



ORGANIZATION, MANAGEMENT and CONTROL MODEL

Pursuant to Legislative Decree June 8, 2001 no. 231

Issue no. 03 on May 24, 2018

Approved by the Board of Directors of Europower S.p.A. during the meeting held on May 24, 2018

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1 Introduction

During 2009, Europower S.p.A. has voluntarily adhered to the provisions of Legislative Decree 231 of June 8, 2001 adopting the Code of Ethics and the Organizational Model of Management and Control (hereinafter "Model").

During 2011, the Model was revised to both take into account and further legislation, and to be adapted to the organizational evolution of Europower, also pursuing the goal of strengthening the governance system, subjecting the identification of areas in advance to careful verification. at potential risk.

In 2014, the Model was updated with the introduction of the new offenses envisaged by the 231 law and with the changes to the corporate organizational structure adopted by the Company.

The Model is made up of a General Section, which defines the criteria and the method lines developed subsequently in the Special Section by type of crime and in the related Protocols, aimed at regulating the performance of the activities at risk, as well as the direct rules to program the formation of decisions in relation to the individual crimes to be prevented.

Europower S.p.A. is committed to the timely update in case of inadequacies, even if only partial, affecting the effective prevention of the risks of committing the offense or event of any appreciable changes or changes in the regulatory system or the organization of the Company.

The task of overseeing the functioning and compliance of the aforesaid Model and its updating has been entrusted to a Supervisory Body appointed by the Board of Directors, whose composition is promptly communicated after the appointment.

The Chairman

2. Definitions

Corporate Governance: Corporate Governance or Internal Control System is a set of rules (laws, regulations, corporate procedures, and so on) regulating the corporate management. The CG includes also the relations among the various parties involved (stakeholders) and the purposes for which the company is managed. The main parties are shareholders, management and Board of Directors.

Sensitive Activities: Step in a process indicating risk-prone activities.

Code of Ethics (CE): Code of Conduct adopted in performing its activities and business. The Code uses as guidelines corporate laws, regulations and protocols. The CE establishes for all employees, administrators, partners and suppliers the basic rules of behaviour based on fairness, honesty, transparency and confidentiality, and respect and protection of environment, as well as health and safety of workers and of the community within which the Enterprise operates.

Compliance: It is the compliance of corporate business with laws, regulations, procedures and codes of conduct. The *Corporate Compliance* is a preventive action aiming at preventing the risk of non-compliance of the company with laws and regulations, suggesting appropriate corrections, if any misalignment is found.

Consultants: Individuals acting in name of/on behalf of the Company, under a contract of professional collaboration.

Employees: Employees of the Company, whose relationship is regulated by a temporary or permanent employment contract.

Legislative Decree No. 231/2001: Legislative Decree No. 231/2001 establishes the administrative liability of Institutions for crimes committed by directors, executives and/or employees to their own advantage.

It is therefore addressed to: Institutions with legal personality, companies with legal personality and associations even with no legal personality. Exceptions are the State, local Authorities and Institutions with constitutional functions. The company's liability is excluded in case the individual has committed the crime to his/her own advantage or for the benefit of third parties. The Decree provides also that each company can not incur in administrative offence adopting and respecting the corporate Organization and Management Model and establishing a Supervisory Body which effectively implements the compliance with the Model.

Legal Person: It is an organized group of persons and goods to which legal system gives legal capacity (ability of a person to have rights and obligations) making it a legal entity.

Entity: It indicates the Legal Company and private organizations which haven't been recognized and are legal persons (the so-called authorities, such as political parties and trade unions).

The same is applied to public organization without legal personality, but which are part of a broader Public Body with some autonomy. When the system attributes to institutions having no legal personality a certain fiscal autonomy, they can be considered as legal subjects.

Types of offences: It is the type of crime identified by Legislative Decree 231/2001 and subsequent amendments and/or amendments "not applicable to the State, to local Authorities and to any other public and non-economic institution playing significant constitutional roles".

Insider Trading: Anglo-Saxon term indicating the illegal practice of using confidential information or not yet released to the market in order to perform speculative transactions on the Stock Exchange, thus making profit illicitly in stock sale. The Insider Trading is prohibited and regulated by Law No. 157/1992 and subsequent amendments.

Guidelines (GL): Confindustria Guidelines provide the guidelines that a Company may use for creating its own Model. The GL are approved in advance by the Ministry of Justice. The first issue of GL was on 7th March 2002; updated on March 31st 2008.

Organization and Management Model (MO): The Organization and Management Model includes:

- a Code of Ethics which is the code of conduct adopted by the Company that, by listing the ethical principles, is also a foreword to the Model;
- an organization chart indicating Management and executives in top position and all the other individuals as subordinated (employees and contractors);
- a risk analysis (through process mapping and analysis of each risk-prone area, identifying offices and functions which direct the business activities);
- a formulation of binding corporate instructions (procedures identifying tasks, liabilities and related controls);
- the identification of a Supervisory Body (SB) monitoring the Model application;
- the identification and planning of preventive control (audit plans);
- the identification of a disciplinary system for non-compliance of the CE and of the Model.

OHSAS 18001: Regulation that supports companies in planning goals and policies for Workers' Safety and Health (Italian SSL) according to regulations in force and on the basis of dangers and risks likely to be present in the workplace.

Corporate Bodies: Board of Directors, Board of Statutory Auditors.

Supervisory Body (SB): Body of a company, appointed by the Board of Directors and endowed with powers of initiative and control which is entrusted with the task of supervising implementation and compliance with the CE and the Model and its updating and diffusion (pursuant to Legislative Decree 231/2001 and GL).

Special Section: Guide, part of the Organizational Model, on crimes pursuant to Legislative Decree 231/2001 and on potential risk-prone business areas at the time of adoption of the present Organization Model.

Staff: Employees, members of the Board of Directors, members of the Board of Statutory Auditors, members of SB and auditors.

Attorneys: Persons to whom the Company has granted powers for management purposes; they have commitments for the Company with any third parties.

Public Administration (PA): The P.A. consists of public and/or private bodies dealing with public services, public enterprises and public law bodies which have to operate, in relation to the scope of activities, performing public functions.

Public official (Article 357 Criminal Code.): according to criminal regulation, public officials are subjects exercising a legislative, judicial or administrative function. Administrative function is regulated by public law and authorization acts and is characterized by the expression of government will or authorization and certification power. Broadly speaking the concept of Public Body or Public Official also includes subjects (and consequently individuals belonging to them) that carry out public utilities (Enel, Telecom, Municipal Utilities, and so on) even though regulated by private law.

Crimes: Types of crimes described in Legislative Decree 231/2001 and subsequent amendments.

Reg. CE 761/01 EMAS: It stands for *Environmental Management and Audit Scheme*, or “Eco-Management System and Eco-Environmental Audit”.

Risks: The combination of the probability of an event and its consequences. Business processes aim at managing in an integrated way the risks and their analysis must be referred to a general model of risk business which must be detailed and personalized according to the specific company. Generally speaking, the most recurrent risks can be classified into management risks (contractual commitments), strategic risks (organizational structure, joint ventures, alliances, etc.), financial risks (fiscal management, money laundering, payments, etc.) and external risks (laws and regulations, competition, etc.).

SA 8000: SA 8000 norm (Social Accountability) is an International standard, developed in 1997 by the American institution SAI, which contains the social requirements of organizations that voluntarily provide an ethic guarantee of its “supply chain” and production cycle. SA 8000 is based on ILO conventions, the universal Declaration of Human Rights and on United Nations Conventions.

Apical subjects: All those individuals who represent, administrate and manage the Company or one of its companies endowed with financial and functional autonomy as well as individuals who manage and control the Company.

Stakeholders: All those individuals who work in cooperation with the company. Among these Shareholders, Employees and Partners, Customers, Suppliers, Lenders, Competitors, the State, Public Authorities and the community.

UNI EN ISO 14001: The norm is an International standard which specifies the requirements for an environmental management system. It is issued by an independent body that verifies the concrete commitment to minimize the environmental impact of processes, products and services, certifying the reliability of the applied Environment Management System with the brand ISO 14001.

3. Overview of the Legislative Decree and Relevant Regulations

The Legislative Decree no. 231 of June 8, 2001 introduced into Italian regulation an administrative liability system (basically comparable to criminal liability) at the expense of juridical persons to be added to the responsibility of the person who committed the offences and willing to involve into penalty also entities (Companies and institutions).

The Administrative liability of the Entity for one of the Crimes provided by the Decree is added to the criminal or administrative liability of the person who is the offender. The liability of the entity exists even if the offender has not been identified or if the offence itself has been extinguished for a reason different than amnesty.

The entity cannot be held responsible for any offence, but only for the commission of offences and administrative violations envisaged by the decree, as shown in its original formulation and subsequent amendments, and laws that expressly refer to the decree.

The liability of the Entity arises when an offence has been committed to advantage the Entity itself, without being necessary the effective and concrete achievement of the goal.

The offence should have been made by one or more qualified individuals, belonging to one of the following who categories:

- the “**Apical**” individuals, people who are representatives, directors or managers within the Entity or within one of its units with financial and functional autonomy, such as for example, Legal Representative, Administrator, General Director or the Director of a branch;
- the “**Subordinate**” individuals under the supervision of one of apical subjects, who may not coincide with the employees).

For Crimes committed by “apical” individuals, the decree establishes a presumption regarding the liability of the Entity, since it provides for the exclusion of its liability if it shows that the management has adopted and efficiently implemented, before the commission of the offence, organization and management models apt to prevent Crimes of the same kind of the one occurred.

For crimes committed by “subordinate” individuals, the Entity may be held liable only if it is established that “the offence was possible for a non-fulfilment of obligations required by management and supervision”.

Crimes provided by the Legislative Decree are the following:

Art. 24: "Illegal receipt of funds, fraud against the State or public body"

Art. 24-bis: "Cybercrimes and unlawful data processing"

Art. 24-ter: "Organized crimes"

Art. 25: "Bribery and extortion"

Art. 25-bis: "Crimes of counterfeiting currency"

Art. 25-bis-1: "Crimes against industry and trade"

Art. 25-ter: "Corporate crimes"

Art. 25-quarter: "Crimes of terrorism and subversion of democracy"

Art. 25-quater-1: "Practice of female genital mutilation"

Art. 25-quinquies: "Crimes against the individual"

Art. 25-sexies: "Offences of market abuse"

Art. 25-septies: "Manslaughter and negligent injury committed in violation of safety and occupational health regulations"

Art. 25-octies: "Crimes of receiving stolen goods, money laundering and illegal use of utilities of illegal origin, as well as self-laundering"

Art. 25-novies: "Offences related to infringement of copyright"

Art. 25-decies: "Inducement not to make statements or to make false statements to the court"

Art. 25-undecies: "Environmental Crimes"

Art. 25-duodecies: "Use of workers without residence permit"

Art. 25-terdecies: "Racism and xenophobia"

Law n. 9 of 2013 Responsibility of entities for administrative offenses dependent on crime

Law March 16, 2006 no. 146 "Transnational crimes"

- Criminal association;
- Mafia-type association;
- Criminal association oriented to the smuggling of foreign tobacco;
- Association oriented to illicit traffic in drugs;
- Measures against illegal immigration;
- Inducement not to make any statements or false statements to judicial authority
- Personal abetting.

The assumptions of crimes listed above have been included in the Special Section which is an integral part of the Model.

The Entity may be held responsible, in Italy, for some crimes committed abroad, provided that the Authorities of the Country where the crime has been committed do not proceed against it.

The Lawmaker, in order to provide "effective, adequate and dissuasive" sanctions, has established two main types of penalties: financial and disqualifying sanctions.

Financial sanctions are determined by the Court through a system based on “dues”. Each crime requires a minimum and a maximum of dues, whose value is established by the Court, taking into account economic and financial conditions of the entity, thus ensuring the effectiveness of the sanction. The quantum of penalties may change from a minimum amount equal to about Euro 25,800.00 up to about Euro 1,549,000.00 approximately, except reductions.

Disqualifying sanctions are applied **in addition** to financial sanctions, they can be temporary but may occasionally be applied with full effect and may provide:

- 1) temporary or permanent interdiction from the activity;
- 2) suspension or revocation of permits or licenses which could be functional to the commission of crimes;
- 3) prohibition of contracting with Public Administration, except for the performance of public services;
- 4) exclusion from benefits, loans, grants or subventions and possible revocation of those already granted;
- 5) temporary or permanent prohibition of advertising goods or services.

In addition to financial and disqualifying sanctions, the decree provides for two more penalties:

- a) confiscation, consisting in the acquisition by the State of the price or profit deriving from the offence;
- b) publication of the conviction at the entity’s expenses.

The Articles 6 and 7 of the Decree provide for specific exemptions from administrative liability if the Company demonstrates that:

- the subject acted in his own interest or in the interest of third parties (not in the interest of the Company);

or

- the managing body has adopted and effectively implemented, prior to the commission of the crime, proper management and control to prevent the perpetration of crimes;
- the task of supervising operation and compliance with models and the data updating has been assigned to a Supervisory Body appointed by the Company and endowed with autonomous powers;
- individuals who committed the crime evading the organization and management model;
- there has been omitted (or insufficient) supervision by a Supervisory Body.

The Company shall therefore have adopted and implemented proper organization and management models in order to prevent any crime.

These models, to be designed to prevent the risk of crimes, must meet the following requirements:

- identify the activities within which crimes may be committed;
- provide specific protocols, namely organizational and procedural elements, aiming at planning the implementation of the Company’s decisions in relation to crimes to be prevented (powers and proxy system, authorization procedures, operational procedures);
- identify the procedures for the management of financial resources in order to prevent the commission of crimes;
- provide information to Supervisory Body;
- adopt a suitable disciplinary system for punishing the non-compliance with the measures provided by Organization and Management Model.

4. Features and use of Organizational Model

The Company intends to operate according to ethical principles in performing its activities, pursuing the social purpose and the growth of the Company and of the Group, in compliance with laws in force.

To this purpose it has a Code of Ethics aiming at defining the principles of ethical business which the Company recognizes as its own and requires observance. The Company is also sensible to the expectations of its shareholders as regards fairness and business transparency and is aware, in order to ensure these conditions, of the possibility of introducing an Organization and Management *Model* in its internal auditing system for crimes prevention, taking into account the provisions of the Decree and the Guidelines drawn up by Confindustria.

This initiative, together with the adoption of the Code of Ethics, was taken to increase awareness of all employees of the Company and of other individuals interested in it (Customers, Suppliers, Partners, external contractors, and so on), in order to ensure correct behaviours aiming at preventing the risk of the offences specified in the Decree.

Using the Organization and Management Model the Company will pursue the following purposes:

1. prevent the risk of committing crimes;
2. raise awareness in those who act on behalf of the company in order to ensure that every activity is characterized by principles of transparency, fairness and compliance with procedures (internal audit);
3. raise the awareness of the risk of proper sanctions in case of non compliance with the provisions herein mentioned;
4. stress that the Company considers unjustifiable any conduct contrary to legal provisions and to ethical principles on which the Company is based.

Milestones of the Model are:

- identification of risk-prone areas/processes;
- definition of an internal regulatory system aiming at planning the implementation of the Company's decisions in relation to risks/crimes to be prevented through:
 - a Code of Ethics laying down general guidelines;
 - a system of delegations of functions and proxies to sign corporate documents, ensuring a clear representation of training process and of implementation of decisions;
- establishment of a coherent organizational structure designed to monitor a fair conduct and ensure a clear assignment of tasks by applying a proper separation of functions;
- identification of management processes and control of financial resources within activities exposed to risk of offence;
- assignment to Supervisory Body of monitoring operations and compliance with the Organization and Management Model and propose its updating;
- pursuant to Legislative Decree – Articles 6 and 7 – the construction of a Disciplinary System for violations of rules of conduct provided by the Code of Ethics and the Organization and Management Model regardless the penal trial.

This Organization and Management Model consists of a first part in which legislative references are mentioned, a second part in which the Company is identified as a corporate structure and a third part in which the main features of Organization Model are described, with particular reference to Supervisory Body, staff training and the diffusion of the Model within the Corporate context, disciplinary system and identified risky areas and finally a last part where possible crimes to be committed within the Company are analysed.

The Organization and Management Model is associated with the Operation Manual which sets rules, procedures or operational requirements adopted for each kind of offence.

5. Europower

5.1 The Company and its Subsidiaries

Europower operates directly or through partnership on its respective markets. The Company By-Laws lists in details the activities complying with regulations, restrictions and prohibitions provided for by laws in force. The Company can also work through Temporary Group of Enterprises, Joint Venture, Partnership Agreement, Consortium and other partnerships. Europower undertakes to foster the adoption of similar organization models towards those Entities and to communicate it to its Partners.

5.2 Types of business and markets/Customers

Europower's products are mainly:

1. Engineering Procurement & Contracting for Power and Industrial Plants:
 - EPC – Lump Sum Turn Key Projects
 - Studies & Consulting Services
 - Basic & Detailed Engineering
 - Supply of Materials & Procurement Services
 - Erection and Construction
 - Start up
2. Operation and Maintenance for Power and Industrial Plants
3. Short and Long Term Plant Operation & Maintenance
4. Technical assistance

The markets are mainly:

- Italy and Europe
- North/South America
- North Africa
- Middle/Far East

Customers are mainly:

- EPC companies (Engineering Procurement Construction)
- IPP companies (Independent Power Producers)
- Public Authorities, Municipal and state-owned companies
- Plant Manufacturers
- Oil companies

The products and services of Europower are addressed in a rather significant but non-negligible to customers of a public nature.

6. Organization System

6.1 Organization System

The company's organizational system identifies and defines the duties, tasks and responsibilities of business functions, establishing the assignment of responsibilities and the lines connecting the subordination and (where necessary) in every sector and every level of the Company.

The organizational system of the Company is represented by the corporate organizational chart here below, which description is given in the Quality System.

For the purpose of effectiveness of the present Model, the Company's main goal is to ensure proper disclosure and an extensive knowledge of the rules of conduct contained therein or provided by the Code of Ethics. The Direction promote to all employees aware of the regulations (Legislative Decree 231/01 and subsequent) and the knowledge of the Code of Ethics, of the Organizational Model and of Procedures and Protocols adopted and of their updates in time.

Employees are therefore required to know and see the contents of the Organizational Model and contribute to its implementation and its effective functioning.

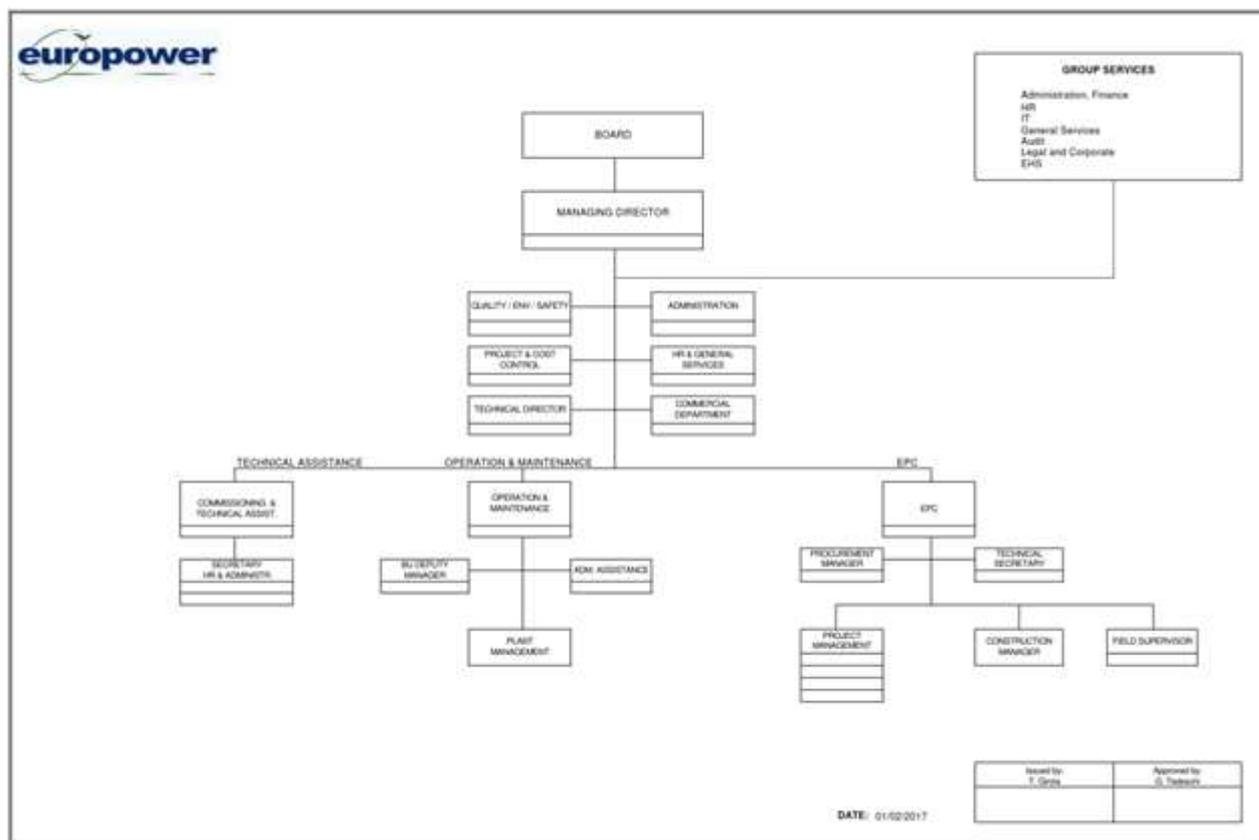
6.2 Delegation of powers: principles and purposes

The delegation system takes into account the principles provided by Italian Legislative Decree 231/01 as:

- separation of duties;
- clear identification of assigned responsibilities;
- lines of hierarchical subordination;
- need of territorial defence;
- provision of powers of authorization and signature for fixed values (amounts and conditions).

Assigned delegations are limited mainly to management, technical directors and heads of corporate security.

6.3 Organization



6.4 Supervisory Body (SB)

The Company has determined that the Supervisory Body is composed of a minimum of three to a maximum of five members who shall be appointed by the Board of Directors; the appointment will be served by a special notice.

Will result in ineligibility the member of the Supervisory Body the conviction (or plea bargain) also not irrevocable for having committed any of the offenses referred to in Legislative Decree 231/2001 or the conviction (or plea bargain) to a sentence implying disqualification, even temporary, from public offices or temporary disqualification from the executive offices of legal entities or companies.

The members of the Supervisory Body appointed by the Company on the basis of art. 6 of Legislative Decree 231/01 and the Confindustria Guidelines, must be identified according to the following requirements:

- Honour and moral standards,
- Autonomy and independence,
- Professionalism.

Honour and moral standards

The members of SB must submit statements of integrity according to the regulations in force.

Autonomy and Independence

The Supervisory Body of the Company shall be autonomous and independent and shall not be directly involved in management activities which are the object of its auditing activity in order to preserve its impartiality and the effectiveness of the Model.

Professionalism

The Supervisory Body of the Company shall have technical and professional skills in order to perform the assigned tasks.

A specific skill is required to those performing this activity, such as skills for analysis, evaluation of risk and measures for their restraint, the identification of weakness of process and procedures, methods for fraud detection, and so on.

These techniques should be applied both as a preventive measure in order to adopt the most suitable measures to prevent the commission of crimes, and afterwards to determine the commission of any crime.

As part of the role played by the members of SB, the Company requires **continuity of action** in relation to the constant supervision on the effectiveness of the Organization Model, on its continuous implementation as well as on its continuous updating.

The SB must also provide advisory opinions on the construction of the Organizational Model in order to identify possible weaknesses; advisory opinions do not affect independence and objectivity of the trial of specific events.

The SB uses the Group Internal Audit Department to perform audits and checks provided for by the Organization Model as well as controls of business functions that from time to time will be useful to carry out activities requiring specific skills.

The tasks of SB are:

- a) to ensure the implementation of the Organization Model in relation to different classes of offences;
- b) to assess and monitor the efficacy of the Organization Model in preventing the commission of offences;
- c) to propose to the Managing Director and to the Board of Directors updates and changes to the Model in relation to changing legislation and business conditions;
- d) to monitor the efforts for the diffusion of familiarity of the Model.

At the operational level, the SB is also responsible for:

- planning periodic audits targeting risky activities, as defined in the Organization Model;
- collecting and preserving relevant information in respect of the Organization Model and update the list of information to be submitted to SB;
- holding internal inquiries to ascertain alleged violations reported to SB or identified during the activities performance;

- checking periodically the map of risk-prone areas in order to adapt it to the changes in the activities and within the company organization;
- reporting periodically, at least yearly, to Managing Director and to Statutory Auditors on the implementation of corporate policies for the implementation of the Organization Model.

For the purpose of risk mapping (Matrix Crimes 231), Management shall indicate to SB possible circumstances which may expose the Company to the risk of crime. In order to perform the foregoing, the SB shall:

- approach corporate documents in order to perform required audits, without prior authorization from the competent reference offices;
- use adequate professional resources and financial resources;
- rely on the support of various corporate structures that may be involved in the control activities.

The SB adopts its own rules of operation, approving the contents and presenting it to the BoD in the first useful session following the appointment.

6.4.1 Supervisory Body Reporting

The Supervisory Body Reporting is carried out through two reporting streams:

- the first, on an ongoing basis, directly with the Managing Director;
- the second, on half-yearly basis, to the Board of Directors and the Statutory Auditors. Every year the Supervisory Body sends to the Board of Directors a written report on the implementation of the Organization and Management Model within the Company, requiring the allocation of an adequate budget for the performance of the supervisory activities, to be managed independently.

The SB may be called at any time by the Company or may make a request to report on specific situations raised during the implementation of the Model whenever he or she deems it necessary.

6.4.2 Information to Supervisory Body

Each company department must inform the Supervisory Body on situations, process changes and duties covered by the Organization and Management Model applied within the Company pursuant to Italian Legislative Decree 231/01. In this regard it should be reported, upon occurrence of the event:

- behaviours not complying with the rules of conduct adopted by the Company;
- the commission of one of the crimes provided for by Legislative Decree 231/2001 or the fraudulent violation or avoidance of the principles and provisions of the Organizational Model;
- changes in the delegation system and/or changes of assigned powers;
- measures and/or notices coming from the police or from any other authority;
- request for legal assistance for the offences envisaged by the Decree;
- reports prepared by the heads of the company departments containing facts, deeds, events and omissions relating to the crimes referred to Decree;
- implementation of disciplinary measures and sanctions proposed by SB;

The reporting subjects, whose identity is not disclosed, are protected against any form of discrimination, penalization and retaliation for reasons relating to the report. The Supervisory Body, in fact, guarantees the absolute confidentiality and anonymity of the reporting persons, without prejudice to the legal obligations and the protection of the Company's rights.

The reports received by the SB must be collected and kept in a special archive to which access is permitted only by members of the SB.

Although the Supervisory Body, in compliance with the Code of Ethics, deems the reports transmitted not in anonymous form to be preferable, anonymous reports are also allowed. In this case, the SB first proceeds to assess its merits and relevance to its tasks; anonymous reports are considered that contain facts relevant to the duties of the SB and not made of generic, confusing and / or clearly defamatory content.

The reports must be communicated to the Supervisory Body or through direct communication or, for the employees, through the Function Managers, who must promptly transmit in the original what was received to the Supervisory Body, using confidentiality criteria to protect the effectiveness the assessments and the honorability of the persons interested in the report.

The Supervisory Body, as Data Processor in accordance with the privacy legislation, requires that the data contained in the forwarded reports are relevant to the purposes set out in Legislative Decree 231/2001.

In the detailed description of the behavior that originates the report, information that is not strictly related to the subject of the report must not be provided. In the case of reports produced in evident bad faith, the SB reserves the right to close them, deleting the names and elements that may allow identification of the reporting agents.

All communications by the reporting party vis-à-vis the Supervisory Body may be carried out, alternatively and without preference, by:

- E-mail;
- Note / Letter

For contact with the OdV, the Company has set up the following e-mail address reserved for the Supervisory Body to send the reports: odv@europower.it.

The ordinary mailing address is:

Supervisory Body at Legal Affairs Department of the Company
Piazza Buffoni, 3 - 21013 Gallarate (VA).

7. Disciplinary System

7.1 General principles

In order to ensure the effectiveness of the Organization and Management Model it is required an adequate disciplinary system for the breach of rules of conduct envisaged by the Code of Ethics. Disciplinary sanctions for the violation of corporate rules of conduct leave any possible result of criminal proceedings out of consideration and do not include behaviours that may lead to irregularities.

7.2 Sanctions applicable to employees

Violations of the rules of conduct contained in the Code of Ethics are considered breaches of discipline. The sanctions applicable to employees fall among those provided by the Company Regulations, in compliance with procedures envisaged by Article 7 of Workers' Statute (Law No. 300, May 20, 1970) and any applicable social regulation. This Model refers to the categories of punishable events envisaged by the National Collective Bargaining Agreement (Italian CCNL) applied within the Company; these categories describe punished behaviours and sanctions prescribed for the commission of offences depending on the severity. In particular, pursuant to Article 8 paragraph 7 of the National Collective Bargaining Agreement for metal and mechanical industry workers,

the failure by the employees of the provisions and procedures contained in this Model will involve the application of the following penalties in proportion to the gravity of the offense:

1. VERBAL CALL OR WRITTEN WARNING;
2. FINE;
3. SUSPENSION FROM SERVICE AND PAYMENT;
4. DISMISSAL WITH NOTICE;
5. DISMISSAL WITHOUT NOTICE.

The powers already granted to corporate management, within the limits of their respective competence, remain unchanged both for the investigation of offenses and for disciplinary measures. The disciplinary system is subject to verification of validity and application of the relevant functions in conjunction with the Head of Human Resource Management.

7.3 Sanctions applicable to Managers

In the event of a breach of one of the internal procedures, envisaged by the Organization and Management Model, by the Managers in performing sensitive activities, or of practices not complying with the Model and the Code of Ethics, the Company shall apply against those responsible appropriate measures in compliance with the provisions of article 7 of the Workers' Statute (Law No. 300 of May 20, 1970) and the National Collective Bargaining Agreement for Managers, as such violation will be deemed by the Company as non-compliance with the obligations arising from the working relationship.

7.4 Sanctions applicable to Directors and Auditors

Any infringement of the Organization and Management Model, of the Code of Ethics and of current regulations by Directors and Auditors shall be reported by Supervisory Body to the Board of Directors and to the Statutory Auditors who arrange appropriate actions pursuant to law, convening if necessary the shareholders' meeting in order to adopt the most appropriate measures.

7.5 Sanctions applicable to Consultants and Partners

The breach by Consultants or Partners of the rules of conduct envisaged in the Organization Model and in the Code of Ethics or the commission of the crimes provided for by Italian Legislative Decree 231/01 will be sanctioned in accordance with contractual clauses included in their contracts and in case of serious infringements even with the termination of contract.

This does not affect any claim for compensation in case the behaviour causes damages to the Company.

8. Potential risk mapping

In accordance to the provisions of art. 6 paragraph 2, letter. a) of the Decree, the Company, through a risk mapping process, has identified the areas of activity that are potentially at risk for committing crimes listed in the Decree. In addition, some functions – areas of activities, even not being directly included in the risk of crime, may be used as the implementation tool of hypothetical crimes committed in another area. This latter, despite being identified as a risk-prone Area, may “contaminate” and other areas without being aware of participating in an illegal or criminal offense. For these areas the procedures of Organization and Management Model require management and organization as a whole control.

It is referred in particular to the following areas:

- 1) how to manage financial resources (for ex. Management of financial resources, both incoming and outgoing, which may cause atypical cash flows);
- 2) audits management (Legislative Decree 81/2008, tax audits, Inps, and so on and possible disputes arising from them);
- 3) management of ordinary requirements (for ex. Administrative business, management of possible judicial and extrajudicial cases with P.A.);
- 4) management of the process of issuing purchase orders (process of procurement of goods and services with reference to purchases managed by the relevant departments of the Company and/or managed by a service contract, to the stages of the process related to the application of supply, the selection of the supplier and the signing of the contract, use, and management of contracts, revision of contracts);
- 5) process management utility with particular reference to the management of gifts, sponsorships, donations and expenses;
- 6) procurement process, purchase and sale of raw materials and products on the market, with particular reference to the phases of the counterparty selection, negotiation and conclusion of the contract;
- 7) the process of selection and recruitment of human resources;
- 8) management of the process for approval of invoices for payment;
- 9) company or entities within the same group but established in different States for the following transactions: (i) intercompany contracts purchases and/or sales, (ii) Management of financial flows, (iii) intercompany Investments.

The result of the processes and functions performed by the Company, is the Matrix Crimes 231, which highlights the sensitive activities of illicit and responsibilities of the departments involved.

The Company has adopted specific protocols and control procedures to prevent the commission of crimes provided for by Legislative Decree no. 231/2001, which are considered potential based on the analysis carried out of sensitive processes. The Matrix Crimes is an integral part of the Organizational Model and is the tool that identifies areas of risk and intensity of the crime provided for by the law. It is also the main tool for the realization, verification and continuous improvement of the Organizational Model consistent with the Legislative Decree. It constitutes a useful information basis for the Supervisory Body from which to start the observation and the investigation aimed at continuous improvement. The documentation relating to the matrix Offences-sensitive activities and the risk measurement and control model is on file in the Legal Affairs Department of the Company.

9 Update of Organizational Model

Modifications, additions and variations to this Organizational Model can be adopted by the Board of Directors, either directly or on a proposal of the Supervisory Body.

The Managing Director, on behalf of the Supervisory Body, can proceed independently, and only for non-substantial amendments to the Model, without such modifications must be approved by the Board of Directors.

The Managing Director may adopt or change business procedures and the Control Protocols relating to sensitive business areas indicated in this Model and in the Matrix Crimes 231, in particular as a result of reports from of the Supervisory Body relating to non-compliance of the same.

In any case, the Organizational Model, the procedures and the Control Protocols regarding the sensitive process control therein are to be modified in the following cases:

- upon the occurrence of significant changes in the regulatory system;
- upon the occurrence of significant changes in its corporate and / or business organization;
- when violations are detected or circumvention of the requirements, in order to maintain the efficiency of the organizational model.

The Supervisory Body has the task of monitoring the progress and update the results the Organizational Model and of any changes in the procedures and Control Protocols, informing the Managing Director of the result of such activities.

10. Reference documents for the preparation of Organizational Model

- A. Sofinter Group Code of Ethics
- B. Quality System: quality manual and procedures
- C. Work Safety Management System
- D. Environmental Management System
- E. Legislative Decree 231/01
- F. Confindustria Guidelines

Attachments to the Organizational Model

Organization Model – Special Section
Matrix Crimes 231 – Business Sensitive Activities
Control Protocols
Anti Corruption Compliance Manual

Appendix 1: Europower S.p.A. Organization and Management Model Evolution

<i>DATE</i>	<i>ISSUE</i>	<i>DESCRIPTION</i>
<i>June 11, 2009</i>	Issue no. 0	Fist issue: approved by the Board of Directors in its meeting on June 11, 2009
<i>July 8, 2011</i>	Issue no. 1	Adopts regulations relating to offenses relating to breach of copyright and inducement not to make statements or to make false statements to the court (pursuant to art. 25-decies of Legislative Decree 231/01)
<i>October 15, 2014</i>	Issue no. 2	Implements the regulations for Environmental Offences (pursuant to art. 25-undecies) and the use of workers without residence permit (pursuant to art. 25-duodecies)
<i>October 28, 2004</i>	Issue no. 1	Code of Ethics
<i>March 27, 2013</i>	Issue no. 2	Code of Ethics
<i>December 1, 2017</i>	Issue no. 3	Code of Ethics

This **Organization, Management and Control Model – Issue no. 3** was approved by the Board of Directors of the Company in its meeting on May 24, 2018 and replaces the previous editions.



Special Part: Description and characteristic of offences

Legislative Decree no. 231 of June 8, 2001

MISAPPROPRIATION TO THE DETRIMENT OF THE STATE (ART. 24)

Undue receipt of disbursements to the detriment of the State (316 bis of the criminal code);
Misappropriation of funds in detriment of the State (316 ter of the criminal code);
Fraud to the detriment of the State, other public company or the European Union (640 of the criminal code);
Aggravated fraud for obtaining public disbursements (640 bis of the criminal code);
IT crime to the detriment of the State or other public Company (640 ter of the criminal code).

COMPUTER CRIMES AND ILLEGAL DATA TREATMENT(ART. 24-BIS)

Falsehood in IT documents (491-bis of the criminal code);
Improper access to an IT or telematic system (615-ter of the criminal code);
Detention and illegal distribution of access codes to IT or telematic systems (615-quater of the criminal code);
Distribution of equipment, devices or computer programs intended to damage or interrupt an IT or telematic system (615-quinquies of the criminal code);
Illegal interception, prevention or interruption of IT or telematic communications (617-quater of the criminal code);
Installation of equipment suitable for intercepting, preventing or interrupting IT or telematic communications (617-quinquies of the criminal code);
Damage of IT information, data and programs (635-bis of the criminal code);
Damage of IT information, data and programs used by the State or by another public body or anyway of public utility (635-ter of the criminal code);
Damage of IT or telematic systems (635-quater of the criminal code);
Damage of IT or telematic systems of public utility (635-quinquies of the criminal code);
IT fraud by the person providing certification services for electronic signature (640 quinquies of the criminal code).

OFFENCES OF ORGANISED CRIME (ART. 24-TER)

Criminal association (416 of the criminal code);

Criminal association aimed at enslavement or maintenance in slavery, people trafficking, purchasing and selling of slave and offences concerning the violations of the provisions in illegal immigration provided for in art. 12 Legislative Decree 286/1998 (416 of the criminal code sixth paragraph);

Mafia-type association (416-bis of the criminal code);

Political-mafia electoral exchange (416-ter of the criminal code);

Kidnapping of a person for the purpose of extortion (630 of the criminal code);

Association with the aim of illegally trafficking narcotic or psychotropic drugs (art. 74 Presidential Decree 9 October 1990, n. 309);

Illegal fabrication, introduction into the State, making available for sale, transfer, detention and bearing in public or place open to the public of weapons of war or war-type weapons or parts thereof, explosives, or clandestine weapons as well as of several common fire arms (art. 407, para 2, a), 5), of the criminal code).

BRIBERY AND CORRUPTION(ART. 25)

Bribery (317 of the criminal code);

Bribery of a public official (318 of the criminal code);

Bribery for a deed that goes against official duties (319 of the criminal code);

Aggravating circumstances (319 bis of the criminal code);

Judicial corruption (319 ter of the criminal code);

Misappropriation induction to give or promise benefits (319 quarter of the criminal code);

Bribery of a public service (320 of the criminal code);

Penalties for the briber (321 of the criminal code);

Instigation to corruption (322 of the criminal code);

Misappropriation of public funds, bribery and corruption and instigation to the corruption of members of the Bodies of the European Community and functionaries of the European Community and Foreign countries (322 bis of the criminal code).

CRIMES OF COUNTERFEITING MONEY: FORGERIES OF CURRENCY, LEGAL TENDER, REVENUE STAMPS AND IN INSTRUMENTS OR SIGNS OF RECOGNITION (ART. 25-BIS)

Falsification of currency, passing and introduction into the State, with accomplices, of forged currency (art. 453 of the criminal code);

Alteration of currency (art. 454 of the criminal code);

Passing and introduction of counterfeit currency into the state, without complicity (art. 455 of the criminal code);

Spending of falsified currency received in good faith (art. 457 of the criminal code);

Forging of revenue stamps, introduction into the State, acquisition, holding or placing forged revenue stamps in circulation (art. 459 of the criminal code);

Counterfeiting of watermarked paper in the use for the fabrication of legal tender or revenue stamps (art. 460 of the criminal code);

Fabrication or holding of watermarks or instruments for the forging of currency, revenue stamps or watermarked paper (art. 461 of the criminal code);

Use of counterfeit or altered revenue stamps (art. 464 of the criminal code);

Counterfeiting, alteration or use of trademarks or distinctive markings or patents, models and drawings (473 of the criminal code);

Introduction into the State and marketing of products with false markings (474 of the criminal code).

CRIMES AGAINST INDUSTRY AND COMMERCE (ART. 25-BIS 1)

Disturbed liberty of an industrial or commercial concern (513 of the criminal code);

Illegal competition with threats or violence (513-bis of the criminal code);

Frauds against national industries (514);

Fraud in the exercise of commerce (515 of the criminal code);

Sale of non-genuine food stuffs as genuine (516 of the criminal code);

Sale of industrial products with untruthful markings (517 of the criminal code);

Fabrication and commerce of goods made by usurping the ownership of industrial property (517-ter of the criminal code);

Counterfeiting of geographical indications or designation of origin of agricultural and food products (517-quater of the criminal code).

CORPORATE CRIMES (ART. 25-TER)

False corporate communications (2621 of the civil code);
False communications to the detriment of the shareholders or the creditors (2622 of the civil code);
Obstructions to control (2625 of the civil code);
Undue return of contributions (2626 of the civil code);
Illegal distribution of the profits or of the reserves (2627 of the civil code);
Illegal transactions in the shares or holdings in the company or the subsidiaries (2628 of the civil code);
Transactions to the detriment of the creditors (2629 of the civil code);
Dummy formation of the share capital (2632 of the civil code);
Undue distribution of the company assets by the receivers (2633 of the civil code);
Illegal influence over the Shareholders' Meeting (2636 of the civil code);
Stock manipulation (2637 of the civil code);
Failure to communicate conflict of interests (2629-bis of the civil code);
Obstacle to the exercise of the functions of public supervision authorities (2638 of the civil code).
Private corruption (2635 of the civil code).

**OFFENCES WITH THE INTENTION OF TERRORISM OR SUBVERSION OF DEMOCRATIC ORDER
PROVIDED FOR IN THE CRIMINAL CODE AND SPECIAL LAWS (ART. 25-QUATER)**

Association for the purposes of terrorism and the subversion of the democratic order (270 bis of the criminal code);
Assistance to the associates (270 ter of the criminal code);
Recruitment for purposes of terrorism including international terrorism (270 quarter of the criminal code);
Training and activities for purposes of terrorism including international terrorism (270 quinquies of the criminal code);
Conducts with purposes of terrorism (270 sexies of the criminal code);
Attack to terrorism and subversion (280 of the criminal code);
Act of terrorism with lethal or explosive devices (280 bis of the criminal code);
Kidnapping for the purpose of terrorism or subversion (289 bis of the criminal code);
Instigation to commit any of the crimes referred to in chapters first and second (302 of the criminal code);
Urgent measures for the protection of the democratic order and public safety (Law 6 February 1980 n. 15 - art. 1).

PRACTICES OF MUTILATING FEMALE GENITAL ORGANS (ART. 25-QUATER-1)

Practices of the mutilation of female genital organs (583-bis of the criminal code).

OFFENCES AGAINST THE INDIVIDUAL PERSONALITY (ART. 25-QUINQUIES)

Reduction or maintenance in slavery or servitude (600 of the criminal code);

Juvenile prostitution (600-bis of the criminal code);

Underage pornography (600-ter of the criminal code);

Detention of pornographic material (600-quater of the criminal code);

Virtual pornography (600-quarter 1 of the criminal code);

Tourism aimed at the exploitation of the juvenile prostitution (600-quinquies of the criminal code);

People trade (601 of the criminal code);

Purchase and sale of slaves (602 of the criminal code);

Aggravating circumstances (602 ter of the criminal code).

CRIMES OF MARKET ABUSE (ART. 25-SEXIES)

Abuse of privileged information (Legislative Decree 58/98, art. 184);

Manipulation of the Market (Legislative Decree 58/98, art. 185);

Additional penalties (Legislative Decree 58/98, art. 186);

Confiscation (Legislative Decree 58/98, art. 187).

**MANSLAUGHTER AND INJURIES CAUSED BY SERIOUS NEGLIGENCE OR GROSS NEGLIGENCE ,
COMMITTED WITH A VIOLATION OF THE HEALTH AND SAFETY REGULATIONS AND
REGULATIONS GUARANTEEING HYGIENE AND HEALTH IN THE WORKPLACE (ART. 25-SEPTIES)**

Manslaughter (589 of the criminal code);

Personal injuries through negligence (590 of the criminal code).

**RECEIVING, RECYCLING AND EMPLOYMENT OF MONEY, GOODS OR UTILITIES OF ILLEGAL
PROVENANCE (ART. 25-OCTIES)**

Receiving (648 of the criminal code);

Recycling (648-bis of the criminal code);

Employment of money, goods or utilities of illegal origin, **self-laundering** (648-ter and quater of the criminal code).

TRANSNATIONAL CRIMES

Criminal association (416 of the criminal code);

Mafia-type association (416-bis of the criminal code);

Criminal association for foreign processed tobacco product smuggling (Art. 291 *quater* Consolidated Customs Act – Presidential Decree 23 January 1973, n. 43);

Association aimed at the illegal traffic of narcotics (Art. 74 Consolidated Law regarding Narcotics – Presidential Decree 309 dated 9 October 1990);

Provisions to curb illegal immigration (Legislative Decree 286/1998, Art. 12);

Inducement not to make declarations or to make untruthful declarations to the judicial authorities (377 bis of the criminal code);

Personal aiding and abetting (378 of the criminal code).

OFFENCES REGARDING THE VIOLATION OF COPYRIGHT (ART. 25-NOVIES)

Offences regarding the violation of copyright (art. 171, co. 1, lett. A-bis), co.3, 171-bis, 171-ter, 171-septies, 171-octies, Law 22 aprile 1941, n. 633).

INDUCEMENT TO NOT MAKE DECLARATIONS OR MAKING UNTRUTHFUL DECLARATIONS TO THE JUDICIAL AUTHORITIES (ART. 25-DECIES)

Inducement not to make declarations or to make untrue declarations to the judicial authorities (377-bis of the criminal code).

ENVIRONMENTAL CRIMES (ART. 25-UNDECIES)

Environmental crimes (Artt. 727 bis, 733 bis of the criminal code; art. 137 – Legislative Decree 152/06; art. 256 co. 1,3,5,6 – Legislative Decree 152/06; art. 257 co. 1, 2 – Legislative Decree 152/06; art. 258 co. 4, art. 259 co. 1, art. 260 co. 1,2, art. 279 co. 5 – Legislative Decree 152/06; Art. 1 co. 1,2, art. 2 co. 1,2, art. 6 co. 4, art. 3 bis co. 1 – Law 150/92; art. 3 co. 7 – Law 549/93; art. 8 co. 1,2, art. 9 co. 1,2 – Legislative Decree 202/07).

EMPLOYMENT OF FOREIGNERS WITHOUT A RESIDENCE PERMIT (ART. 25- DUODECIES)

Employment of foreigners without a residence permit (Legislative Decree 25 July 1998, n. 286).

RACISM AND XENOPHOBIA (ART. 25-TERDECIES)

Racism and xenophobia (Article introduced by Article 5 paragraph 2 of the c.d. European Law 2017).