



**ORGANISATION, MANAGEMENT AND CONTROL MODEL**

**under Italian Legislative Decree No. 231/2001**

## **(i) DEFINITIONS**

**Decree or Italian Legislative Decree No. 231/01:** Italian Legislative Decree No. 231 of 8 June 2001 on *Administrative Liability of Legal Entities, Companies and Associations, Including Those Without Legal Personality*, as amended;

**Recipients:** Company representatives and all employees of **Beta Utensili S.p.A.** and persons who collaborate in any capacity under contract with **Beta Utensili S.p.A.**;

**Model:** the Organisation, Management and Control Model;

**Supervisory Body:** the Body contemplated by this Model;

**P.A.:** the Public Administration;

**Company or Entity:** **Beta Utensili S.p.A.**

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## INTRODUCTION

### **Presentation of Beta Utensili S.p.A.**

**Beta Utensili S.p.A.**<sup>1</sup> is a leading company in Italy and one of the most important European producers involved in manufacturing and distributing manual tools and equipment, primarily for industry, car repair and hardware.

The Company is active in the business of professional hand tools through the production, at its three plants in Sovico (MB), Castiglione d'Adda (LO) and Sulmona (AQ), of professional tools and specialised assortments, containers, hooks and lifting accessories, pneumatic tools, safety footwear and workwear, accessories for cables, carts, automotive products, and sealing and lubricating product lines.

**Beta Utensili S.p.A.** has a distribution network of approximately 200 importers and distributors doing business in almost 100 countries and has a worldwide presence with subsidiaries in China, Brazil, the United Kingdom, Poland, France, Holland, Hungary, Spain and, through its Italian subsidiary BM S.p.A., in Slovenia.

The Company owns the trademarks BETA, Robur, Beta Work and Sigma, among others.

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<sup>1</sup> **Beta Utensili S.p.A.**, VAT no. 09321470966, is headquartered at Via Volta no. 18, Sovico (MB).

## Objectives of the Model.

Italian Legislative Decree No. 231 of 8 June 2001<sup>2</sup>, on *Administrative Liability of Legal Entities, Companies and Associations, including Those Without Legal Personality, under Article 11 of Italian Law No. 300 of 29 September 2000*, introduced administrative liability of entities for certain types of crimes to the Italian legal system, if those crimes are committed by:

- top management (*i.e.*, persons with functions representing, managing and directing the entity and persons exercising management and control of the entity, either *de jure* or *de facto*) (“senior managers”);
- persons subject to another person’s direction or supervision, in the interest or for the benefit of the entities (“subordinate persons”)

The Decree provides that adopting and effectively implementing an Organisation, Management and Control Model aimed at preventing the commission of the crimes contemplated by the Decree will **exonerate** the entity from liability.

If a crime cited by the Decree is committed and the Company cannot demonstrate that it **adopted and effectively implemented** an Organisation, Management and Control Model, it exposes itself to the risk of fines and disqualification measures.

An Organisation, Management and Control Model adopted in accordance with the Decree must be **created and implemented** to prevent, within reasonable limits, the commission of the crimes contemplated by the Decree.

In that context, **Beta Utensili S.p.A.:**

- adopted an Organisation, Management and Control Model;
- adopted a Code of Ethics; and

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<sup>2</sup> The measure, entitled *Administrative Liability of Legal Entities, Companies and Associations, including Those Without Legal Personality*, published in Italian Official Journal No. 140 of 19 June 2001, was enacted to carry out the delegation to the Government under Article 11 of Italian Law No. 300 of 29 September 2000. This Law was based on a series of acts promulgated internationally on the basis of Article K.3 of the Treaty on European Union: Convention on the protection of the European Communities’ financial interests, executed in Brussels on 26 July 1995; its first Protocol executed in Dublin on 27 September 1996; the Protocol on the interpretation, by way of preliminary rulings, by the Court of Justice of the European Communities of that Convention, with appended declaration, executed in Brussels on 29 November 1996; the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union executed in Brussels on 26 May 1997; and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, with annex, executed in Paris on 17 December 1997.

- established a Supervisory Body to monitor compliance with and the functioning and updating of the implemented Model.

Operationally, this Model consists of a GENERAL PART, a CODE OF ETHICS and a SPECIAL PART.



**GENERAL PART**

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## **1. Entities' administrative liability: introduction.**

### **1.1) Legal framework of the liability.**

Decree 231/2001 introduced a specific type of liability to the Italian legal system, which is called administrative liability but which is of a punitive (essentially criminal) nature, that is imposed on companies, associations and entities generally, for certain crimes, if committed in their interest or for their benefit by a natural person who is in top management or is an employee.

Prerequisites for application:

- the entity is among those to which the Decree applies (Article 1);
- the commission of a crime listed by the Decree (Article 24 *et seq.*), in the interest or for the benefit of the entity;
- the perpetrator of the crime has top management (Article 6) or subordinate (Article 7) functions within the entity;
- the entity failed to adopt or implement an organisation, management and control model aimed at preventing the commission of crimes of the type that was committed;
- alternatively, but only in the case of a crime committed by top management, failure to assign independent powers of initiative and control to a specific body within the entity (or inadequate oversight by that body) and fraudulent evasion by top management of the organisation, management and control model adopted by the entity.

### **1.2) The legal construct.**

A crime is considered committed by the entity when **elements grounding liability** are established and **elements exempting from liability** are lacking.

#### **1.2.1) Elements grounding liability.**

- The Decree applies to all companies or associations, including those lacking legal personality, and to all entities with legal personality, except for the State and entities performing constitutional functions, territorial public entities, and other non-economic public entities;

- Liability is triggered whenever a crime is committed:

- that is among those indicated by the Decree in the specific list (Article 24 *et seq.*);

- **in the interest** or for the **benefit** of the entity unless, in the latter case, the crime was committed solely in the interest of the perpetrator or third parties; and
- by a natural person, who is:
  - **top management**, namely, he or she exercises functions representing, managing or directing the entity or one of its organisational units that has financial and functional independence, or exercises, either de jure or de facto, management and control of the same (“top management”); or
  - **subject** to top management’s direction or supervision (a “subordinate person”)

**The list of crimes.**

As of the date the Model was approved, the Decree cited the following Crimes, also in relation to attempted felonies, as prerequisites for the entity’s liability:

<b>Crimes against the Public Administration – Articles 24 and 25</b>	
-	Embezzlement to the detriment of the State or the European Union (Article 316 <i>bis</i> , Italian Criminal Code);
-	Fraudulent obtainment of contributions to the detriment of the State (Article 316 <i>ter</i> , Italian Criminal Code);
-	Extortion committed by a public official or a person providing a public service (Article 317, Italian Criminal Code);
-	Corruption by performing public duties (Article 318, Italian Criminal Code);
-	Corruption in performing an action contrary to official duties (Article 319, Italian Criminal Code), including in the aggravated form (Article 319 <i>bis</i> , Italian Criminal Code);
-	Corruption in legal proceedings (Article 319 <i>ter</i> , Italian Criminal Code);
-	Improper solicitation to give or promise any undue advantage (Article 319 <i>quater</i> , Italian Criminal Code);
-	Corruption of a public service representative (Article 320, Italian Criminal Code);
-	Sanctions imposed on the corruptor (Article 321, Italian Criminal Code);
-	Solicitation to corrupt (Article 322, Italian Criminal Code);
-	Embezzlement, extortion by a public official or a person providing a public service, improper solicitation to give or promise an undue advantage, corruption and solicitation to corrupt international Courts’ members, or European Union institutions’ members, or international

<p>parliaments' members, or international organisation's members and European Union and foreign state officials (Article 322 <i>bis</i>, Italian Criminal Code);</p> <ul style="list-style-type: none"> <li>- Influence peddling (Article 346 <i>bis</i>, Italian Criminal Code);</li> <li>- Fraud against the Government or other public entity (Article 640, paragraph 2, no. 1, Italian Criminal Code);</li> <li>- Aggravated fraud to obtain public funding (Article 640 <i>bis</i>, Italian Criminal Code);</li> <li>- Cyber fraud against the Government or another public entity (Article 640 <i>ter</i>, Italian Criminal Code).</li> </ul>
<p><b>Cybercrimes and unlawful data processing crimes – Article 24 <i>bis</i></b></p>
<ul style="list-style-type: none"> <li>- Computer documents (Article 491 <i>bis</i>, Italian Criminal Code);</li> <li>- Unlawful access to a computer or electronic system (Article 615 <i>ter</i>, Italian Criminal Code);</li> <li>- Unlawful possession and dissemination of access codes to computer or electronic systems (Article 615 <i>quater</i>, Italian Criminal Code);</li> <li>- Dissemination of computer equipment, devices or programs to damage or disrupt a computer or electronic system (Article 615 <i>quinquies</i>, Italian Criminal Code);</li> <li>- Unlawfully wiretapping, blocking or disrupting computer or electronic communications (Article 617 <i>quater</i>, Italian Criminal Code);</li> <li>- Installation of equipment to wiretap, block or interrupt computer or electronic communications (Article 617 <i>quinquies</i>, Italian Criminal Code);</li> <li>- Harm to computer information, data and programs (Article 635 <i>bis</i>, Italian Criminal Code);</li> <li>- Harm to computer information, data and programs used by the Government or another public entity or that is of public benefit (Article 635 <i>ter</i>, Italian Criminal Code);</li> <li>- Harm to computer or electronic systems (Article 635 <i>quater</i>, Italian Criminal Code);</li> <li>- Harm to computer or electronic systems of public benefit (Article 635 <i>quinquies</i>, Italian Criminal Code);</li> <li>- Computer fraud by a party providing electronic signature certification services (Article 640 <i>quinquies</i>, Italian Criminal Code).</li> </ul>
<p><b>Organised crime – Article 24 <i>ter</i></b></p>

- Criminal association (Article 416, Italian Criminal Code);
- Mafia syndicates, also foreign (Article 416 *bis*, Italian Criminal Code);
- Political/mafia vote buying (Article 416 *ter*, Italian Criminal Code);
- Kidnapping for purposes of extortion (Article 630, Italian Criminal Code);
- Criminal association aimed at unlawful drug trafficking or dealing in psychotropic substances (Article 74, Italian Presidential Decree 309/1990);
- Weapons-related offences (Article 407, paragraph 2, letter a), no. 5), Italian Code of Criminal Procedure);
- Criminal association to smuggle foreign processed tobacco (Article 10, Italian Law 146/2006 and Article 291 *quater*, Italian Presidential Decree 43/1973);
- Cross-border criminal association (Article 10, Italian Law 146/2006 and Article 416, Italian Criminal Code);
- Cross-border mafia-type association (Article 10, Italian Law 146/2006 and Article 416 *bis*, Italian Criminal Code);
- Association for unlawful cross-border drug trafficking or dealing in psychotropic substances (Article 10, Italian Law 146/2006 and Article 74, Italian Presidential Decree 309/1990).

**Crimes against public trust – Art. 25 *bis***

- Counterfeiting currency (Article 453, Italian Criminal Code);
- Altering currency (Article 454, Italian Criminal Code);
- Circulation and non-complicit introduction of counterfeit currency into the national domain (Article 455, Italian Criminal Code);
- Circulation of counterfeit currency received in good faith (Article 457, Italian Criminal Code);
- Falsification of revenue stamps, introduction into the national domain, purchase, possession or distribution of counterfeit revenue stamps (Article 459, Italian Criminal Code);
- Counterfeiting watermarked paper used to manufacture card payment methods (*carte di pubblico credito*) or revenue stamps (Article 460, Italian Criminal Code);
- Manufacture or possession of watermarks or equipment intended to produce counterfeit currency, revenue stamps or watermarked paper (Article 461, Italian Criminal Code);
- Using counterfeit or altered revenue stamps (Article 464, Italian Criminal Code);
- Counterfeiting, alteration or use of distinctive signs constituting intellectual property or industrial products (Article 473, Italian Criminal Code);

<ul style="list-style-type: none"> <li>- Introduction into the national domain and trading in products with counterfeit marks (Article 474, Italian Criminal Code).</li> </ul>
<p><b>Crimes against industry and trade – Art. 25 bis.1</b></p>
<ul style="list-style-type: none"> <li>- Disruption to free industry or trade (Article 513, Italian Criminal Code);</li> <li>- Unlawful competition involving threats or violence (Article 513 <i>bis</i>, Italian Criminal Code);</li> <li>- Domestic industry fraud (Article 514, Italian Criminal Code);</li> <li>- Fraud in the operation of trade (Article 515, Italian Criminal Code);</li> <li>- Selling non-genuine foodstuffs as genuine (Article 516, Italian Criminal Code);</li> <li>- Sale of industrial products with misleading signs (Article 517, Italian Criminal Code);</li> <li>- Production and sale of goods through appropriation of industrial property rights (Article 517 <i>ter</i>, Italian Criminal Code);</li> <li>- Falsifying the geographic origin or designations of origin of agricultural products (Article 517 <i>quater</i>, Italian Criminal Code).</li> </ul>
<p><b>Corporate crimes – Art. 25 <i>ter</i></b></p>
<ul style="list-style-type: none"> <li>- False corporate communications (Article 2621, Italian Civil Code);</li> <li>- Minor events (Article 2621 <i>bis</i>, Italian <i>Civil Code</i>);</li> <li>- False corporate communications of listed companies (Article 2622, Italian Civil Code);</li> <li>- Interference with the company’s auditing (Article 2625, paragraph 2, Italian Civil Code);</li> <li>- Undue repayment of contributions (Article 2626, Italian Civil Code);</li> <li>- Unlawful distribution of dividends and reserves (Article 2627, Italian Civil Code);</li> <li>- Unlawful transactions involving the company’s or the parent company’s shares (Article 2628, Italian Civil Code);</li> <li>- Transactions causing prejudice to creditors (Article 2629, Italian Civil Code);</li> <li>- Failure to disclose a conflict of interest (Article 2629 <i>bis</i>, Italian Civil Code);</li> <li>- Fraudulent capitalisation (Article 2632, Italian Civil Code);</li> <li>- Undue distribution of company assets by liquidators (Article 2633, Italian Civil Code);</li> <li>- Corruption between private parties (Article 2635, Italian Civil Code);</li> <li>- Solicitation to corruption between private parties (Article 2635 <i>bis</i>, Italian Civil Code);</li> <li>- Undue influence on the shareholders’ meeting (Article 2636, Italian Civil Code);</li> <li>- Stock manipulation (Article 2637, Italian Civil Code);</li> </ul>

- Hindrance to the performance of supervisory functions by public supervisory authorities (Article 2638, Italian Civil Code).
<b>Crimes for purposes of terrorism or to subvert the democratic order - Article 25 <i>quater</i></b>
- Crimes for purposes of terrorism or to subvert the democratic order under the Italian Criminal Code or special laws.
<b>Female genital mutilation - Article 25 <i>quater.1</i></b>
- Female genital mutilation (Article 583 <i>bis</i> , Italian Criminal Code)
<b>Crimes against the individual - Article 25 <i>quinquies</i></b>
- Enslavement or maintaining slavery or servitude (Article 600, Italian Criminal Code);
- Child prostitution (Article 600 <i>bis</i> , Italian Criminal Code);
- Child pornography (Article 600 <i>ter</i> , Italian Criminal Code);
- Possession of pornographic material (Article 600 <i>quater</i> , Italian Criminal Code);
- Virtual pornography (Article 600 <i>quater.1</i> , Italian Criminal Code);
- Tourism initiatives intended to exploit child prostitution (Article 600 <i>quinquies</i> , Italian Criminal Code);
- Human trafficking (Article 601, Italian Criminal Code);
- Purchase and sale of slaves (Article 602, Italian Criminal Code);
- Illicit workforce intermediation and labour exploitation (Article 603 <i>bis</i> , Italian Criminal Code);
- Solicitation of minors (Article 609 <i>undecies</i> , Italian Criminal Code).
<b>Market abuses - Article 25 <i>sexies</i></b>
- Insider trading (Article 184, Italian Consolidated Law on Finance);
- Market manipulation (Article 185, Italian Consolidated Law on Finance).
<b>Manslaughter or serious or very serious negligent bodily injuries committed in breach of workplace health and safety laws - Article 25 <i>septies</i></b>
- Manslaughter (Article 589, Italian Criminal Code);
- Serious or very serious negligent bodily injuries (Article 590, paragraph 3, Italian Criminal Code).
<b>Handling stolen goods, laundering and use of money, goods or benefits of illegal origin, as well as self-laundering - Article 25 <i>octies</i></b>
- Handling stolen goods (Article 648, Italian Criminal Code);
- Money laundering (Article 648 <i>bis</i> , Italian Criminal Code);

- Utilisation of money, goods or assets of illegal origin (Article 648 *ter*, Italian Criminal Code);
- Self-laundering (Article 648 *ter* 1, Italian Criminal Code).

**Crimes involving copyright infringement – Article 25 *novies***

- Making a copyrighted work or part of same available to the public by introducing it into an IT network via any sort of connection; the crimes are punished even if committed as to works of others not intended for publication, if the author's honour or reputation is harmed (Article 171, paragraph 1, letter *a-bis* and paragraph 3, Italian Law 633/1941);
- Abusive duplication, for profit, of computer programs; importing, distribution, sale or possession for commercial or business purposes or leasing of programs on media not marked by the SIAE [*Società Italiana degli Autori ed Editori*]; creation of means for removing or circumventing computer program protection devices (Article 171 *bis*, paragraph 1, Italian Law 633/1941); reproduction, transfer to another device, distribution, communication, presentation or public demonstration of the contents of a database; extraction or reuse of the database; and distribution, sale or leasing of databases (Article 171 *bis*, paragraph 2, Italian Law 633/1941);
- Abusive duplication, reproduction, transmission or public dissemination using any process, in whole or in part, of intellectual property intended for the television, cinema, sale or rental of disks, tapes or similar media or any other medium containing phonograms or videograms of assimilated musical, cinematographic or audio-visual works or sequences of moving images; literary, dramatic, scientific or educational, musical, dramatic musical or multimedia works, even if included in collective or composite works or databases; abusive reproduction, duplication, transmission or dissemination, sale or trade, illegal transfer of any kind or importing of over 50 copies or samples of works protected by copyright and related rights; or introduction into an electronic networks system, through connections of any kind, of an intellectual work protected by copyright, or any portion thereof (Article 171 *ter*, Italian Law 633/1941);
- Failure to provide identification data to SIAE [*Società Italiana degli Autori ed Editori*] for media not subject to labelling or false statement (Article 171 *septies*, Italian Law 633/1941);
- Fraudulent production, sale, import, promotion, installation, modification, public and private use of equipment or parts of equipment to decode audio-visual transmissions with conditional access broadcast over the air or via satellite or cable, in both analogue and digital form (Article 171 *octies*, Italian Law 633/1941).



**Solicitation not to provide statements or to provide mendacious statements to the judicial authorities**

**– Article 25 *decies***

- Solicitation not to provide statements or to provide mendacious statements to the judicial authorities (Article 377 *bis*, Italian Criminal Code);
- Cross-border solicitation not to provide statements or to provide mendacious statements to the judicial authorities (Article 10, Italian Law 146/2006 and Article 377 *bis*, Italian Criminal Code);
- Cross-border aiding and abetting (Article 10, Italian Law 146/2006 and Article 378, Italian Criminal Code).

**Environmental crimes - Article 25 *undecies***

- Environmental pollution (Article 452 *bis*, Italian Criminal Code);
- Environmental disaster (Article 452 *quater*, Italian Criminal Code);
- Negligent crimes against the environment (Article 452 *quinquies*, Italian Criminal Code);
- Trafficking and dumping of highly radioactive waste (Article 452 *sexies*, Italian Criminal Code);
- Environmental crimes committed in associated form under Articles 416 and 416 *bis*, Italian Criminal Code (Article 452 *octies*, Italian Criminal Code);
- Killing, destruction, capture, collection or possession of protected wild animal or plant species (Article 727 *bis*, Italian Criminal Code);
- Destruction or deterioration of habitat in a protected site (Article 733 *bis*, Italian Criminal Code)
- Discharging wastewater in breach of the requirements in the authorisation (Article 137, paragraph 3, Italian Legislative Decree No. 152 of 3 April 2006) and the limits set forth in tables for certain substances (Article 137, paragraph 5, first sentence, Italian Legislative Decree No. 152 of 3 April 2006);
- Discharging into the sea of prohibited substances by ocean vessels or aircraft (Article 137, paragraph 13, Italian Legislative Decree No. 152 of 3 April 2006);
- Discharging wastewater without authorisation or with a suspended or revoked authorisation regarding certain hazardous substances (Article 137, paragraph 2, Italian Legislative Decree No. 152 of 3 April 2006);
- Discharging wastewater in breach of the limits set forth in tables for certain particularly hazardous substances (Article 137, paragraph 5, second sentence, Italian Legislative Decree No. 152 of 3 April 2006);
- Contamination of the soil, subsoil or groundwater (Article 137, paragraph 11, Italian Legislative Decree No. 152 of 3 April 2006) in breach of the prohibitions in Articles 103 and 104 of Italian Legislative Decree No. 152 of 3 April 2006;

- Negligent dumping of harmful substances into the sea (Article 9, Italian Legislative Decree No. 202/07);
- Intentional dumping of harmful substances into the sea (Article 8, Italian Legislative Decree No. 202/07).

In regard to **waste**, the entity's liability is triggered by the following offences:

- Unlawful handling of non-hazardous waste (Article 256, paragraph 1, letter *a*) of Italian Legislative Decree No. 152 of 3 April 2006) and temporary storage of hazardous medical waste where it was produced (Article 256, paragraph 6, Italian Legislative Decree No. 152 of 3 April 2006);
- Unlawful handling of hazardous waste (Article 256, paragraph 1, letter *b*) of Italian Legislative Decree No. 152 of 3 April 2006); creating and conducting unauthorised waste disposal business of non-hazardous waste (Article 256, paragraph 3, first sentence, Italian Legislative Decree No. 152 of 3 April 2006); mixing waste (Article 256, paragraph 5, Italian Legislative Decree No. 152 of 3 April 2006);
- Creating and conducting unauthorised waste disposal business of hazardous waste (Article 256, paragraph 3, second sentence, paragraph 4, Italian Legislative Decree No. 152 of 3 April 2006);
- Failure to clean up a site contaminated by non-hazardous waste (Article 257, paragraph 1, Italian Legislative Decree No. 152 of 3 April 2006) and hazardous waste (Article 257, paragraph 2, Italian Legislative Decree No. 152 of 3 April 2006);
- Transporting hazardous waste without a form and failure to record the relevant data in the form (Article 258, paragraph 4, second sentence, Italian Legislative Decree No. 152 of 3 April 2006);
- Illegal waste trafficking (Article 259, paragraph 1, Italian Legislative Decree No. 152 of 3 April 2006);
- Illegal organised waste trafficking activities (Article 260, Italian Legislative Decree No. 152 of 3 April 2006<sup>3</sup>);
- Breach of requirements regarding the SISTRI [*Sistema di tracciabilità dei rifiuti speciali*] (Article 260 *bis*, Italian Legislative Decree No. 152 of 3 April 2006).

In regard to **air pollution**, the entity's liability is triggered by the following offences:

- Exceeding emission limits and air quality limits imposed by industry laws (Article 279, paragraph 5, Italian Legislative Decree No. 152 of 3 April 2006);
- Breach of laws requiring interruption and reduction of the use (production, use, sale, import and export) of ozone-depleting substances (Article 3, paragraph 6, Italian Law 549/1993).

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<sup>3</sup> The Decree still cites Article 260, Italian Consolidated Law on Environment. However, that law was repealed by Italian Legislative Decree No. 21/2018 and its provisions are now contained in Article 452 *quaterdecies*, Italian Criminal Code.

<p>In regard to <b>trade in protected animal and plant species</b>:</p> <ul style="list-style-type: none"> <li>- Import, export, possession, use for profit, purchase, sale, displaying or possession for sale or commercial purposes of protected species (Article 1 and Article 2, Italian Law 150/92);</li> <li>- Falsification or alteration of certificates and licenses; false or altered notifications, communications or statements to obtain a certificate or license; use of false or altered certificates and licenses to import animals (Article 3 <i>bis</i>, paragraph 1, Italian Law 150/92);</li> <li>- Possession of live wild mammal and reptile species and live mammals and reptiles that were bred in captivity that endanger public health and safety (Article 6, Italian Law 150/92).</li> </ul>
<p><b>Employment of citizens of other countries whose residence is illegal – Article 25 <i>duodecies</i></b></p>
<ul style="list-style-type: none"> <li>- Aggravated employment of citizens of other countries without a residence permit or with an unlawful residence permit (Article 22, paragraph 12 <i>bis</i>, Italian Legislative Decree No. 286/1998);</li> <li>- Measures to fight illegal immigration (Article 12, paragraphs 3, 3 <i>bis</i>, 3 <i>ter</i> and 5, Italian Legislative Decree No. 286/1998);</li> <li>- Measures to fight cross-border illegal immigration (Italian Law 146/2006 and Article 12, paragraphs 3, 3 <i>bis</i>, 3 <i>ter</i> and 5, Italian Legislative Decree No. 286/1998).</li> </ul>
<p><b>Racism and xenophobia – Article 25 <i>terdecies</i></b></p>
<ul style="list-style-type: none"> <li>- Propaganda and solicitation to commit a crime for reasons of racial, ethnic and religious discrimination (Article 3, paragraph 3 <i>bis</i>, Italian Law 654/1975<sup>4</sup>).</li> </ul>
<p><b>Fraud in sports competitions, unlawful gambling and betting and games of chance using prohibited equipment - Article 25 <i>quaterdecies</i></b></p>
<ul style="list-style-type: none"> <li>- Fraud in sports competitions (Article 1, Italian Law 401/1989);</li> <li>- Unlawful gambling and betting (Article 4, Italian Law 401/1989).</li> </ul>

### 1.2.2) Elements exempting from liability.

Even if all of the **elements grounding liability** described are established, the entity will **not be liable** under the Decree if the crime was committed:

➤ by **top management**, if the entity proves that:

- before the crime was committed, the managing body adopted and effectively implemented an organisation, management and control model aimed at preventing crimes of the type that was committed;

<sup>4</sup> The Decree still cites Article 3, paragraph 3 *bis*, Italian Law No. 654/75. However, that law was repealed by Italian Legislative Decree No. 21/2018 and its provisions are now contained in Article 604 *bis*, Italian Criminal Code.

- responsibility for overseeing the functioning of and compliance with the organisation, management and control model and updating it was entrusted to a body within the entity with independent powers of initiative and control (the Supervisory Body);
  - the individuals committed the crime by fraudulently circumventing the organisation, management and control models;
  - the Supervisory Body did not fail to or did not inadequately exercise oversight;
- by a **subordinate person**, if the direction or monitoring obligations were complied with. In any event, there can be no finding of noncompliance with the direction or oversight obligations if the entity adopted and effectively implemented an organisation, management and control model before the crime was committed.

### **1.3) The Group interest.**

In situations where interlocking corporate ownership leads to a determination that a Group exists, a crime whose beneficial effects are likely to immediately affect a subsidiary's legal sphere cannot necessarily be said to have been committed solely in its interest, since the results of its operations will inevitably effect the results of the Group to which it belongs.

In that event, the involvement of the parent company's top management in the commission of the crime will result in the liability of the parent company, because, by virtue of the powers of direction and control resulting from its position, it is the holder of the Group interest.

The subsidiary's interest is, in any event, also the parent company's interest, since the parent benefits from the subsidiary's success.

**The legal barrier to extending liability to the holding company is that there must be a qualified relationship between it and the natural person who committed the crime (top management or subordinate person within the entity) for the holding company to be liable.**

However, as has been authoritatively held, the requirement above can be circumvented by resorting to the category of failing to prevent the commission of a crime by another person (under Article 40, paragraph 2, Italian Criminal Code), supplemented by the notion of complicity of persons by omission.

In the case of a crime committed by a director or officer (or subordinate person) of a company – obviously, a crime that is relevant for purposes of the entity's liability and is in the interest of that company –, it is easy to imagine the natural persons who manage or direct the holding company being accused of not having prevented the crime and thus the accusation of complicity in the crime by failing to prevent it (Article 40, paragraph 2 and Article 110, Italian Criminal Code).

**Liability within corporate groups can easily migrate, including based on the notion of the de facto director, currently defined by Article 2639, Italian Civil Code.**

Apart from the very common cases in which a director of the holding company is also a “legal” co-director officer of the subsidiary (normally, an operating subsidiary), it often happens that the natural person who committed the crime and is in the subsidiary’s organisational chart is charged with being a “de facto director” of the parent company (or the reverse: a director of the holding company is deemed a “de facto director” of an operating subsidiary).

**It must therefore be reiterated that a “group interest” cannot be inferred from the mere existence of the group:** it is indisputable that there can be a finding that the action of the individual subsidiary was inspired by the pursuit of an interest that transcends its own (and which, therefore, can even conflict with its interest), but this cannot automatically be inferred from a company merely belonging to a group; a specific finding to that effect must be made.

It is thus even less automatic that the group interest will be imputed to the parent company, which is always understood to be the holder of the group interest.

#### **1.4) Crimes committed abroad.**

Under Article 4 of the Decree, the entity may be liable in Italy for crimes committed abroad.

The prerequisites:

- the crime must have been committed abroad by a party that is functionally connected to the entity under Article 5, paragraph 1 of the Decree;
- the entity must have its main office in Italy;
- the entity is liable only in the cases and under the conditions set forth in Articles 7, 8, 9 and 10, Italian Criminal Code;
- if the cases and conditions set forth in the above articles of the Italian Criminal Code are met, the entity will be liable if the government of the State where the crime was committed does not take action.

#### **1.5) Sanctions.**

The Decree imposes the following sanctions on the entity:

- fines;
- disqualification measures;
- publication of the sanctioning decision;

- confiscation.

The above sanctions are imposed at the end of criminal proceedings. **Disqualification measures** can also be imposed by the Court as **interim measures**, but never concurrently, at the Public Prosecutor's request, when both of the following conditions are met:

- there are serious indices that the entity is liable under the Decree;
- there is founded and specific evidence that there is a concrete danger that crimes of the same type as that involved in the case will be committed.

**a) Fines.**

The fine entails payment of a sum of money established by the Decree of not less than EUR 10,329.00 nor more (except in specific cases) than EUR 1,549,000.00, to be determined by the Court using a two-stage assessment system, based on determining the value of a single share that is then multiplied by a number of shares based on an assessment of the legal entity's liability and its economic capacity (the "system by shares").

Shares cannot be less than 100 (one hundred) nor more than 1,000 (one thousand), while the value of a share ranges from a minimum of EUR 258.22 to a maximum of EUR 1,549.37 (Article 10 of the Decree).

**b) Disqualification measures.**

Disqualification measures consist of:

- ban on engaging in business, which entails suspension or revocation of the authorisations, licenses or concessions needed to conduct business;
- suspension or revocation of the authorisations, licenses or concessions involved in the commission of the crime;
- temporary or permanent prohibition on contracting with the Public Administration (which may be limited to specific contract types or certain branches of the Administration), except to obtain a public service; exclusion from receiving assistance, loans, grants or subsidies and potential revocation of any of the foregoing that were previously provided; and temporary or permanent prohibition on advertising goods and services.

Disqualification measures may be imposed concurrently and only for the crimes expressly listed by the Decree for which such sanctions may be imposed, when at least one of the following conditions is satisfied:

- the entity derived significant profit from the crime and the crime was committed by top management or subordinate person and, in the latter case, the commission of the crime was made possible or facilitated by serious organisational shortcomings;
- the crimes are repeated.

Even if one or both of the above conditions is met, disqualification measures will not be imposed if any of the following circumstances are established:

- the perpetrator committed the crime primarily in **his/her own interest or in the interest of third parties** and the entity obtained no or minimal benefit from it;
- the financial **harm** caused is **particularly slight**;
- before the declaration of first instance trial opening, all of the following conditions are met:
  - the entity **paid full compensation for the harm** and eliminated the harmful or dangerous consequences of the crime or has effectively taken steps in that regard;
  - the entity **eliminated the organisational shortcomings** that resulted in the crime by adopting and implementing an organisation, management and control model;
  - the entity **made the profit** obtained **available** for confiscation.

***c) Publication of the sanctioning decision.***

[When the Court orders it,] the sanctioning decision is published, in part or in full, by the Court Clerk's Office, at the entity's expense, in one or more newspapers specified by the Court in the decision, and by posting in the municipality where the entity has its main office.

Publication of the sanctioning decision can be ordered if an interdictory sanction is imposed on the entity.

***d) Confiscation.***

Confiscation is forced acquisition by the State of the price of or the profit from the crime, except for the portion that can be returned to the injured party, and subject to rights obtained in good faith by third parties; when confiscation in kind is not possible, money, goods or other benefits whose value is equivalent to the price of or the profit from the crime may be confiscated.

## 2. Adoption of the Organisation, Management and Control Model

The Decree introduces a particular type of exoneration from the liability in question (Article 5, paragraph 1) if the entity demonstrates that:

- **before** the crime was committed, it adopted and effectively implemented, through its managing body, an organisation, management and control model intended to prevent crimes of the type that was committed;
- it gave an internal body with independent powers of initiative and control responsibility for **overseeing** the functioning of and compliance with the organisation, management and control model and keeping it updated;
- the individuals who committed the crime did so by **fraudulently** circumventing the aforesaid organisation, management and control model;
- the Supervisory Body did not fail to or did not inadequately exercise oversight.

### 2.1) The liability-exonerating function of the Model.

Adoption of the organisation, management and control model thus constitutes the **ideal measure** of the diligence required by the law and represents for the entity the tool to be used for exoneration from liability. However, **mere adoption** of the Model by the managing body – which is the body that holds managing power – does **not** seem to be sufficient to exonerate the entity from liability; rather, the **Model** must also be **efficient** and **effective**.

As to the model's **efficacy**, Article 6, paragraph 2 of the Decree, provides that the Model must:

- identify the **activities** in the context of which crimes can be committed (“mapping” at-risk activities);
- provide **specific protocols** to plan training and implementation of the entity's decisions regarding the crimes to be prevented;
- identify methods of **managing** financial resources to prevent commission of crimes;
- impose obligations to **inform** the body charged with overseeing the functioning of and compliance with the Model;
- introduce a **disciplinary system** to sanction noncompliance with the measures set forth in the Model.



As to the model's **effectiveness**, it must be **actually implemented**, requiring for this purpose (Article 7, paragraph 4 of the Decree):

- a **periodic review** and revision of the model if significant breaches of its requirements are discovered, changes in the organisation or business occur (updating of the model), or changes in law occur that expand the crimes that can give rise to the entity's liability;
- a **disciplinary system** to punish noncompliance with the measures set forth in the Model.

## **2.2) Recipients of the Model.**

Recipients of the Model are all the individuals who act to achieve the Company's purpose and objectives. Recipients of the Model include members of the corporate bodies of **Beta Utensili S.p.A.**, persons involved in the Supervisory Body's functions, officers, employees and agents. All third parties that have work relationships with the Company are also required to comply with the Model.

Recipients of the Model are required to fully comply with all of its provisions, including in accordance with their duties of loyalty, honesty and diligence arising from their legal relationships with the Company.

## **2.3) Employee training and updating of the Model.**

In order for the Model to be deemed effectively implemented, it must be brought to the attention of top management and employees through a comprehensive training programme. In addition, whenever there is a change in the organisational structure, corporate needs evolve or the list of underlying crimes changes, the Company must determine whether it is appropriate to update the Model.

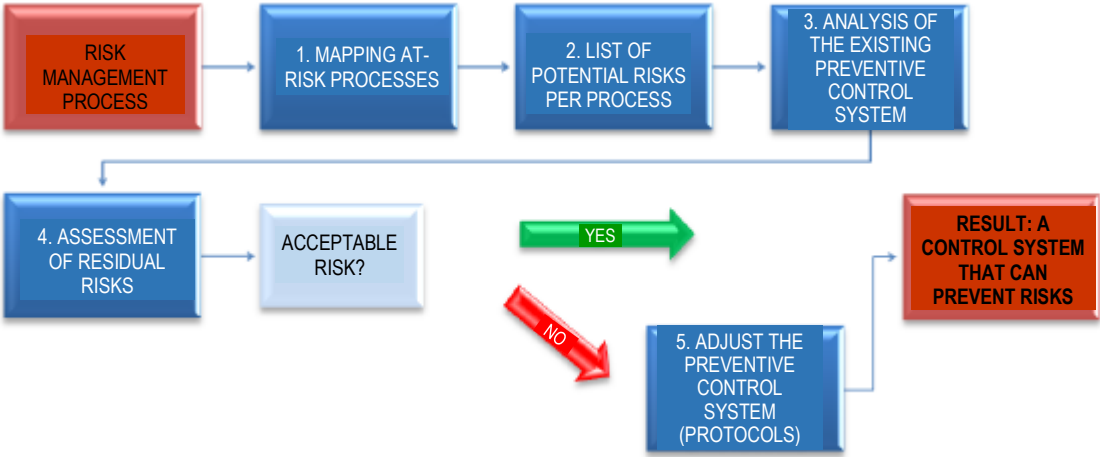
The **Training and Communication Plan** seeks to inform stakeholders of the Model's rules and provisions, so that their understanding and acceptance of the Model is as comprehensive as possible. The purpose of the Training and Communication Plan is to promote employees' awareness, through targeted training courses, so that they will internalise the Model's provisions and understand the risk of committing the crimes contemplated by current law.

## **2.4) Beta Utensili S.p.A. and adoption of the Model.**

Producing the Model included mapping sensitive activities, which was performed by means of an analysis of corporate documents that are relevant for this purpose and existing procedures, and by conducting interviews with/handing out questionnaires to individuals who perform senior and

managerial functions within the corporate structure, and subordinate persons. After the risk profiles were identified, a gap analysis was performed to assess the adequacy of existing safeguards.

Identification and analysis of sensitive activities must be encouraged whenever organizational changes or changes in law take place.



Beta Utensili S.p.A.’s Model is structured as follows:

- **General Part:** explains the basic principles of the liability of entities and companies. It also describes the Supervisory Body’s role and functions and the sanctioning system that comes into play if the Model is violated. The Model establishes the disciplinary sanctions and the methods for applying them to the parties (directors, officers, employees, managers, third parties) who breach the Code of Ethics rules and do not comply with the Model’s provisions;
- **Code of Ethics:** contains the fundamental principles on which all of the corporate activities are based. Its purpose is to promote and disseminate the Company’s vision and mission by highlighting a system of ethical values and rules of conduct intended to encourage employees and third parties to commit to morally appropriate conduct and compliance with current laws;
- **Special Part:** contains a list and description of the relevant crimes and sanctions that can be imposed if the Company is held liable. It identifies the general principles of conduct and relevant operating Policies to prevent the risks described;
- **Annex:**
  - Protocol establishing the Supervisory Body.

### 3. The Supervisory Body.

In order for an entity to be **exonerated** from administrative liability, the Decree imposes the **condition** that a specific body of the entity itself (that has independent powers of initiative and control)<sup>5</sup> must have been charged with overseeing the functioning of and compliance with the organisation, management and control model and keeping it up to date.

The Supervisory Body was established by resolution of the Board of Directors of **Beta Utensili S.p.A.** when this Model was adopted.

**Beta Utensili S.p.A.**'s Supervisory Body is a **multi-member body**.

The Protocol establishing the Supervisory Body (the Annex) should be consulted for all matters not addressed in this General Part of the Model.

#### 3.1) Functions and Powers.

The Supervisory Body is **responsible** for overseeing:

- the Model's **effectiveness**, so that actions taken within the Company conform to the actions contemplated by the Model;
- the Model's **efficacy**, to ensure that, in practice, it prevents the commission of the crimes listed in the Decree;
- the need to **update** the Model.

#### The Supervisory Body's responsibilities:

➤ periodically reviewing the **map of the areas at risk** for crime (or "sensitive activities"), to adapt it to changes in the Company's business and/or structure. To this end, management and employees must notify the Supervisory Body of any situations that could expose **Beta Utensili S.p.A.** to the risk of crime; ensure that the procedures, protocol and controls in place are implemented and documented consistently and that ethical principles are adhered to. However, it must be emphasised that monitoring activities are primarily the responsibility of the Heads of the individual functions;

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<sup>5</sup> Article 6, first paragraph, letter b) of the Decree provides, in regard to the actions of Top Management, that "responsibility for overseeing the functioning of and compliance with models and keeping them updated" must be entrusted "to a body within the entity that has independent powers of initiative and control". Although there is no express statutory reference as to the actions of "persons subject to the direction of others", to properly implement the adopted Model, Article 7, fourth paragraph, letter a) requires "periodic review and revision, if necessary, of the Model when significant breaches of its requirements are discovered or when changes take place in the organisation or business"; these activities are typically within the Supervisory Body's purview. The Supervisory Body is thus the corporate function responsible for overseeing the Model, in terms of monitoring the ethical, organisational and managerial procedures.

- reviewing the Model's **adequacy** and **efficacy** in preventing the crimes listed in the Decree;
- periodically performing targeted **reviews of specific transactions** or actions engaged in, especially in the context of sensitive activities;
- **requiring** an information exchange with the Heads of individual corporate areas to keep the map of sensitive activities up to date;
- **ensuring** that the corrective actions necessary to keep the Model adequate and efficacious are taken on a timely basis;
- **gathering**, analysing and retaining all relevant **information** received while carrying out oversight activities; **monitoring** the aspects of the business that can expose the Company to the consequences of commission of any of the crimes listed in the Decree;
- **promoting** initiatives for training and communication about the Model and producing the documentation necessary for that purpose;
- making sure that the system of internal control is adequate based on legal requirements;
- periodically **informing** the Board of Directors regarding implementation of the Model.

The **ongoing review** must be two-pronged:

1. If it is determined that there are discrepancies in the implementation of the required operating standards, the Supervisory Body must:

- **urge** the Heads of individual corporate areas to comply with the Model;
- directly **indicate** what corrections and changes must be made to ordinary actions;
- **report** the most serious failures to implement the Model to the Heads and persons responsible for control within the individual functions.

2. If, however, the monitoring of the implementation of the Model shows that it needs to be **updated** due to an inability to prevent the risk of crime, the Supervisory Body:

- must **take steps** to ensure it is updated.

### 3.2) Reporting to Management.

The Supervisory Body is responsible for **informing** Management:

- **every four months** of the programme of activities it intends to carry out to complete its assigned tasks and provide a report of the activities it performed;
- **immediately** of any problems detected as a result of those activities.

In addition, the Supervisory Body must also, after evaluating the specific circumstances,

- **communicate** the results of its findings to the Heads of the functions and/or processes, where relevant to the Company's business;
- **report** any conduct/actions that do not comply with the Code of Ethics and with corporate procedures and/or protocols.

The originals or copies of the reports/communication will be retained in the Supervisory Body's archives.

### 3.3) Reporting to the Supervisory Body.

Communications to the Supervisory Body will take two main forms:

- a) **Reports of an event;**
- b) **Periodic information disclosure.**

#### a) **Reports of an event.**

The following general rules apply:

- **each employee** must report breaches (or suspected breaches) of the Model and/or Code of Ethics by contacting his/her direct superior and/or the Supervisory Body;
- each **Function Head** must gather and transmit to the Supervisory Body all reports about the commission, or reasonable danger of commission, of crimes listed in the Decree or conduct in general that does not adhere to the rules of conduct set forth in the Model or the Code of Ethics;
- **consultants** and **collaborators**, in regard to work performed for the Company, must report directly to the Supervisory Body;

- the Supervisory Body will evaluate the reports it receives and determine what actions to take. Any resulting determinations will be made and applied in accordance with the Company's **disciplinary system**.

Reports may be sent to the Supervisory Body by means of:

- a **physical mailbox** located within the Company;
- sending an e-mail to a dedicated **e-mail address**.

The reports, in accordance with Italian Law No. 179/2017 ("*whistleblowing*" law), must be based on precise and consistent factual elements and involve unlawful conduct that is relevant for purposes of the Decree or a breach of this Model that the whistle-blowers learned of because of the functions they perform.

Reports must be made in writing and concern a breach or suspected breach of the Model. The Supervisory Body will also consider **anonymous reports**, by that meaning any report in which the identity of the whistle-blower is not provided and cannot be traced, except for reports whose substance is generic and/or vague.

Whistle-blowers in good faith will be protected from any kind of retaliation, discrimination or penalty and their identity shall remain confidential, subject to legal obligations and protection of the rights of **Beta Utensili S.p.A.** or persons accused in bad faith.

All information and/or reports contemplated by the Model shall be retained by the Supervisory Body in a specific computer and/or hard copy database that cannot be accessed by third parties, subject to any disclosure obligations imposed by law.

#### **b) Periodic information disclosure.**

Other than reports relating to breaches of a general nature described above, information about the following must be sent to the Supervisory Body through periodic information disclosure:

- criminal and disciplinary proceedings begun in relation to a report of a breach or suspected breach of the Model;

- sanctions imposed (including measures taken against employees), or decisions to set aside those proceedings and the justifications for the same;
- inspections or actions by any public supervisory or judicial authority or at the behest of the Judicial Police;
- requests for legal assistance sent by members of the corporate bodies, managers and/or other employees if legal proceedings are initiated regarding crimes listed in the Decree, which directly or indirectly involve the Company;
- breaches or suspected breaches of the Model's requirements;
- conduct leading to a reasonable presumption that a crime listed in the Decree was committed or attempted in the interest or for the benefit of the Company;
- all other circumstances, involving the Company's business, that expose the Company to the concrete risk of commission or attempted commission of a crime listed in the Decree in the interest or for the benefit of the Company.

The information disclosure, governed by the Supervisory Body, must be produced, signed and transmitted by the individual Function Heads to the Supervisory Body's e-mail address **on a monthly basis**.

#### **4. The disciplinary system.**

##### **4.1) Introduction.**

An adequate **sanctioning system** is necessary for the Model to be implemented effectively.

Under Article 6, paragraph 2, letter e) and Article 7, paragraph 4, letter b) of the Decree, the Model can be considered implemented effectively only if it provides for a **disciplinary system** that **sanctions** failure to comply with its measures.

The following are essential requirements of the sanctioning system:

- **Specificity and independence:** the *specificity* means that a sanctioning system is created within the Company to punish all breaches of the Model, regardless of whether that breach leads to the commission of a crime.

The *independence* means that the internal disciplinary system functions self-sufficiently in regard to external systems (for example, a criminal trial). The Company is required to punish the breach regardless of the results of any criminal trial;

- **Compliance:** the sanction's assessment and application process, and the sanction itself, cannot breach the law and contractual provisions that govern the employment relationship with the Company;
- **Appropriateness:** the system must be efficient and effective in preventing crimes;
- **Proportionality:** the applicable or actually applied sanction must be proportionate to the breach found and the type of employment relationship with the provider (employment, collaboration/consulting, managerial, etc.), considering the specific rules applicable according to the law and the contract;
- **Set down in writing and appropriately disseminated:** the sanctioning system must be in writing and the Recipients informed of it and appropriately trained.

In all cases, the person charged with a breach must be ensured the **right to a defence**.

#### **4.2) Definition and limits of disciplinary liability.**

This section of the Model identifies and describes breaches that are relevant to the Decree, as amended, the corresponding disciplinary sanctions that may be imposed and the procedure for charging the offence.

The Company, which is aware of the need to comply with applicable laws and regulations, must ensure that the sanctions that can be imposed under this Sanctioning System comply with the national collective labour contracts applicable to the industry. It must also make sure that the procedure for charging the offence and imposing the relevant sanction complies with Article 7 of Italian Law No. 300 of 30 May 1970 (the Workers' Statute).

For Recipients who are parties to a contract other than an employment contract (directors and third parties in general), the applicable measures and sanctioning procedures must comply with law and contract provisions.

#### **4.3) Disciplinary offences.**

Actions of workers in breach of the individual rules of conduct of this Model are referred to as disciplinary offences.

Disciplinary offences become relevant when they are the result of:



- failure to comply with the Model's procedures and/or requirements that are intended to ensure that actions are taken in accordance with law and to detect and timely eliminate risk situations under the Decree;
- breach and/or circumvention of internal control systems by removing, destroying or altering the documentation of a procedure or by impeding auditing of or access to the information or documentation by the persons in charge, including the Supervisory Body;
- noncompliance with the Code of Ethics rules;
- noncompliance with obligations to inform the Supervisory Body and/or a person's direct superior;
- failure by the "hierarchical supervisor" to oversee his or her subordinates' compliance with the Model's procedures and requirements that make it possible to monitor those subordinates' conduct in areas at risk of crime and when they are performing activities that are instrumental to operating processes at risk of crime;
- failure by the "function supervisor" to inform the hierarchical supervisor and/or the Supervisory Body of noncompliance with the Model's procedures and requirements by persons assigned to functions;
- noncompliance with rules of conduct regarding workplace health and safety as governed by law (Article 20 of Italian Legislative Decree No. 81/2008), regulations and/or other Company rules;
- breach or omission, due to gross negligence, inexperience or recklessness, of any requirement intended to prevent environmental contamination or harm;
- breach of measures protecting whistle-blowers who report unlawful conduct that is relevant under the Decree;
- wilfully or grossly negligently submitting reports that are determined to be unfounded.

#### **4.4) Recipients and their duties: the procedure.**

Recipients of this disciplinary system are the Recipients of the Model. Recipients are required to conform their conduct to the principles set forth in the Code of Ethics and all the principles and measures for the organisation, management and control of corporate activities set forth in the Model.

Any breach of the aforesaid principles, measures and procedures, if found to have been committed, constitutes:

- for employees and managers, a **contractual breach** of their obligations under their employment agreements under Article 2104, Italian Civil Code that results in the application of Article 2106, Italian Civil Code;

- for directors, breach of their duties under law or the articles of association in accordance with Article 2392, Italian Civil Code;
- for third parties, a contractual breach that could justify termination of the contract, without prejudice to compensation for damages.

The **procedure** for imposing the sanctions listed below must thus take into account the specifics of the legal status of the person involved in the procedure.

The Supervisory Body will ensure that specific procedures are put in place to inform all of the persons identified above, since the beginning of their relationship with the Company, as to the existence and the substance of this sanctioning system.

The Supervisory Body must be informed in writing of all breaches of the Model, subject to the procedures and measures taken by the person with disciplinary authority.

All Recipients of the Model have a reporting obligation.

After receiving a report, the Supervisory Body must immediately conduct the necessary investigation, while maintaining the confidentiality of the person being investigated. After conducting the appropriate analyses and assessments, the Supervisory Body will inform the person with disciplinary authority of the outcome, who will commence the proceeding to lodge the complaint and potentially apply sanctions, with any disciplinary sanctions to be adopted by the responsible Company bodies.

The Supervisory Body must be informed of any measure to set aside the disciplinary proceedings under the following sections.

#### **4.5) General principles regarding sanctions.**

Sanctions imposed for breaches must, in all cases, adhere to the principle of gradualness and proportionality in regard to the seriousness of the breaches committed.

The determination of the type and the extent of the sanction to impose as a result of the commission of breaches must take into account:

- the seriousness of the breach;
- the position held by the person acting within the corporate organisation, especially considering the responsibilities associated with his or her tasks;

- any aggravating or mitigating circumstances that may be relevant to the Covered Person's conduct (such as the commission of crimes and/or the imposition of previous disciplinary sanctions against the same person).

#### **4.6) Sanctions imposed on employees.**

The sanctions that can be imposed on employees fall within those contemplated by the Company disciplinary system and/or the sanctioning system envisaged by the National Collective Bargaining Agreement [CCNL], in accordance with the procedures set forth in Article 7 of the Workers' Statute and any applicable special laws.

Specifically, the Metalworkers' National Collective Bargaining Agreement [CCNL Metalmeccanici] provides for the following sanctions for employees:

- **verbal warning:** in cases of negligent breach of the procedures and requirements set forth in this Section and/or procedural errors due to the worker's negligence that have external significance; repetition, within a two-year period, of the breaches of the procedures and requirements under the previous subparagraph that do not have external significance;
- **written reprimand:** repetition, within a two-year period, of wilful breach of procedures and requirements set forth in this Section that have external significance, and/or procedural errors due to the worker's negligence that have external significance;
- **fine** not exceeding three hours of hourly compensation calculated on the minimum wage: in addition to cases of repeated commission of breaches that could result in a written reprimand, in cases where, due to the level of technical or hierarchical responsibility, or if there are aggravating circumstances, the wilful and/or negligent conduct could potentially undermine the efficacy of the Model (failure to comply with an obligation to report to the Supervisory Body and/or to the direct hierarchical or function superior; repeated noncompliance with the obligations imposed by the Model's procedures and requirements, if they involved or involve a contract and/or proceeding to which the Public Administration is a party);
- **suspension from work and wages up to a maximum of three days:** in addition to cases of repeated commission of breaches that can result in imposition of a fine, in cases of serious breach of the procedures and requirements set forth in this Section that expose the Company to the risk of sanctions and liability (noncompliance with rules relating to signing powers and the system of delegations in regard to documents involving relations with the Public Administration and/or activities of Company bodies; lack of oversight by hierarchical and/or function superiors of their subordinates' compliance with the Model's procedures and requirements that make it possible to monitor those subordinates' conduct in areas at risk of crime and when they are performing activities that are instrumental to operating processes at risk of crime; wilful, groundless reports regarding breaches of the Model and the Code of Ethics; noncompliance with rules regarding protection of workplace health and safety imposed

by the employer, managers and responsible persons for purposes of individual protection, inappropriate use of protective equipment or failure to participate in training and/or education programmes organised by the employer);

➤ **dismissal with notice:** in cases of repeated serious breaches of the procedures and/or requirements set forth in this Section that have external significance in carrying out activities in areas at risk of crime identified in the Special Part of the Model;

➤ **dismissal without notice:** for deficiencies that are so serious that the employment relationship cannot be continued even provisionally (i.e., **good cause for termination**, such as breach of rules, procedures and requirements of the Model or the Code of Ethics that have external significance and/or fraudulent circumvention carried out by actions unequivocally aimed at the commission of one of the crimes listed in the Decree, regardless of whether the crime was completed, such as to destroy the fiduciary relationship with the employer; breach and/or circumvention of the internal control systems by removing, destroying or altering the documentation of a procedure or by impeding auditing of or access to the information and documentation by the persons in charge, including the Supervisory Body, so as to affect the transparency and verifiability of that information and documentation; noncompliance with rules regarding protection of workplace health and safety imposed by the employer, managers, the Health and Safety Officer and responsible persons for purposes of collective protection, unauthorised removal or modification of safety, reporting or control equipment, engaging in, on his or her own initiative, hazardous operations or manoeuvres that could endanger his or her or other workers' safety, or failure to inform the employer, manager, Health and Safety Officer [RSPP] or responsible person of serious and imminent danger).

#### **4.7) Sanctions imposed on managers.**

The managerial relationship is distinguished by it **being based on trust**. A manager's conduct has repercussions not only within the Company but also externally. Therefore, compliance by the Company's managers with this Model and the obligation to ensure others comply with it is considered an **essential element of the managerial employment agreement**, because it constitutes an incentive and an example for all of those managers' subordinates.

Any breaches committed by the Company's managers, because of the particular trust relationship between them and the Company, can be punished with the disciplinary measures that are deemed most appropriate in the individual case. Without prejudice to the right to terminate the relationship, including for good cause, any sanctions will be applied based on the general principles described above in the section *General principles regarding sanctions* in accordance with laws and the terms of the national collective bargaining agreement.

The Company can apply the disciplinary system to managers regardless of whether a criminal investigation or procedure is commenced or the outcome thereof. In cases where managers' breaches of the Model may constitute a crime, the Company, at its election, retains the right to apply the following alternative interim measures to the perpetrators pending the outcome of the criminal proceedings:

- **interim suspension** of the manager, who retains the right to full compensation;
- interim assignment of the manager to different tasks for a period of no more than three months in accordance with Article 2103, Italian Civil Code.

If the Company believes that the facts revealed constitute good cause for termination of the relationship, it may dismiss the manager regardless of whether pending criminal proceedings has been closed.

#### **4.8) Measures imposed on top management members of the governing body.**

The Company will rigorously investigate breaches of this Model committed by the Company's top management, who present its image to employees, customers, creditors and Supervisory Authorities.

Directors' liability to the Company is governed for all purposes by Article 2392, Italian Civil Code<sup>6</sup>.

The **Board of Directors** has authority to evaluate the breach and take the most appropriate actions against the responsible person(s)/delegate(s) who committed the infractions. The Board of Directors may be assisted by the Supervisory Body in performing that evaluation.

The sanctions applicable to the responsible person(s)/delegate(s) consist of revocation of the delegations or office and, if the responsible person/delegate is an employee of the Company, termination.

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<sup>6</sup> Article 2392, Italian Civil Code. Liability to the Company.

1. Directors must carry out their duties, imposed by the law and the articles of association, with the diligence required by the nature of the task and by their specific skills. Directors are jointly liable to the company for the damages caused by noncompliance with those duties, unless they were assigned to the executive committee or represent functions assigned to one or more directors.

2. In any case, subject to Article 2381, third paragraph, Italian Civil code, directors are jointly liable if they were aware of harmful circumstances and did not do what they could to prevent the completion of or eliminate or mitigate the harmful consequences.

3. Liability for directors' actions or omissions shall not extend to any director who, not negligently, immediately recorded his or her dissent in the minute book of meetings and board resolutions and gave immediate notice in writing to the chairperson of the board of statutory auditors.

#### **4.9) Measures imposed on third parties.**

Any conduct engaged in by third parties (collaborators, agents and representatives, consultants and, in general, independent contractors as well as suppliers and partners, including temporary associations of companies or joint ventures) that conflict with the rules of conduct set out in this Model and entail the risk of commission of a crime listed in the Decree may, depending on the specific contractual clauses in the engagement letter or contracts, result in termination of the contract or a right to withdraw from the contract.

To that end, **contracts that the Company enters into with such parties must contain a specific representation that they are aware of the existence of the Code of Ethics and the Model and an obligation to comply with the same, or, if the party is foreign or does business abroad, to comply with international and local laws on preventing risks that could cause the Company to be liable as the result of the commission of crimes.**

The Supervisory Body, in coordination with the Board of Directors, will make sure that specific procedures are adopted to transmit the principles and rules of conduct set forth in this Model and the Code of Ethics to third parties.

**Contracts with third parties must contain a specific withdrawal and/or termination clause associated with noncompliance with such obligations, with the Company retaining the right to compensation for damages incurred as the result of such conduct.**

It is the responsibility of any corporate Function making use of third parties to record all information that makes it possible to be aware of and evaluate their conduct. If the Supervisory Body so requests, such information must be made available to it.

#### **4.10) Sanctioning procedure.**

The principles on which the sanctioning procedure is based reflect the following criteria:

- **legality and correlation:** the sanctions that may be imposed are specified in the Model and the breach giving rise to them must correspond to the breach charged;
- **integration:** the Model's sanctioning system integrates with the disciplinary system set forth in the national collective bargaining agreement applicable to the various categories of workers at **Beta Utensili S.p.A.**;
- **dissemination:** the Company must disseminate the sanctioning system to the greatest possible extent;
- **due process:** breaches must be raised in writing and with specificity;

- **timeliness:** the ensuing disciplinary proceeding and potential application of the sanction must take place with a certain and reasonable period of time;
- **proportionality:** sanctions must be imposed in such a way as to adequately reflect the seriousness of the infraction committed.