what is stated in Article 2 of the International Convention for combating the financing of terrorism* signed in New York on December 9th 1999 (precisely listed and identified) as well as for the offences against the individual personality as described in Law no. 228/03 containing “*Measures against trafficking in human beings*” (art 25-quinquies). Laws no. 62/2005 and 262/2005 have further extended the typology of offences which involve the administrative liability of the entities, since they include the liability to punishment of the Entity in whose interest or advantage are made the so-called offences of “*market abuse*” (i.e. insider trading and market manipulation, art 25 sexies) and the offence of omitting information relevant to conflict of interests.

Article 25-septies, introduced by Law no. 123/2007, extended the entities’ administrative liability to the offences of murder and severe or very severe personal injury, committed in violation of the health and safety regulations on the workplace, and similar extension is provided for in Article 25-octies (for the offences of receiving of stolen goods, money laundering and use of money, assets or utilities of illicit origin).

The Entity is liable also for the so-called transnational offences¹ (Law no. 146/2006).

Law no. 48/2008 introduced into the Decree the new art. 24 *bis*, which includes the so-called computer offences amongst the predicate offences.

Law no. 94/2009, which introduced art. 24 *ter* concerning organized criminality offences, Law no. 99/2009, which introduced art. 25 *bis* 1 (relevant to the Offences against the industry and trade) and art. 25 *novies* (relevant to the Offences related to the violation of copyright) and Law no. 116/2009, which introduced art. 25 *novies*, then renumbered as 25 *decies* by art. 2, par. 1 of D. Lgs. 121/2011 (relevant to the Induction not to report or report mendacious statements to the judicial authority).

Recently, D. Lgs. no. 121/2011 introduced article 25 *undecies*, relevant to the environmental offences.

Moreover, D. Lgs. no. 109/2012 introduced article 25 *duodecies* that establishes the liability of the Company, in case the Company itself employs foreign workers who do not hold a valid residence permit or whose residence permit is expired or it has not been renewed in accordance with the applicable law.

Eventually, L. 190/2012 integrated article 25, introducing the offence of undue induction to give or promise benefits and it modified article 25 *ter* introducing, under the first paragraph, the letter *s-bis* that describes the offence of corruption between private individuals in all cases established under article 2365 of the Italian Civil Code, third paragraph.

¹ “Transnational offence” means the offence punished with imprisonment for no less than 4 years in case of maximum sentence, which involves an organized criminal group as well as if: a) committed in more than one Country; b) or committed in one Country, but a substantial portion of its preparation, planning, direction or control is developed in another Country; c) or committed in one Country, but involves an organized criminal group engaged in criminal activities in more than one Country; d) or committed in one Country but with substantial effects in another one.

For the administrative liability of the Entities to be applied, said offences are to be committed in the Entity's interest or to its advantage by natural persons who have leading functions within the Entity, or by natural persons subject to the management or supervision of one of the above subjects. Finally, the liability of the Entity adds up to the liability of the natural person who has committed the offence.

The Entity is also liable for offences consisting in attempted crimes and offences committed abroad.

According to art. 4 of the Decree, in order to sanction criminal conducts of frequent occurrence and prevent easy elusions of the whole regulatory system, an Entity having its registered office in Italy may be held liable for offences committed abroad, if:

- a) the offence is committed abroad by a subject who is functionally linked to the Entity, in accordance with article 5, par. 1, of the Decree;
- b) the Entity has its main registered office within the territory of the Italian State;
- c) the conditions of articles 7, 8, 9 and 10 of the Criminal Code occur.

In the cases above, the Entity is prosecuted, if prosecution is not pursued by the State where the offence was committed.

It is also provided for that the Company – in case of offence – may resort to **a justification**: the company shall not be held liable if it can prove it adopted and effectively implemented, before the action was committed, “*models of organization, management and control as appropriate to prevent any of such offences*” (art. 6).

Ar. 6 of the Decree provides that such models can be adopted on the basis of codes of behavior drafted by trade associations. In particular, Fata's model was adopted on the basis of the “Guidelines for building up of models for the organization, management and control ex D. Lgs. 231/2001”, approved by Confindustria in the version updated on March 31st 2008 and approved by the Ministry of Justice on April 2nd 2008.

2. ADOPTION OF THE MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL

2.1 Model Structure

This Model consists of a general section and different special sections for the different typologies of offences which are to date provided for in the Decree, articulated as follows:

- Special Section “A”: applies to the specific typologies of offences which can be committed against the Public Administration as provided for in artt. 24 and 25 of the Decree.
- Special Section “B”: refers to the corporate offences provided for in art. 25 *ter* and to the offences and regulatory offences of insider trading and market manipulation provided for in art. 25 *sexies* of the Decree.
- Special Section “C”: relates to the offences of involuntary manslaughter and severe and very severe involuntary injury, in violation of the obligations relevant to the preservation of health and safety in the workplace (Art. 25 *septies* of the Decree).
- Special Section “D”: relates to computer offences and to the illegal processing of data, as provided for by art. 24 *bis* of the Decree (introduced by L. no. 48/2008).
- Special Section “E”: deals with the offences of money laundering, receiving of stolen goods, use of money, assets or utilities of illicit origin, as introduced by art. 63 par. 3 of D. Lgs. 231/07, into the Decree (art. 25 *octies*).
- Special Section “F”: is related to offences of organized crime as defined in art. 24 *ter* of the Decree (introduced by L. no. 94/2009, art. 2 par. 29) and transnational offences (as per art. 10 of L. no. 146/2006).
- Special Section “G”: deals with environmental crimes defined in art. 25 *undecies* of the Decree, introduced by D. Lgs. 121/2011.

Moreover, the Model has been integrated by an Appendix settled as follows:

- Operations directly issued “out of process” by persons with leading functions, a document where are defined the specific control elements which the persons who have leading functions must comply with whenever they will enter on or should initiate any operation that follows a different procedural process from the one detailed in the Model, due to exceptional situations, because of extraordinary demands of particular urgency or confidentiality, or even due to specific peculiarity of the operation;
- “General principles of internal control”, which define the set of “tools” to be used to achieve the objectives of efficiency and operational effectiveness, reliability of financial and management information, compliance with laws and regulations, and protection of the assets against possible fraud;
- “Principles of behavior with the Public Administration”, which shall include the guidelines of conduct to be followed by the Company to avoid situations favourable to the occurrence of any of the offences provided for in the Decree;
- “Public entities that can interface with D. Lgs. 231/2001”, which contains a summary, including but not limited to, those subjects who should be considered as public entities.

FATA’s Board of Directors has the faculty to integrate this Model, by a specific resolution, if new offence cases are introduced, which can be potentially connected to the activities deployed by FATA.

2.2 Addressees of the Model

“Addressees” of this Model and – as such and within the limits of their specific competences – required to know and comply with it, are the members of the Board of Directors, the members of the Board of Auditors, the Officers, the Employees and all the collaborators with whom contract relationships are maintained – at any title – even if occasional and only temporary, as well as all those who maintain trading or financial relationships of any nature with FATA.

2.3 Offences for which risk is estimated, detailed list:

Offences provided for in Article 24 of the Decree:

- Art. 316 *bis* of the Criminal Code – Embezzlement to the detriment of the State;
- Art. 316 *ter* of the Criminal Code – Illicit reception of subsidies to the detriment of the State;
- Art. 640, par. 2, no. 1 of the Criminal Code – Fraud to the detriment of the State;
- Art. 640 *bis* of the Criminal Code – Severe fraud for the adjudication of public subsidies;
- Art. 640 *ter* of the Criminal Code – Computer fraud.

Offences provided for in art. 24 bis of the Decree (introduced by Law no. 48/08):

- Art. 491 *bis* of the Criminal Code – Computer Documents;
- Art. 615 *ter* of the Criminal Code – Abusive access to a computer or telecom system;
- Art. 615 *quater* of the Criminal Code – Abusive detention and dissemination of access codes to information systems;
- Art. 615 *quinquies* of the Criminal Code – Dissemination of computer equipment, devices or software aimed at damaging or interrupting a computer or telecommunication system;
- Art. 617 *quater* of the Criminal Code – Eavesdropping, hindrance or illicit interruption of computer or telecommunication communications;
- Art. 617 *quinquies* of the Criminal Code – Installation of equipment for eavesdropping, hindrance or interruption of computer or telecommunication communications;
- Art. 635 *bis* of the Criminal Code – Damaging of computer information, data and software;
- Art. 635 *ter* of the Criminal Code - Damaging of computer information, data and software used by the State or another public body or – in any case – of public utility;
- Art. 635 *quater* of the Criminal Code – Damaging of information or telecommunication systems;
- Art. 635 *quinquies* of the Criminal Code - Damaging of information or telecommunication systems of public utility;
- Art. 640 *quinquies* of the Criminal Code – Computer fraud by the subject who develops services of electronic signature certification.

Offences provided for in art. 24 ter of the Decree (introduced by Law no. 94/2009):

- Art. 416 par. 6 of the Criminal Code – Criminal association aimed at enslavement, trafficking in human beings, purchase or sale of slaves.
- Art. 416 of the Criminal Code – Criminal association.
- Art. 416 *bis* of the Criminal Code – Mafia-type criminal association.
- Art. 416 *ter* of the Criminal Code – Mafia-type electoral exchange.
- Art. 630 of the Criminal Code – Kidnapping aimed at extortion.
- Art. 416 *bis* of the Criminal Code – Offences committed resorting to the conditions of subjection and conspiracy of silence deriving from the existence of Mafia conditioning.
- Art. 74 D.P.R. 309/1990 – Association aimed at the illegal trafficking of narcotics and or psychotropic substances.
- Art. 407 par. 2 a) no. 5 of the Code of Criminal Procedure – Offences related to the illegal manufacturing, introduction into the State, sale, assignment and detention in a public area or in any case open to the public of war weapons, parts of them, explosives, clandestine weapons as well as of various common fire weapons.

This category includes also the so-called transnational association offences (artt. 416 and 416 *bis*) as per Law no. 46/2006.

Offences provided for in art. 25 of the Decree:

- Art. 317 of the Criminal Code – Concussion.
- Art. 318 of the Criminal Code – Bribing for an administrative act.
- Art. 319 of the Criminal Code – Bribing for an act contrary to office duties.
- Art. 319 bis of the Criminal Code – Aggravating circumstances.
- Art. 319 ter of the Criminal Code – Bribing in judiciary acts.
- Art. 319 quarter of the Criminal Code – Undue induction to give or promise benefits.
- Art. 320 of the Criminal Code – Bribing of a person appointed to a public service.
- Art. 321 of the Criminal Code – Penalties for the briber.
- Art. 322 of the Criminal Code – Instigation to bribery.
- Art. 322 bis of the Criminal Code – Peculation, concussion, bribery and instigation to bribery of the members of the bodies of the European Communities and officials of the European Communities and foreign Countries.

Offences provided for in art. 25 bis of the Decree (introduced by D.lgs. 61/02):

- Art. 2621 of the Civil Code – False corporate communications.
- Art. 2622 of the Civil Code – False corporate communications to the detriment of the company, shareholders or creditors.
- Art. 2625 of the Civil Code – Prevented control.
- Art. 2626 of the Civil Code – Illegal return of the contributions.
- Art. 2627 of the Civil Code – Illegal sharing of profits and reserves.
- Art. 2628 of the Civil Code – Illegal operations on the stock or corporate shares, or on the stock or corporate shares of the parent company.
- Art. 2629 of the Civil Code – Operations to the prejudice of the creditors.
- Art. 2629 bis of the Civil Code – Omitted communication of conflict of interests.
- Art. 2632 of the Civil Code – Fictitious generation of capital.
- Art. 2633 of the Civil Code – Illegal sharing of the corporate assets by the liquidators.
- Art. 2635 of the Civil Code – Corruption between private individuals.
- Art. 2636 of the Civil Code – Illegal influence on the General Assembly.
- Art. 2637 of the Civil Code – Insider Trading.
- Art. 2638 of the Civil Code – Obstacle in the exercise of the function of the public supervisory authorities.

Offences provided for in art. 25 sexies of the Decree (introduced by Law no. 62/05):

- Art. 183 D. Lgs 58/98 – Causes for non-punishability.
- Art. 184 D. Lgs 58/98 – Offence of Abuse of privileged information.
- Art. 185 D. Lgs 58/98 – Offence of market manipulation.
- Art. 187 bis D. Lgs 58/98 – Abuse of privileged information.
- Art. 187 ter D. Lgs 58/98 – Market manipulation.

Offences provided for in art. 25 septies of the Decree (introduced by D.Lgs. 123/07 and amended by D.Lgs 81/08):

- Art. 589 of the Criminal Code – Involuntary manslaughter.
- Art. 590 of the Criminal Code – Involuntary personal injury.

Offences provided for in art. 25 octies of the Decree (introduced by D.Lgs. 231/07):

- Art. 648 of the Criminal Code - Receiving of stolen goods.
- Art. 648 bis of the Criminal Code – Money Laundering.
- Art. 648 ter of the Criminal Code - Use of money, assets or utilities of illicit origin.

Offences provide for in D.Lgs 39/2010 (art. 27):

- False reports and communications by the Auditors.

Offences provided for in art. 25 undecies of the Decree (introduced by D. Lgs. 121/11):

- D. Lgs. 152/2006 – collection, transport, shipment, recovery and disposal of waste – also hazardous – without the prescribed authorizations, including the surveillance of such operations and the control of the disposal sites, as well as the activities performed as dealer or broker.
- Law no. 549/1993 – Breach of the regulations relevant to production, utilization, import, export, detention, collection, recycling or marketing of substances harmful to stratospheric ozone and harmful to the environment.

Offences provided for in art. 25 duodecies (introduced by D. Lgs. 109/12):

- D.Lgs. 286/1998 – Employment of foreign citizens whose residence permit is not compliant with applicable laws or regulations.

2.4 Predicate offences for which – as related to the activities developed by the Company and to its operational context – no risk of committing is estimated but on which a supervisory activity will be developed: list of cases.

Offences provided for in art. 25 bis of the Decree (introduced by Law no. 409/01):

- Art. 453 of the Criminal Code – Counterfeiting of money, expenditure and introduction into the Country, upon concert, of counterfeited currency.
- Art. 454 of the Criminal Code – Alteration of money.
- Art. 455 of the Criminal Code – Expenditure and introduction into the Country – without concert – of counterfeited currency.
- Art. 457 of the Criminal Code – Expenditure of counterfeited currency received bona fide.
- Art. 459 of the Criminal Code – Forgery of official stamps, introduction into the Country, purchase, detention or dissemination of counterfeited official stamps.
- Art. 460 of the Criminal Code – Forgery of watermarked paper in use for the manufacturing of paper of public credit or official stamps.
- Art. 461 of the Criminal Code – Manufacturing or detention of watermark or tools aimed at the forgery of notes, official stamps or watermarked paper.
- Art. 464 of the Criminal Code – Use of counterfeited or altered official stamps.
- Art. 473 of the Criminal Code – Counterfeiting, alteration or use of trademarks or distinctive signs, or patents, models and drawings.
- Art. 474 of the Criminal Code – Introduction into the Country and trading of products with false signs.

Offences provided for in art. 25 bis.1 of the Decree (introduced by Law no. 99/2009):

- Art. 513 of the Criminal Code – Hindrance in the freedom of industry and trade.
- Art. 513 bis of the Criminal Code – Unfair competition by threats or violence.
- Art. 514 of the Criminal Code – Fraud against the national industry.
- Art. 515 of the Criminal Code – Fraud in developing trade.
- Art. 516 of the Criminal Code – Sale of non-genuine food products as genuine.
- Art. 517 of the Criminal Code – Sale of industrial products with mendacious signs.
- Art. 517 ter of the Criminal Code – Sale and trading of assets developed encroaching titles of industrial property.
- Art. 517 quarter of the Criminal Code – Counterfeiting of geographic indications or denominations of origin of agri-food products.

Offences provided for in art. 25 quater of the Decree (introduced by Law no. 7/03):

- Art. 270 ter of the Criminal Code – Associations aimed at international terrorism.
- Art. 270 quinquies of the Criminal Code – Training to activities aimed at terrorism (also international terrorism).
- Art. 270 sexies of the Criminal Code – Behaviours aimed at terrorism.
- Art 414 of the Criminal Code – Incitement to commit a crime.

Offences provided for in art. 25 quarter. 1 of the Decree (introduced by Law no. 7/06):

- Art. 583 bis of the Criminal Code – Practices of mutilation of the feminine genitals.

Offences provided for in art. 25 quinquies of the Decree (introduced by Law no. 228/03):

- Art. 600 of the Criminal Code – Enslavement or maintenance in slavery or servitude.
- Art. 600 bis of the Criminal Code – Minor's prostitution.
- Art. 600 ter of the Criminal Code – Minor's pornography.
- Art. 600 quater of the Criminal Code – Detention of pornographic material.
- Art. 600 quarter bis of the Criminal Code – Virtual pornography.
- Art. 600 quinquies of the Criminal Code – Tourism initiatives aimed at the exploitation of minor's prostitution.
- Art. 601 of the Criminal Code – Traffic of human beings.
- Art. 602 of the Criminal Code – Purchase or sale of slaves.

Offences provided for in art. 25 novies of the Decree (introduced by Law no. 99/2009):

- Art. 171 co a-bis – Law no. 633/1941 – Making available to the public a protected artistic work or part of it.
- Art. 171 bis – Law no. 633/1941 – Abusive duplication of software.
- Art. 171 ter – Law no. 633/1941 – Abusive use of artistic works or other intangible products, devices or decoding elements.
- Art. 171 septies – Law no. 633/1941 – Missing communication to SIAE of the data required for the univocal identification of the supports which are not subject to stamp.
- Art. 171 opties – Law no. 633/1941 – Use – also for private purposes – of devices for the decoding of conditioned access audio-visual transmissions by ether, satellite or cable.

Offences provided for in art. 25 decies of the Decree (introduced by Law no. 116/2009, as modified by art. 2 par. 1 of D.Lgs. no. 121/2011):

- Art. 377 bis of the Criminal Code - Induction not to report or report mendacious statements to the judicial authority.

Offences provided for in Law no. 146/2006 – Transnational offences:

- Art. 377 bis of the Criminal Code - Induction not to report or report mendacious statements to the judicial authority.
- Art. 378 of the Criminal Code – Assisting offender.
- Art. 291 quarter D.P.R. 43/1973 – Criminal association aimed at the smuggling of tobaccos processed abroad.
- Art. 74 D.P.R. 390/1990 – Association aimed at the illegal trafficking of narcotics and or psychotropic substances.
- Art. 12 par. 3, 3 bis, 3 ter and 5 D. Lgs. 285/1998 – Traffic of migrants.

The association offenses mentioned in articles 416 and 416 *bis* have been considered in the potential offences listed in paragraph 2.3.

Offences provided for in art. 25 undecies of the Decree (introduced by D. Lgs. No 121/11):

- Art. 727 bis of the Criminal Code – Killing, destruction, capturing, retrieval or possession of wild and/or protected animal or vegetal species.
- Art. 733 bis of the Criminal Code – Damage to habitat.
- Law no. 150/1992 – Import, export, sale, transport, also on behalf of third parties, detention of endangered animal or vegetal species.
- D.Lgs. 202/2007 – Intentional or accidental pollution of the sea.

For a more detailed description of the predicate offences which fall within the application of the Decree, please refer to the document in Annex 2.

2.5 Approval and Implementation of the Model's reference principles

Since the Model is an “act issued by the management body” (in compliance with the provisions of art. 6 par. I, letter a) of the Decree), on April 22nd, 2013, FATA's Board of Directors approved this document. Likewise, further amendments and substantial integrations shall be submitted to the competence of the Board of Directors.

3. ORGANIZATION STRUCTURE OF FATA S.P.A.

The components of the preventive control system which are to be implemented at corporate level to ensure the Model's effectiveness are as follows:

- Ethical principles aimed at preventing the offences provided for in the Decree;
- Sufficiently formalized, clear organizational system;
- Manual or electronic operational procedures aimed at regulating the Company activities in the areas exposed to risk, by means of appropriate control procedures;
- Authorization and signature powers consistent with the defined organizational and management liabilities;
- Management control system capable of providing timely communication of the existence and/or surfacing of critical situations;
- Staff communication and training system relevant to all the elements of the Model, including the Code of Ethics;
- Appropriate disciplinary system to sanction the breaching of the regulations stated in the Code of Ethics and the other indications provided for in the Model.

Hereafter we describe the foundation principles of some protocols included in FATA's Model with common features as related to all the typologies of offence which are provided for in the Decree, whilst – without prejudice to the provisions of this paragraph – reference is to be made to the Special Sections as far as the protocols of specific features related to every typology of offences (e.g. procedures or other specific protocols) are concerned.

As far as the Code of Ethics, the Supervisory Board, the disciplinary system, the staff training and communication are concerned, reference is to be made to those chapters of the Model which have been especially dedicated to such subject.

Organization System

The corporate organization system (organization structure and positions, missions and areas of liability), as it is currently specified in **Annex 3**, is defined through the issue of Organizational Provisions (Operating Regulations and Internal Communications) by the Chairman and/or Managing Director. The formalization and circulation are ensured by the HR Direction, who periodically updates the organization chart.

On the basis of such Operating Regulations, an illustrative document is issued to cover the corporate organization chart and the missions and liabilities of each organizational structure. Such document shall reflect the content of the Organizational Provisions and is to be circulated to all the Company staff.

The subject of the Operating Regulations may be:

- Definition of corporate guidelines and policies;
- Formalization of corporate processes and procedures;
- Setting up, amendment and deletion of corporate bodies, projects and work groups.

Furthermore, the Company also issues and circulates internal communications relevant to organizational and operational aspects.

Authorization System

The corporate authorization system is set up in compliance with the following requirements:

- The Powers of Attorney and proxies should conjugate the power to the relevant area of liability;
- Every Power of Attorney and proxy should define univocally the powers and clarify the relevant limits;
- The powers defined by the Powers of Attorney/proxies should be consistent with the corporate objectives;
- All those who act for and of behalf of FATA towards third parties, and in particular towards the Public Administration are to hold the specific Powers of Attorney and/or formal proxy to represent the Company.

In particular, the system includes the allocation of:

- Powers of permanent representation, which can be allocated by proxy recorded by a Notary as related to the exertion of the activities connected to the permanent responsibilities established in the corporate organization;
- Proxies relevant to specific affairs, which are conferred by means of proxies recorded by a Notary or other forms of proxies depending on their contents; the allocation of such powers is governed by both the corporate practices and the laws which define the forms of representation, in compliance with the typologies of the specific deeds to be executed.

Corporate Procedures in the Risk Areas

The internal procedures must be characterized by the following elements:

- Greatest possible separation, within each process, between the subject which makes the decision (decision making drive), the subject who authorizes it, the subject who executes such decision and the subject who is in charge to monitor the process (i.e. the so-called segregation of the functions);
- Written record of each process step, including the control (i.e. the so-called “traceability”);
- Appropriate level of formalization.

Management Auditing and Financial Flows

The auditing system adopted by FATA is articulated in the different process stages of yearly budget, analysis of the periodical balances and development of the new forecast at corporate level.

The system ensures the following:

- Plurality of subjects involved in terms of coherent segregation of the functions for the information processing and circulation;
- Capacity to supply timely information on the existence and surfacing of critical conditions by means of an appropriate, timely information flow and reporting system.

The management of the financial resources is defined on the basis of principles inspired by a substantial segregation of functions which may guarantee that all the cash outlays are requested, carried out and monitored by independent functions or by reasonably distinct subjects who – furthermore – are not allocated other responsibilities which may determine potential conflicts of interest.

Finally, the cash management is inspired to criteria of asset preservation, forbiddance of carrying out risky financial operations, and – if required – double signature for the use of cash in case of amounts exceeding pre-defined thresholds.

Management of the Documentation

All FATA's internal and external documentation is managed through modalities which discipline – depending on the cases – the updating, circulation, recording, filing and safe management of documents and records.

Specific protections – also of a technical nature – prevent unauthorized subjects from accessing the Company protocol in in-feed or out-feed, and any amendments to the released protocols.

4. SUPERVISORY BOARD

4.1 Identification of the Supervisory Board

As a further condition to obtain the justification of the administrative responsibility, the Decree (art. 6-b) dictates that the task of supervising the enforcement and observance of the Model, as well as of its updating, is committed to a Company body provided with autonomous powers of initiative and monitoring.

In compliance with the spirit of the Decree and of the most recent Guidelines issued by Confindustria, such body shall be a multi-subject body defined “**Supervisory Board**”, whose members are required to attest:

- Autonomy and independence;
- Professionalism;
- Continuity of Action;
- Honourableness.

Taking into account the peculiarity of its own functions and of the specific professional contents required in exerting the tasks of supervision and monitoring, the Supervisory Board can always resort – under its direct supervision and responsibility – to other internal functions or external consultants any time this may be required because of the peculiarity of the tasks appointed to it.

4.2 Regulations on the Appointment, Termination and/or Replacement of the Supervisory Board Members.

Taking also into account the most recent indications included in the “*Guidelines for the setting up of organization, management and control models ex D. Lgs. no. 231/2001*” issued by Confindustria, FATA conferred the Supervisory Board the following competences, and regulated its operations as described hereafter, without prejudice to the power-duty of the Supervisory Board to regulate autonomously its operations and activities including the possibility to modify such provisions, if necessary.

The choices of the Supervisory Board cannot be questioned by the Company bodies, otherwise the essential requirement of the Board autonomy will fail.

4.3 Constitution of the Supervisory Board

During the meeting held on February 23rd 2007, FATA’s Board of Directors conferred the qualification of Supervisory Board – in compliance with article 6-b of the Decree, to a multi-subject body (hereafter “**Supervisory Board**”), composed by the Chairman of the Board of Auditors, with functions of Chairman of the Supervisory Board, FATA’s *pro-tempore* Manager of the Legal Affairs and an independent external member. Such structure is estimated to be appropriate to deploy the requested activity. The above resolution was confirmed on February 7th, 2011.

4.4 Duration of the Office

The Chairman of the Supervisory Board remains in office for three years, he/she may be reappointed only once and he/she remains in office until the appointment of his/her successor. The members of the Supervisory Board remain in office for three years, they may be reappointed and they remain in office up to the appointment of their successors.

The members can be discontinued also because of renunciation, withdrawal or revocation.

Renunciation by the members of the Supervisory Board can be exerted any time and is to be communicated in writing to both FATA’s Board of Directors and Board of Auditors. The Board of Directors shall enforce the appropriate deliberations in compliance with the Statute of the Supervisory Board.

4.5 Modalities for Appointment, Revocation and Suspension of the Supervisory Board

At the end of every appointment of the Supervisory Board and before any new appointment, the Board of Directors shall ascertain the subsistence of the requirements which are expressly requested by the Decree for every member of the Supervisory Board, as well as of the other requirements mentioned in this Model.

The Board of Directors shall periodically evaluate the suitability of the Supervisory Board in terms of organizational structure and of powers conferred. The Board of Directors can revoke the mandate of a member of the Supervisory Board or of all of them at any time, in compliance with the modalities established in the Statute of the Supervisory Board, (i) in case the requirements of autonomy, independence, professionalism and continuity of action required for the exertion of such office have failed, (ii) if causes of incompatibility have surfaced for the members of the Supervisory Board, and/or (iii) in all the other cases set forth in the Statute of the Supervisory Board.

In case of renunciation, inability, death, revocation or withdrawal of a member of the Supervisory Board, the latter shall timely inform the Board of Directors, which will provide for his/her replacement without delay. The Chairman – or the eldest member – of the Supervisory Board is bound to timely inform the Board of Directors of the occurrence of any of the events which generate the need to replace a member of the Supervisory Board.

In case of renunciation, inability, death, revocation or withdrawal of the Chairman, the eldest member will take over its position and will remain in such office until the Board of Directors will appoint a new Chairman of the Supervisory Board.

The Board of Directors, upon consultation with the Board of Auditors and the other members of the Supervisory Board, may decide to suspend a member in the cases and with the modalities established by the Statute of the Supervisory Board.

4.6 Functions and Powers of the Supervisory Board

The Supervisory Board is committed the following tasks:

- Monitor the effectiveness of the Model, i.e. make sure that the behaviours within the Company actually match the Model;
- Ascertain the effectiveness of the Model, i.e. make sure that the Model is concretely appropriate to prevent the occurrence of offences;
- Submit proposals for the maintenance and updating of the Model in order to tune it consistently and timely to any changes in the activities and in the Company structure, as well as to any changes in legislation;
- Submit proposals for the Model adaptation, to the corporate bodies and functions which can implement such proposals concretely to the Company tissue.

The Board must therefore provide to:

- Verify periodically the map of the areas where there is risk of offence in order to tune them to the changes in the Company's activities and/or structure, as well as to any changes in legislation. To this purpose, the Board is to be informed by the management and by the people appointed to the control activities – within the different functions – of any circumstances which may expose the Company to the risk of offence;
- Run periodical audits, on the basis of an annual program which must be established in advance, aimed at ascertaining whatever is provided for in the Model.

In particular, the Board is to ascertain that:

- The control procedures have been implemented and documented as appropriate;
- The ethical principles are complied with;
- Ascertain the suitability and efficiency of the Model in preventing the offences defined in the Decree;
- Work in coordination with the other corporate functions (also through appropriate meetings) to:
 - Exchange information and keep an updating on the areas where there is a risk of offences;
 - Keep the evolution of such areas under constant control in order to ensure a persistent monitoring;
 - Implement the different aspects related to the Model (definition of standard clauses, staff training, regulatory and organizational changes, etc.);
 - Ensure that the corrective actions required to make the Model appropriate and efficient are timely undertaken;
- Collect, process and keep all the significant information they received as related to the compliance with the Model, and also update the list of information which is to be forwarded to them.
- Make available and update – on the Company's intranet – the information relevant to both the Decree and the Model.

The Board must have free access to the people and to the whole Company's documentation, and must be enabled to acquire significant data and information from the people in charge. Furthermore, the Board is entitled to ascertain that the managers of the Company's structure timely supply the information, data and/or news requested from them, without any restrictions or need of previous authorization.

The Board is allowed resorting to the cooperation of Company functions which are delegated to such task, as well as of external consultants who possess the qualifications of professionalism and reliability required for the exertion of the supervisory activities. Should it be necessary, the Supervisory Board may proceed with the direct examination of the Company employees, Directors and Auditors.

Furthermore, the Supervisory Board is to be allocated the appropriate financial resources – which shall be proposed by the Supervisory Board – as required for the correct performance of its duties. To this purpose, FATA’s Board of Directors shall arrange for the allocation of such funds when setting up the Company budget.

4.7 Obligations to inform the Supervisory Board

In compliance with the provisions of the Model in its General Section and in each Special Sections, the Supervisory Board is to be made aware – in compliance with the relevant procedures and timing – of any news pertaining the application of the Model and its updating.

The obligation of information concerns of the following:

- Offences or acts leading to commit such offences;
- Actions not aligned to the code of behavior defined in the Model;
- Deficiencies in the procedures in force;
- Changes in the corporate and/or organizational structure;
- Operations of particular relevance, or which show such risk profiles leading to assume a reasonable danger of committing such offences.

Furthermore, the Supervisory Board is to be timely informed of the following:

- Decisions and/or news coming from the criminal police or any other authority, which reveal that investigations are in progress – even though against unknown persons – for the offences mentioned in the Decree;
- Requests of legal assistance forwarded by Officers and/or Employees in case judicial proceedings are started for offences provided for in the Decree;
- Any amendments to the Powers of Attorney, new appointments or revocations.
- Reports or communications drafted by managers of other Company functions within the scope of their audit activity and which may highlight facts, acts, events or omissions with a critical profile as related to compliance with the provisions set forth in the Decree;
- The certificates issued by the Register of administrative sanctions mentioned in art. 80 of the Decree, showing that the consultants or the partners (established in either corporate or associative form) have been subject to sanctions for offences mentioned in the Decree.

FATA’s HR Direction reports annually to the Supervisory Board – also by summary data – on the specific initiatives of information and training relevant to the Model addressed to the personnel, as well as on the relevant contents.

In compliance with art. 6 par. 2-D of the Decree, such communications are to be provided in writing – not anonymously - to mailbox odv@fatagroup.it, which is purposely dedicated and whose protected access is reserved to the sole Supervisory Board.

The Supervisory Board protects those who send the communications against any retaliation, discrimination or penalization, ensuring confidentiality, without prejudice to the obligations of the law and for the protection of the Company and/or of the people who were accused erroneously and/or in bad faith.

The Supervisory Board evaluates the communications received with discretion and responsibility. To this purpose, they may examine the author of the communication and/or of the alleged violation, stating in writing, in case, the reason of the autonomous decision not to proceed.

Every information, communication and report provided for in this Model is kept by the Supervisory Board in a purposely provided classified archive (which can be made of either soft or hard copies) for 10 years.

4.8 Reporting of the Supervisory Board to the Company Organs

The Supervisory Board reports periodically to the Chairman of the Board and to the Managing Director, as well as to the Boards of Directors and Auditors as related to the implementation of the Model and surfacing of any criticalities connected to it.

With particular reference to the type of reporting, the Supervisory Board shall have to timely report to both the Chairman of the Board and the Managing Director any breach of the Model which might be considered grounded and which have come to its knowledge because of a communication of an Employee or have been ascertained by the Supervisory Board.

The Supervisory Board periodically submits to the same corporate bodies the activity plan for the following period.

For the purposes related to the implementation of the Model, the Supervisory Board is entitled to request at any time the Auditors to provide relevant information related to the implementation of the Model they may have acquired during their activities.

5. TRAINING AND COMMUNICATION

For the purposes related to the implementation of this Model, the training of the personnel and the circulation of such document are managed by the HR Direction in close coordination with the Supervisory Board and articulated as follows:

- Management and Functions Representing the Entity: initial training course on the general contents of the Model, the setting up of the Supervisory Board, the instructions for the use of the channels available for the communications addressed to it. Occasional updating by e-mail.
- Other personnel: Internal briefing note. Occasional updating by e-mail.
- Newly hired staff: delivery of the Code of Ethics when hired and assessment of their location in risk areas. If so, specific training may be needed.

Information Note to External Collaborators and Partners FATA promotes the knowledge and observance of the Model also amongst its commercial and financial partners, consultants, collaborators at any title, customers and suppliers, providing the appropriate briefing notes on the principles, policies procedures and agreement clauses FATA has adopted in compliance with the Model.

6. DISCIPLINARY SYSTEM

6.1 The Aim of the Disciplinary System

Setting up an appropriate disciplinary system to be applied in case of breaching of the Model provisions, as well as of the provisions and principles set forth in the Code of Ethics (**Annex 1**) is an essential aspect for the Model effectiveness, as well as for the justification related to the Company liability to be applied. Such disciplinary system is aimed at preventing the regulatory offences relevant to the offences covered by the Decree.

The application of the disciplinary sanctions leaves out of consideration the outcome of any criminal proceedings started by the judicial authority in case the behavior to be censured represents an offence covered by the Decree.

6.2. Measures to be undertaken against the Employees (excluding Officers)

The disciplinary system identifies the violations to the principles, behaviors and specific control elements contained in the Model, and such violations are associated to the sanctions established for the employees.

The set of violations and relevant sanctions is specifically defined in the table which is reported hereafter.

Because of its applicative valence, the Model and the relevant disciplinary system is to be formally declared as binding for all the employees and therefore to be exposed, as established in art. 7 par. 1 of Law no. 300/1970 “by billposting in an area accessible to all”.

The aforementioned disciplinary sanctions to be inflicted to the employees are part of those which are defined in the Collective Labour Contract for the Employees employed in the Private Metal Working Industry and in the Plant Commissioning”, in compliance with the procedures provided for in art. 7 of Law no. 300/1970 (Workers’ Statute) and any other special regulation applicable.

It is understood that the disciplinary sanctions for the employees shall take into account – when applied – the principle of proportionality as established in art. 2106 of the Civil Code, and consider – for every case – the objective severity of the fact which constitutes the disciplinary violation, the level of negligence, the reiteration – if any – of the same behavior, as well as the intentionality of such behavior.

Any violations by external collaborators may involve the termination of the contract, even without notice.

The above is without prejudice to the faculty of requesting refunding for the damage occurred as a result of such behavior, including any damage resulting from the application by the Court of the measures established in the Decree.

No consideration shall be given at any title to the disciplinary sanctions after two years from the date they were inflicted.

6.3 Measures against the Officers

The violation of the Model, as well as the breach of the provisions and principles established in the Code of Ethics by the Officers, whose employment relationship is regulated by the Collective Contract for Officers of Companies Producing Goods and Services (hereafter “**Officers’ C.C.N.L.**”) determines the application of the most appropriate measures (by and/or with the support of the HR Direction) in compliance with the provisions of the Officers’ C.C.N.L., including dismissal for the severest cases, in compliance with the procedures stated in art. 7 of Law no. 300/1970, without prejudice to the right of requesting compensation for the damages deriving from such behavior, including the damages caused by the application by the Court of the measures provided for in the Decree.

6.4 Disciplinary System – Synoptic framework

The violations and behaviors of the employees in breach of the rules identified in the Model in application of the Decree, determine the infliction of disciplinary sanctions, which shall be applied in compliance with the principle of proportionality as established in art. 2106 of the Civil Code, taking into consideration – for any specific case – the objective severity of the fact which constitutes a disciplinary breach as well as the level of responsibility, the reiteration – if any – of the same behavior and the intentionality of such behavior, in compliance with the table reported hereafter.

VIOLATION	EMPLOYEES (NON-OFFICERS)	OFFICERS
Substantial violation of the prescriptions identified in the “General principles of Internal Control” with reference to the Control Environment	Verbal call to order Written warning Fine, not higher than three hours of the base remuneration Suspension from work and remuneration up to a maximum of three days Termination with notice	Appropriate measures in compliance with CCNL
Violation of the prescriptions identified in the “General Principles of Internal Control” with reference to Risk Assessment, Activities of Control, Information, Communication and Monitoring	Verbal call to order Written warning Fine, not higher than three hours of the base remuneration Suspension from work and remuneration up to a maximum of three days Termination with notice	Appropriate measures in compliance with CCNL
Violation of the behavior prescribed in the Internal Control Scheme “Lines of Conduct”	Fine, not higher than three hours of the base remuneration Suspension from work and remuneration up to a maximum of three days Termination with notice	Appropriate measures in compliance with CCNL
Violation of the specific control elements defined in the Internal Control Schemes for negligence and without exposing the Company to objective conditions of hazard	Written warning Fine, not higher than three hours of the base remuneration Suspension from work and remuneration up to a maximum of three days Termination with notice	Appropriate measures in compliance with CCNL

Omission of communication due to the Supervisory Board as indicated in the Internal Control Schemes	Verbal call to order Written warning Fine, not higher than three hours of the base remuneration Suspension from work and remuneration up to a maximum of three days Termination with notice Termination without notice	Appropriate measures in compliance with CCNL
Behavior exposing to risk (as reported in the Internal Control Schemes of the operational and instrumental processes) towards Public Administration officials	Verbal call to order Written warning Fine, not higher than three hours of the base remuneration Suspension from work and remuneration up to a maximum of three days	Appropriate measures in compliance with CCNL
Behavior exposing to risk (as reported in the Internal Control Schemes of the operational and instrumental processes) which concretely became an act which exposes the Company to objectively hazardous conditions	Suspension from work and remuneration up to a maximum of three days Termination with notice Termination without notice	Appropriate measures in compliance with CCNL
Behavior aimed univocally and intentionally to commit an offence sanctioned in the Decree	Termination with notice Termination without notice	Appropriate measures in compliance with CCNL
Any other behavior which may potentially determine charges on the Company of measures identified in the Decree	Fine, not higher than three hours of the base remuneration Suspension from work and remuneration up to a maximum of three days Termination with notice Termination without notice	Appropriate measures in compliance with CCNL
Behavior which determined the application of the measures defined in the Decree	Suspension from work and remuneration up to a maximum of three days Termination with notice Termination without notice	Appropriate measures in compliance with CCNL

6.5 Measures against Consultants/Collaborators

Violation of the rules provided for in the Model, as well as breach of the provisions and principles established in the Code of Ethics by any consultant/collaborator may involve, in compliance with the clauses of the respective contractual relationship, the contract termination, without prejudice of the right to claim damages deriving from such behavior, including the damage caused by the application by the Court of Justice of the measures provided for in the Decree.

6.6 Measures against Subjects with Contract/Trading Relationships with FATA

Violation of the regulations provided for in the Model, as well as breach of the provisions and principles established in the Code of Ethics by subjects with contract/trading relationships with FATA may involve, in compliance with the clauses of the respective contractual relationship, the contract termination, without prejudice of the right to claim damages deriving from such behavior, including the damage caused by the application by the Court of Justice of the measures provided for in the Decree.

6.7 Measures against the Directors

Should the Company Directors breach the Model, the Supervisory Board shall inform the Board of Auditors, who will take the appropriate initiatives as provided for by law.

6.8 Measures against the Auditors

Should one or more Company Auditors breach the Model, the Supervisory Board shall inform the Board of Directors, who shall undertake the most appropriate measures.

6.9 Measures against the Supervisory Board

Should the Board of Directors be informed of breaches of this Model by one or more Members of the Supervisory Board, they will undertake the measures they will consider as most appropriate.

6.10 Subjects Entitled to Inflict the Disciplinary Measures

The disciplinary system is subject to continuous verification and assessment by both the Supervisory Board and the HR Direction; the latter is responsible for the concrete application of the devised disciplinary measures, upon communication by the Supervisory Board and upon hearing the hierarchical superior of the author of the censured behavior.

7. MODEL AND CODE OF ETHICS

The rules of behavior contained in the Model integrate the ones stated in the Code of Ethics, even though the Model - on the grounds of the aims it intends to pursue in application of the provisions included in the Decree – has a different scope than the Code of Ethics.

In this view:

- The Code of Ethics represents a tools adopted autonomously and can be applied in general terms by the Company in order to express principles of “corporate deontology” FATA recognizes as its own and to which FATA demands observance by all the Company;
- On the other hand, the Model responds to specific provisions contained in the Decree, aimed at preventing some particular typologies of offences (in case of facts which - even though apparently committed to the advantage of the Company - may involve administrative liability on the basis of the provisions of the Decree).

8. AUDIT ACTIVITIES ON APPLICATION AND SUITABILITY OF THE MODEL

The Model shall be subject to the following audits:

- Audit on the effectiveness of the Model (which concretizes in verifying the coherence between the actual behavior of the addressees and the Model itself) through the setting up of a system of periodical statements by the managers of those company areas which come into contact with the Public Administrations (see Evidence Chart attached as Annex 3), which should confirm the following:
 - Due evidence was given to the operations developed with the Public Administrations in the areas where there is a risk of offence;
 - The indications and contents of the Model have been complied with; Powers of Attorney, proxies and signature limits have been observed and no actions which are not aligned to the Model, or infringements to the Model itself have been undertaken.

The managers of the identified risk areas are appointed to have the statements filled by their subordinates and sent back to the Supervisory Board, which will file and check them by samples.

- Audit on procedures: the actual enforcement of the Model shall be checked every year with the modalities defined by the Supervisory Board. A review shall be undertaken on the following: all the communications received throughout the year; actions undertaken by the Supervisory Board and by the other subjects involved; events which are considered as risky; awareness of the personnel as related to the offence assumptions which are provided for in the Decree. The above shall be checked by samples: the outcome of such audits will be highlighted, defaults – if any - and suggestions of the actions to be undertaken shall be included to the periodical report that the Supervisory Board must draft to the attention of the Company Board of Directors.

The Supervisory Board establishes every time if and what amendments to the Model are to be submitted for approval to FATA's Board of Directors.

Furthermore, the Supervisory Board shall:

- Provide for the release and updating of standardized instructions relevant to the homogeneous, coherent filling of the Evidence Cards by the managers of the risk areas. Such instructions are to be written and kept in either hard or soft copy;
- Periodically check – with the support of other competent functions – the system of proxies in force, recommending changes if the management power and/or the qualification do not match the powers of representation conferred to either the internal manager or to his/her subordinates;
- Periodically check, with the support of other competent functions, the validity of some appropriate standard clauses aimed at the following:
 - Compliance with the contents of both the Model and Code of Ethics by both the external collaborators and partners;
 - FATA's ability to develop effective monitoring actions towards the addressees of the Model in order to ascertain compliance with the provisions contained in it;
 - Implementation of the sanctioning mechanisms (such as dismissal of the contract with partners and external collaborators) if breaches are ascertained on such provisions.