



Carlo Gavazzi Impianti
Engineering and Contracting

CARLO GAVAZZI IMPIANTI S.p.A.

ORGANISATION, MANAGEMENT AND CONTROL MODEL
under Legislative Decree 231/2001

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1.0 LEGISLATIVE DECREE no. 231/2001

1.1 ADMINISTRATIVE LIABILITY OF LEGAL ENTITIES

Administrative liability of “**Legal Entities, Companies and Associations, including bodies devoid of legal personality**” (hereinafter referred to as **Organisations**) – as stated in Legislative Decree no. 231 of June 8 2001 (hereinafter the Decree) - holds Organisations responsible for offences committed in their interests or for their benefit by:

- ❖ **Individuals in positions of Representation, Administration or Management of the Organisations or a financially and functionally independent organisational unit within them, or Individuals who in effect exercise management and control of the Organisations (in “senior” positions as defined in Art. 5, paragraph 1, letter a) of the Decree);**
- ❖ **Individuals subject to the direction or supervision of one of the above.**
This category includes both employees of the Organisation and persons who do not have actual management powers as they are subject to supervision, but appear to be subject to the exercise of powers of surveillance.

An Organisation always has administrative liability for an offence committed in its interests or for its benefit: **if the person committing the offence has a personal interest in doing so, the Organisation remains liable if it has an interest in the act or stands to benefit from it.**

1.2 OFFENCES ENVISAGED

The types of offence which may result in administrative liability of the Organisation identified in the Articles of the Decree and the offences included in the body of the Decree by Laws passed after the Decree include (for details refer to the “Regulatory Appendix” to this Document, point 5.2):

- ❑ **Offences against the Public Administration** (Section 24 and 25);
- ❑ **Offences against the public trust** (Section 25 bis, included in the Decree by Law no. 409/2001);
- ❑ **Corporate offences** (Section 25ter, added by Legislative Decree no. 61 of April 11 2002, implementing Art.11 of Law no. 366 of October 3 2001, in the context of corporate law reform);
- ❑ **Offences aimed at terrorism or the subversion of democracy, including financing of such offences** (Section 25 quater; added by Law no. 7 of January 14 2003);
- ❑ **Offences against the individual** (Section 25 quinquies; introduced by Law 228/2003);
- ❑ **Offences against the “Provisions for the fulfilment of obligations resulting from Italy’s membership in the European Community”** (Section 25 sexies; introduced by Art. 9 of Law no. 62 of April 18 2005);
- ❑ **Offences of “Manslaughter and wounding or grievous bodily harm committed due to violation of Accident Prevention or Occupational Health and Safety Legislation”** (Section 25 septies; introduced by Art. 9 of Law no. 23 of August 3 2007, abrogated and replaced by Art.30 of Legislative Decree no. 81 of April 9 2008);
- ❑ **Offences of “Conspiracy to handle stolen goods, money laundering, use of property or money of illegal origin”** (Section 25 octies; introduced by Legislative Decree on November 16 2007).

1.3 SYSTEM OF SANCTIONS

The Decree envisages sanctions for the Organisation if it is recognised as being liable for administrative offences resulting from crimes of the types identified in the Decree itself. The system of sanctions outlined in the Decree envisages:

- **pecuniary sanctions and confiscation of the price or profit resulting from the offence.** Pecuniary sanctions and confiscation are always applied;
- **prohibitory sanctions.** Prohibitory sanctions are applied **in the most serious cases** (situations in which the Organisation has made a significant profit as a result of the offence and the offence is committed by a person in a “senior” position or a person subject to another's direction if the offence is committed due to or with the aid of severe organisational faults) **or repeat offences**. Prohibitory sanctions consist of:
 - prohibition of the activity;
 - suspension or withdrawal of authorisations, concessions or licences which made it possible to commit the offence;
 - prohibition of contracts with the Public Administration;
 - exclusion from special terms, funding, contributions or subsidies and withdrawal of any such funds already granted;
 - prohibition of advertising goods or services.Prohibitory measures may also be applied in a precautionary way – if grave evidence emerges regarding the Organisation's liability and the risk that the offence might be repeated – as early as the preliminary investigation stage.
- **publication of the Decision**

2.0 CARLO GAVAZZI IMPIANTI S.p.A. ORGANISATION, MANAGEMENT AND CONTROL MODEL

2.1 ADOPTION OF THE MODEL BY CARLO GAVAZZI IMPIANTI S.p.A.

2.1.1 REASONS FOR ADOPTION OF THE MODEL

Carlo Gavazzi Impianti S.p.A. is unconditionally committed to conducting its business and performing its activities in strict compliance with legality, correct conduct, loyalty and transparency to protect its image and reputation.

To ensure that these principles are known and respected by all, Carlo Gavazzi Impianti S.p.A. has decided to obtain, in order to prevent the specific offences identified in Legislative Decree 231/2001, an “Organisation, Management and Control Model” conforming to the requirements of the Decree and structured in accordance with the Confindustria guidelines in this area (see Appendix 1 of this Model).

Carlo Gavazzi Impianti S.p.A. believes that adoption of the “Organisation, Management and Control Model”, which is optional, as stated in the “Decree”, will help make Employees and others working with the Company in various ways aware of the importance of maintaining conduct which will prevent offences of the types envisaged in the Decree in performing their tasks.

2.1.2 AIMS AND FUNDAMENTAL ELEMENTS OF THE MODEL

The **Model** prepared by Carlo Gavazzi Impianti S.p.A. is based on a structured, organic set of procedures and control activities which essentially pursue the following goals:

- ensuring that everyone who works for or on behalf of Carlo Gavazzi Impianti S.p.A. in any capacity in the “areas at risk” is aware that if they violate the provisions of the Model, they will be in danger of committing offences which are subject to sanctions which may be applied **not only to them but to the Company**;
- underlining that Carlo Gavazzi Impianti S.p.A. **absolutely will not tolerate unlawful behaviour**, even if the Company apparently stands to gain from it, as it not only constitutes a violation of the Law but is contrary to the Company's ethics;
- monitoring “risk areas” to prevent and promptly combat offences.

By virtue of these aims and with reference to the requirements of the Decree and the Confindustria Guidelines, Carlo Gavazzi Impianti S.p.A. has identified the following elements as the essential keys to its Model:

- identification of “areas” where there is a risk of the offences identified in the Decree being committed and of “sensitive” company activities connected with these “areas”; in other words, identification of areas/activities which are by nature eligible for offences of the types envisaged in the Decree;
- definition of provisions which permit “sensitive” activities being performed while preventing the offences envisaged in the Decree and ensuring adequate internal control;
- availability of a Code of Ethics identifying all the Company's essential ethical principles, including principles of significance for prevention of the offences envisaged in the Decree;
- setting up an internal “Supervisory Body” and entrusting it with specific tasks concerning supervision of the functioning of the Model, compliance with it and promotion of its updating;
- information, training, awareness and promotion, at all levels in the Company, of the rules of conduct and procedures specified.

2.1.3 MODEL AND CODE OF ETHICS

The instructions contained in this Model constitute – along with the general rules of conduct and the provisions of the Quality Management System (in accordance with current UNI EN ISO 9001 standards and certified by a third-party certifier), the Safety, Health and Environment System (S.H.E.) and the Personal Data Security (Privacy) System – **a substantial element of the Company's ethics and therefore of the Code of Ethics adopted by Carlo Gavazzi Impianti S.p.A..**

In conclusion, this **Model**:

- is a specific response to the need to prevent the offences envisaged in the Decree from being committed with rules of conduct for this purpose;
- is an integral part of the provisions of the Company's Code of Ethics, that is, all the instructions Carlo Gavazzi Impianti S.p.A. considers essential in conducting its business and performing its activities.

By virtue of the above, implementation of this **Model** falls within the scope of application of Carlo Gavazzi Impianti S.p.A.'s Code of Ethics, and therefore the rules of the Model must be applied by all employees and associates and by anyone who has contractual relations of any kind with the Company.

2.1.4 APPROVAL OF THE MODEL

This Model has been approved by resolution of the Carlo Gavazzi Impianti S.p.A. Board of Directors.

2.1.5 CHANGES AND ADDITIONS TO THE MODEL

In compliance with the requirements of the Decree, subsequent changes and additions to the Model aimed at adapting the Model to any changes in the law and/or Company directives and/or aimed at making it more effective shall be put before the Carlo Gavazzi Impianti S.p.A. Board of Directors by the Supervisory Body. In any case, Carlo Gavazzi Impianti S.p.A. management (Chairman and Managing Director) normally have the option of making formal changes or additions to the text of the Model.

2.2 CARLO GAVAZZI IMPIANTI S.p.A. ORGANISATIONAL STRUCTURE

The organisational structure of Carlo Gavazzi Impianti S.p.A. is divided into Management Offices and Departments. The structure includes:

- **Chairman**
- **Managing Director**
- **Management Offices:**
 - **Administration and Finance**
responsible for general accounting, financial reporting, consolidated financial reporting and Treasury planning.
 - **Human Resources and Organisation**
responsible for recruiting, selecting and hiring of staff; human resources administration; pay policies and incentives; professional development, education and training; management of the Company's property and adjacent areas, plants, equipment and tools.
 - **Sales and Marketing**
responsible for promotion of the Company's image, products and services; identifying potential Customers; seeking opportunities on the market; proposals and follow-up (including negotiation) up to awarding of the contract.
 - **Technical Office**
responsible for planning execution of contracts.
 - **Operations**
responsible for:
 - activities linked with execution of contracts pertaining to "turnkey" power generation and electromechanical plants and instrumentation, automation and remote control systems for the energy, petrochemical, oil and manufacturing industries;
 - activities linked with procurement of materials, components and services.
 - **Civil Works and Infrastructures**
responsible for activities pertaining to the execution of contracts for construction of electromechanical plants and instrumentation, automation and remote control systems for infrastructures, transportation and environment.
 - **Construction**
responsible for operations on site during execution of contracts; management of equipment and tools on the site; management of testing, trial and inspection instruments.
- **Staff Departments:**
 - **Management Control**
responsible for budgeting, project accounting, customer accounting (invoicing) and management control.
 - **Programming and Cost Control**
responsible for programming and control of contract costs (spent/committed/missing) to support Management Offices concerned with contract management (Operations; Civil Works and Infrastructures).
 - **Quality**
responsible for the Company's Quality System.
 - **Prevention and Protection**
responsible for the Company's S.H.E. – Safety, Health and Environment System.
 - **Electronic Data Processing (EDP)**
responsible for the Company's Information System and Personal Data Protection or Privacy System.

2.3 “AREAS” POTENTIALLY AT RISK OF COMMITTING OFFENCES

- The areas Carlo Gavazzi Impianti S.p.A. works in which are at risk of committing the offences envisaged in the Decree are:

A. Relations with the Public Administration

The following areas are potentially at risk due to relations with the Public Administration (for information on the types of offences, see the “Regulatory Appendix” of this Model, point 5.2):

- Contract acquisition;
- Project Management;
- Procurement;
- Human Resources and Organisation;
- Disputes;
- Finance;
- Administration and Financial Reporting;
- Safety, Health and Environment.

B. Corporate offences

The following areas are potentially at risk of Corporate Offences (for information on the types of offence the reader is referred to the “Regulatory Appendix” to this Model, point 5.2):

- Corporate disclosure and auditing (accounting records, financial statements and informational documents; auditing of representation of the Company’s activities in its accounts);
- Relations with Shareholders, Creditors and Third Parties.

C. Offences of manslaughter and wounding or grievous bodily harm committed in violation of Accident Prevention and Health and Safety Legislation

The following areas are potentially at risk in relation to this type of offence (for information on the types of offences, see the “Regulatory Appendix” to this Model, point 5.2):

- Management of work on site;
- Management of equipment and tools on site;
- General Services on the Company’s premises;
- Human Resources (on the Company’s premises and on site);
- Safety, Health and Environment (on the Company’s premises and on site).

- The detailed analysis conducted in all Carlo Gavazzi Impianti S.p.A.’s “areas” of activity reveals that:
 - the risk of committing offences of fraud against “the public trust” (forgery) described in Art. 25bis, the crimes of terrorism or subversion of democracy identified in Art. 25quater, crimes against the individual (exploitation of prostitution; child pornography; trading in human beings and reducing them to and keeping them in slavery) under Art. 25quinquies of the Decree, the insider information and market manipulation offences identified in Art. 25sexies of the Decree and the crimes of dealing in stolen money or goods, money laundering, and use of goods or money of unlawful origin identified in Art. 25octies of the Decree is very slight.
For this reason, protocols aimed at preventing the risk of committing the offences envisaged in the Decree do not include the potential offences identified in Art. 25bis, 25quater, 25quinquies, 25sexies and 25octies.

While Carlo Gavazzi Impianti S.p.A. considers it unlikely that offences of the types envisaged in Art. 25bis, 25quater, 25quinquies, 25sexies and 25octies might be committed, it cannot exclude them with absolute certainty, and therefore considers it essential to identify them in the “Appendix” to this Model in order to inform anyone who may work with the Company in any capacity of their existence and notify them that **such offences will not be tolerated, whether or not the Company is involved in terms of administrative liability.**

In any case, with regard to the offences identified in Art. 25quater and 25quinquies, Carlo Gavazzi Impianti S.p.A.’s strict implementation of the provisions of the Law ensures that it has business relations exclusively with parties meeting specific moral requirements (e.g. requiring presentation of anti-mafia certificates during competitions).

- the offences identified in Art. 25septies of the Decree (manslaughter and wounding or grievous bodily harm due to violations of accident prevention and health and safety legislation) are also related to the “areas” of activity identified in point C above. Activities performed in other “areas” do not in fact by nature involve a risk of causing death, wounding and/or grievous bodily harm to others due to negligence, except for **potential violations of the Company’s safety regulations on the part of individuals.**

Carlo Gavazzi Impianti S.p.A.'s primary goal is preventing **all injuries and occupational illnesses** and so – whether or not it may be held responsible for offences under the abovementioned Article of the Decree – **it requires** everyone who works with the Company in any capacity and "area" to **strictly implement the instructions contained in current Standards/Legislation/Company Regulations** in the area of Occupational Health and Safety.

On the topic of violations which could potentially cause death, wounding or grievous bodily harm to others due to negligence, Carlo Gavazzi Impianti S.p.A. considers it important – for the purposes of information disclosure – to provide a number of examples in the "Appendix" to this Model which, while not exhaustive in view of the sheer number of possible cases, are of significance for preventing such offences from being committed.

- Any additions to the abovementioned "areas" of activity at risk may be ordered by the Board of Directors and by Carlo Gavazzi Impianti S.p.A. Management (Chairman and Managing Director), in agreement with the Supervisory Body, resulting in an update to the Model.

2.4 SENSITIVE ACTIVITIES IN THE CONTEXT OF "AREAS" AT RISK AND PROTOCOLS

2.4.1 SENSITIVE ACTIVITIES

2.4.1.1 SENSITIVE ACTIVITIES IN THE AREA OF OFFENCES AGAINST THE PUBLIC ADMINISTRATION AND CORPORATE OFFENCES

Potentially "sensitive" activities connected with the risk "areas" identified in point 2.3 above in relation to "Offences against the Public Administration" and/or "Corporate Offences" pertain to the following Processes. For information on Protocols aimed at preventing opportunities for committing the offences in development of these Processes, the reader is referred to point 2.4.2 below.

1. **Sales Process:**
management of the prequalification process and contact with public officials; acquisition of information for the purposes of participation in competitions for tenders and decisions regarding participation; definition of proposals (technical analysis and definition of prices; preparation of tender documentation); Tender Review; Negotiation; Stipulation of the Contract.
2. **Procurement Process:**
Supplier assessment, approval and selection; Purchase Requests; placing Orders; receiving materials or performance of services; invoices payable and accounting.
3. **Project Management Process:**
Project start; execution of work; issuing of Work Progress Reports and Payment Certificates; invoices receivable and accounting; expressing and settlement of Reservations.
4. **Financial Process:**
cash or treasury flows (opening, use, control and closing of current accounts); financing (definition of medium to long term needs).
5. **Administrative Process:**
entry and control of accounting documents pertaining to preparation of the Company's Financial Statements; management of relations with the Independent Auditor.
6. **Management Control Process:**
control/verification of accounting documents and analysis of deviation between the Budget and the Financial Statements (actual results); analysis of Projects with verification of deviation between budget and actual accounts; invoices receivable.
7. **Information System Management Process:**
all activities involving use of information systems and telecommunications for processing, storage and transmission of accounting, fiscal and management data, etc.; physical data protection.

8. **Human Resources Management and Organisation Process:**

employee sourcing, selection, training and assessment; employee administration and pay; management of property/adjacent areas/vehicles/equipment/plants on the Company's premises.

9. **Safety, Health and Environment Process (S.H.E.):**

Risk assessment and identification of Safety Measures on the Company's premises and sites; Information and training for employees; verification of implementation of the required Measures.

2.4.1.2 SENSITIVE ACTIVITIES IN RELATION TO THE OFFENCES OF MANSLAUGHTER AND WOUNDING OR GRIEVOUS BODILY HARM COMMITTED IN VIOLATION OF ACCIDENT PREVENTION AND OCCUPATIONAL HEALTH AND SAFETY LEGISLATION

Potentially "sensitive" activities which – with reference to the "areas" at risk identified in point 2.3 above – would result in liability of the Company in the event of an offence of the type envisaged in Art. 25septies of the Decree include the following Processes:

- **Site Management Process** (an integral part of the Project Management Process), management/operative activities on the site for the purposes of construction, testing, commissioning and assistance.
- **Site Vehicle/Equipment Management Process** management and maintenance of equipment and vehicles on site.
- **Human Resources Management and Organisation Process,** assessment of employees' suitability for work in the Company's premises and on site, prior to hiring and periodically thereafter (Medical Examinations); management and maintenance of property/adjacent areas/vehicles/equipment/plants on the Company's premises and on site; use of materials handling equipment on the Company's premises.
- **Occupational Health and Safety and Environment Management Process** assessment of risks and definition/approval of rules for management/operations and safety measures aimed at protecting the health and physical wellbeing of everyone working on the Company's premises and sites; information/instruction for employees.

The reader is referred to point 2.4.2 below for information on Protocols aimed at preventing opportunities for committing offences of this type.

2.4.2 PROTOCOLS

- Carlo Gavazzi Impianti S.p.A. manages all its Company Processes through official rules identifying the responsibilities, methods of execution and controls involved in various stages and activities connected with the performance of each Process.
- Documentation regulating the performance of Company Processes – made available to employees and associates on the Company's intranet and, where necessary, in printed and/or computerised form (on CD-ROM) – is managed in controlled form in the context of the following Systems:
 - **Quality System** (regulating the activities of all Company Management Offices and Departments);
 - **Safety, Health and Environment System** (establishes rules for safe, environmentally friendly management and operations on the Company's premises and sites);
 - **Personal Data Security – Privacy System** (provides rules for ensuring implementation of the provisions of the law in this area by all Company Management Offices and Departments).

Documents included in these Systems:

- are issued with the specific approval of Company Management (Chairman/Managing Director);
- meet the requirements of the latest applicable laws and regulations;
- ensure implementation of the following principles in relation to sensitive Processes/activities in which offences of the types envisaged under the Decree may occur:
 - compliance with Laws, Regulations and Standards in performing the Company's activities;
 - clear statement of responsibilities and methods for execution of the activities;
 - documentation of the operations performed and the people involved in these operations in various ways;
 - correct distribution of powers of authorisation and signature (functional separation) in order to prevent critical powers from being concentrated in the hands of a single individual;



- execution of controls aimed at ensuring that activities are performed in strict compliance with the provisions for **prevention of risk of the offence envisaged in the Decree** and documentation of controls performed.

Specifically, **Processes involving “sensitive” activities** are managed and controlled using the Procedures set forth below:

- **Sales Process:**
Procedures: VE-000-P “Management of the Sales Process”; OF-001-P “Management of the Tender Process”; VE-001-P “Order Acquisition Process”.
- **Procurement Process:**
Procedures: AP-002-P “Supplier Approval Process”; AP-003-P “Purchasing Process”; AP-007-P “Inventory Management”.
- **Project Management Process:**
Procedures: MP-000-P “Project (Work Order) Management”; IN-004-P “Operative Management of Engineering Activities”; CA-001-P “Site Management”; CP-000-P “Management of Testing”; AV-001-P “Management of Commissioning”; AS-002-P “Management of Technical Assistance” (Assistance Work Orders).
- **Site Vehicles/Equipment Management Process:**
Procedures: AT-001-P “Site Vehicles/Equipment Management”; AT-004-P “Management of Rented Vehicles and Equipment for Sites”.
- **Financial Process:**
Procedure: AF-001-P “Management of the Administrative and Financial Process”.
- **Administrative Process:**
Procedure: AF-001-P “Management of the Administrative and Financial Process”.
- **Management Control Process:**
Procedure: CG-001-P “Management Control Process”.
- **Information System Management Process:**
Procedure: GP-001-P “Management of the Personal Data Security System”.
- **Human Resources Management and Organisation Process:**
Procedures: DP-001-P “Human Resources Management Process”; DP-002-P “Management of the Human Resources Training Process”.
- **Safety, Health and Environment Process (S.H.E.):**
Procedures: SI-000-P “Management of the Safety, Health and Environment System”; SI-001-P “Safety Plan for Company Premises” (for aspects pertaining to Safety of plants/vehicles/equipment etc. Company premises); SI-003-P “Site Safety Management”.

With regard to **management of financial flows** – incoming and outgoing – **connected with operations** (execution of Job Orders), Carlo Gavazzi Impianti S.p.A. employs centralised treasury management. In this regard, “indirect” forms of monitoring of financial flows include controlled procurement management (approval of all Purchase Requests and verification of market prices before placing Orders); controlled management of the purchase and sale of vehicles and equipment.

Carlo Gavazzi Impianti S.p.A. also has a specific Procedure (doc. OR-100-P) regulating the **“Process of Management/Control”** of the **Code** and the **Model**.

2.4.2.1 GENERAL PRINCIPLES OF CONDUCT FOR THE PREVENTION OF OFFENCES IN “AREAS” AT RISK

A. CONDUCT IN RELATIONS WITH THE PUBLIC ADMINISTRATION (Section 24 and 25 of the Decree)

Carlo Gavazzi Impianti S.p.A. employees (at all levels) working in areas involving a risk of offences against the Public Administration and Partners and anyone else who works with the Company in any way must **obligatorily** avoid all forms of conduct that could produce or constitute offences of the types envisaged in the “Regulatory Appendix” (point 5.2) to this Model and all forms of conduct which, while not constituting an offence, could potentially lead to one.

Therefore, in view of the general principles of conduct expressed in the Company’s **Code of Ethics** (summed up below) and the “specific” principles of conduct to be implemented in order to prevent offences in relations with the Public Administration, Carlo Gavazzi Impianti S.p.A. forbids:

- directly or indirectly paying or promising money to Public Officials or Representatives of the Public Administration;

- directly or indirectly offering gifts of any kind to Public Officials or Representatives of the Public Administration; acts of courtesy are permitted only if of modest value;
- creating situations involving a Conflict of Interest in relation to the Public Administration;
- using sums received from Public Organisations for purposes other than their intended purpose;
- providing Public Organisations with untrue or fraudulent statements with the aim of obtaining public funding, contributions or special terms of financing or obtaining orders or contracts;
- paying unjustified sums to Associates;
- providing services to Partners which are not justified under the association agreements in effect with them;
- applying unlawful pressure to Public Officials or Representatives of the Public Administration or asking them for confidential information with the aim of promoting the Company's interests in business negotiations, requests or business relations with the Public Administration.

B. CONDUCT IN RELATION TO CORPORATE OFFENCES (Section 25ter of the Decree)

Carlo Gavazzi Impianti S.p.A. Directors, Auditors and Managers, Employees and Associates working in areas at risk of committing Corporate Offences are required to behave in such a way as to **categorically** avoid offences of the types identified in the "Regulatory Appendix" to this Model (point 5.2).

Therefore, in view of the general principles of conduct set forth in the Company's **Code of Ethics** regarding "accounting transparency" (briefly summed up below) and the "specific" principles of conduct to be implemented to prevent Corporate Offences, Carlo Gavazzi Impianti S.p.A. requires:

- preparation of accurate, transparent financial statements in accordance with the Law and in compliance with the following principles:
 - Members of the Board of Auditors must be elected after ensuring that they are not consultants of the Company;
 - the Independent Auditor must be appointed after ensuring that it and its associated companies are not consultants of the Company;
 - the Independent Auditor and Certifier of the Financial Statements must apply procedures aimed at ensuring the accuracy and truthfulness of the documents audited;
 - the documents prepared by the Independent Auditor and Certifier of the Financial Statements must be checked to ensure that there are no errors, omissions or inaccuracies; the Supervisory Body must be notified promptly if there are;
 - the values of Evaluating Items in the Income Statement and Balance Sheet must be decided by Company Management on the basis of objective, documented information and in compliance with the criteria of prudence, truthfulness and transparency, providing an exhaustive account in the Supplementary Note;
- and
 - other documents regarding the Administrative Process must be prepared in compliance with the principle of separation of functions and operative separation of the party in charge of accounts, projections, etc. from the party entrusted with auditing them;
- supplying of clear, truthful information to Shareholders and Third Parties regarding the Company's economic, equity and financial situation;
- providing the Supervisory Authority with all the information required by legislation and regulations promptly and accurately without hindering the Authority's work;
- compliance with the rules applying to formation of the price of financial instruments;
- ensuring and facilitating all forms of control permitted by laws on corporate management;
- compliance with all the provisions of the law protecting the integrity and effectiveness of share capital;
- preparation of accounting documents in a way which facilitates reconstruction of the accounting transactions reported in them.

C. CONDUCT IN RELATION TO OFFENCES LINKED WITH VIOLATION OF ACCIDENT PREVENTION, HEALTH AND SAFETY LEGISLATION (Section 25septies of the Decree)

Carlo Gavazzi Impianti S.p.A. Employees (at all levels), Partners, Subcontractors, Suppliers and anyone else working with the Company in any capacity must **absolutely** avoid not only forms of conduct which may cause offences of the types envisaged in Art. 25septies of the Decree (listed in the

“Regulatory Appendix” to this Model; point 5.2) but any situation which could result in injury to oneself or another person (even slight injury).

Carlo Gavazzi Impianti S.p.A. therefore:

- requires all Employees and Associates:
 - to put into practice – in relation to their assigned tasks – the instructions contained in the Company’s Safety, Health and Environment (S.H.E.) Policy, expressed in the **Code of Ethics** and briefly summed up below:
 - strict compliance with current Regulations/Legislation/Company rules;
 - promotion of awareness of the importance of Safety and Environment;
 - verification of implementation of S.H.E. requirements;
 - providing the resources required for safe, healthy work;
 - periodic assessment of the efficacy/efficiency of the requirements of the S.H.E.;
 - to report:
 - any failures to comply and/or unlawful conduct noted;
 - any aspects failing to comply with the requirements for safe, healthy work;
 - any “accident opportunities” which may have occurred, meaning any event which, though not causing damage or injury, could potentially have done so;
- prohibits all its Employees and Associates from:
 - making use of alcohol or illegal drugs (or drugs subject to control and not medically prescribed) at work, and prohibits anyone who may have consumed alcohol or drugs while off duty from beginning or resuming work if in a condition that could result in danger to the person concerned or to others;
 - performing specialised tasks for which they do not have the qualifications required by current laws and regulations;
 - performing activities for which they have not been certified as “suitable” by their doctor;
- asks its Partners, Subcontractors and Suppliers to implement the same requirements and prohibitions in relation to their employees.

2.5 EMPLOYEE INFORMATION/INSTRUCTION AND DISTRIBUTION OF THE MODEL

Carlo Gavazzi Impianti S.p.A. promotes awareness of the Model “inside” and “outside” the Company. The Supervisory Body makes sure that Management Offices/Departments implement the following, as applicable.

- Employees:
 - Employees in the role of Company Managers and Representatives
Holding training courses (including those for new employees); providing information in the letter of hiring for new employees; ensuring availability of the Model on the Company intranet; providing notification of updates to the Model.
 - Other employees
Information on implementation of the requirements of the Model; information contained in the letter of hiring for new employees; availability of the Model on the Company’s intranet and, where necessary (for instance on work sites), in printed and/or computerised form (CD-ROM); notification of updates to the Model.
- “Externally”:
Availability of the Model on Carlo Gavazzi Impianti S.p.A.’s internet site; availability of information in documents placing Orders and stipulating Contracts.

2.6 ENSURING APPLICATION/ADEQUACY OF THE MODEL

The Company ensures the application and adequacy of the Model, taking into account:

- the results of:
 - inspections conducted by the Supervisory Body, at the Body’s own discretion, of operations or acts connected with the risk “areas and activities” identified in the Model;
 - verification of the Documents which Management Office/Departments send the Supervisory Body, in response to the request of the Body;
 - Periodic meetings of the Supervisory Body held to permit ongoing monitoring of the information in its possession;

- any violations reported to the Supervisory Body by the Management Offices/Departments and/or “externally”. In this regard, all Managers in charge of an “area” at risk of committing offences of the types identified in the Decree ensure compliance with the provisions of the Model in this “area”;
- requirements for improvement identified by the Supervisory Body and/or by Company Management (Chairman and Managing Director) and/or by the Board of Directors;
- proposals for improvement presented to the Supervisory Body by Company Management Offices/Departments.

In response to this information, the Supervisory Body:

- promptly proposes:
 - disciplinary sanctions in the event of violation of the requirements of the Model identified by the Body itself or reported to it by Management Offices/Departments or “externally”;
 - changes to the Model, where it is necessary to intervene immediately;
- every six months, and whenever necessary, reviews all the data and information in its possession and reports on it to Company Management (Chairman and Managing Director), reporting on findings during the time period under discussion and identifying any actions to be taken.

3.0 SUPERVISORY BODY

3.1 IDENTIFICATION OF THE SUPERVISORY BODY

For an Organisation to be relieved of administrative liability for committing of any of the offences envisaged under the Decree, it must, under Art. 6, Paragraph 1, letter b) of the Decree have set up a Supervisory Body with “**autonomous powers of initiative and control**” to oversee the functioning, adequacy and implementation of the Model and update it whenever necessary.

In order to perform these tasks effectively, the Supervisory Body must be in possession of the following qualities:

- **autonomy and independence**, to avoid interference and ensure objective judgement;
- **professionalism**, with competences appropriate for the Supervisory Body’s mission;
- **continuity of action**, meaning constant supervision of all aspects pertaining to the Model.

Carlo Gavazzi Impianti S.p.A.’s Supervisory Body, set up in accordance with the above and regulated by the “Supervisory Body Regulations”:

- is composed of Members appointed by resolution of the Board of Directors;
- is on the staff of the Board of Directors and interfaces directly with Carlo Gavazzi Impianti S.p.A. Management (Chairman and Managing Director) regarding data/information to be forwarded to the Board of Directors;
- performs, in addition to the functions listed in point 3.2 below, surveillance of the implementation and efficacy of all Carlo Gavazzi Impianti S.p.A.’s other instructions contained in the **Code of Ethics**, to which the reader is referred for more information;
- works in accordance with the provisions of a specific procedure (doc. OR-100-P) providing “guidelines” for management of the “Process of Management/Control of the Code of Ethics and the Model”.

3.2 FUNCTIONS AND POWERS OF THE SUPERVISORY BODY

The Supervisory Body’s functions include:

- overseeing implementation of the Model** in relation to the offences envisaged under the Decree;
- determining the efficacy of the Model** in order to ascertain whether it is suitable for preventing the risk of committing offences of the types envisaged in the Decree;
- updating the Model after proposing the changes to Company Management (Chairman and Managing Director) and obtaining authorisation from the Board of Directors** – in response to any changes in the Company’s structure and/or organisation chart or changes in the provisions of legislation and/or Company policy or improvements required to perfect the Model when inadequacies for prevention of the offences identified in the Decree are identified.

If the changes or additions are merely formal changes to the text of the Model, updating of the Document may be authorised by Company Management.

The Carlo Gavazzi Impianti S.p.A. Supervisory Body:

- **is required to:**
 - promote initiatives aimed at promotion awareness of the Model and education and promotion of the importance of following the instructions contained in it among employees (see point 2.5 above);
 - comply with the provisions of point 2.6 above regarding verification of the application/adequacy of the Model;
 - investigate alleged violations of the requirements of the Model reported to the Supervisory Body or identified following its inspections;
 - with the involvement of the Management Offices/Departments involved, assess intervention required to adapt the Model on the occasion of changes in the Legislation and/or changes in the Company's activities and/or structure required to prevent offences of the types envisaged in the Decree and wherever there is a need to improve the Model;
 - manage information (receiving, processing, storing and transmission) of significance in relation to compliance with the Model (see point 3.3 below);
- **has the power to:**
 - access any company information and/or documents necessary for its tasks under the Decree. In this regard, if requested by the Supervisory Body, any Company Management Office or Department, employee or member of legal entities is obliged to provide the information or figures required by the Supervisory Body immediately;
 - rely on the collaboration of the Management Offices/Departments concerned and/or resort to external consultants with the professional skills required, where essential for performing its tasks;
- **has the resources required to perform its tasks.**

3.3 INFORMATION FLOWS FROM/TO THE SUPERVISORY BODY

3.3.1 INFORMATION FLOWS FROM THE SUPERVISORY BODY

The Supervisory Body reports to Carlo Gavazzi Impianti S.p.A. Management (Chairman and Managing Director), which interfaces with the Board of Directors.

The Supervisory Body provides Carlo Gavazzi Impianti S.p.A. Management with information on:

- implementation of the Organisation, Management and Control Model;
- identification of any critical aspects;
- the results of activities performed in the course of its assigned tasks;
- ascertainment of events which could potentially result in violation of the Model;
- proposals for improvement of the Model.

3.3.2 INFORMATION FLOWS TO THE SUPERVISORY BODY

Information is provided to the Supervisory Body on:

- any violations or alleged violations of the Model and other situations in which there is a risk of committing offences of the types envisaged in the Decree;
- proposals for improvement of the Model.

All parties required to comply with the Model have a duty to promptly notify the Supervisory Body of any violations or alleged violations of the Model or situations involving a potential risk of committing an offence which could have an impact on the efficacy of the Model and result in liability of Carlo Gavazzi Impianti S.p.A. under the Decree.

4.0 **DISCIPLINARY SYSTEM**

Carlo Gavazzi Impianti S.p.A.'s disciplinary system defined in compliance with the requirements of the Decree involves application of sanctions independently of the result of any criminal proceedings. **Carlo Gavazzi Impianti S.p.A. believes that any failure to comply with the Model will harm the relationship of trust with the person committing the violation, and must therefore be punished even if the Company is exempted from administrative liability.**

4.1 OFFENCES AND INVESTIGATION PROCEDURE

4.1.1 OFFENCES

By way of example, but not exhaustively, the following constitute violations of the Model:

- acts or forms of conduct which, in contrast with the provisions of the Model regarding sensitive processes:
 - expose the Company to an objective risk of committing offences of the types envisaged in the Decree;
 - are undeniably directed at committing one or more of the offences identified in the Decree;
 - determine application of Sanctions under the Decree to the Company;
- missing, incomplete or untruthful documentation of activities required in relation to sensitive processes;
- hindering control, or unjustifiably impeding access to information/documents by the Supervisory Body, or other conduct violating or evading the control system.

4.1.2 INVESTIGATION PROCEDURE

When the Supervisory Body identifies an offence, or receives a report of an offence or alleged offence, it begins the Investigation Procedure as established by the applicable National Collective Agreement. If the offence is confirmed, disciplinary sanctions will be applied.

4.2 SANCTIONS

Carlo Gavazzi Impianti S.p.A.'s system of disciplinary sanctions applies to:

- anyone in a position of representation, administration or direction of the Company or one of its organisational units with powers of financial and functional autonomy;
- persons who officially or effectively exercise powers of management and control over the Company;
- all persons subject to the direction or supervision of one of the persons identified above.

Everyone who works with Carlo Gavazzi Impianti S.p.A. in any way or has contractual relations with it must also be considered subject to the Company's system of disciplinary sanctions in the context of their relations with the Company: the obligation of implementing the requirements of the Model constitutes a specific contractual clause, and so any failure to comply with it will result in application of sanctions.

Disciplinary sanctions – in relation to which the reader is referred to the Carlo Gavazzi Impianti S.p.A. Code of Ethics - are proportionate to the gravity of the violation and comply with the provisions of the applicable Laws and Contracts.

5.0 APPENDICES

5.1 APPENDIX 1 – CONFINDUSTRIA GUIDELINES

In accordance with Art. 3, paragraph 6 of the Decree, Carlo Gavazzi Impianti S.p.A. has prepared its own “**Organisation, Management and Control Model**” with reference to the “Guidelines” issued by Confindustria on March 7 2002 and updated on May 24 2004 and again on March 31 2008.

The Confindustria “Guidelines” identify the following as key aspects for inclusion in the “**Model**”:

- identification of risk areas, that is to say, Management Offices/Departments in which offences of the types envisaged under the Decree might possibly occur;
- definition of an internal control system which uses appropriate protocols to prevent the risk of offences being committed.

The most important components of the preventive internal control system suggested by Confindustria are:

A. Control systems for prevention of Offences of Fraud

- Code of Ethics;
- Organisational System;
- Manual and computerised Procedures;
- Powers of authorisation and signature;
- Management and Control Systems;
- Notification and training of Employees.

B. Control systems for prevention of Offences of Manslaughter and Grievous Bodily Harm committed due to violation of Occupational Health and Safety Legislation

- Code of Ethics;
- Organisational Structure;
- Information and Instruction;
- Communication and Involvement;
- Operative Management;
- Safety monitoring system.

The Confindustria “Guidelines” all specify the principles which are to characterise the Control System:

- traceability, documentation, consistency and coherence of all operations;
- separation of functions (no-one can be solely responsible for all stages in a process);
- documentation of controls;
- introduction of an adequate system of sanctions for any violations of the provisions (Rules and Procedures) in the “**Model**”;
- identification of a “**Supervisory Body**”, the principal requirements for which are: autonomy and independence; professionalism; continuity;
- obligation on the part of Company Departments to provide information to the “**Supervisory Body**”.

5.2 APPENDIX 2 - REGULATIONS

5.2.1 OFFENCES IN RELATIONS WITH THE PUBLIC ADMINISTRATION (Section 24 and 25 of the Decree)

The following is a brief description of the offences envisaged in Art. 24 and 25 of the Decree. Readers are referred to the criminal code for information on the criminal consequences of committing such offences.

5.2.1.1 MISAPPROPRIATE OF PUBLIC FUNDS (Section 316-bis of the criminal code)

The offence occurs when anyone outside the Public Administration, having obtained funding from the State, another Institution or the European Union to promote initiatives aimed at the implementation of works or activities in the public interest, does not use the funding for its intended purpose.

The offence may also apply to funding received in the past and no longer destined for its intended purpose.

5.2.1.2 EMBEZZLEMENT OF PUBLIC FUNDS (Section 316-ter of the criminal code)

The offence occurs when false or untruthful declarations or documents or omission of information is used to unduly obtain, for oneself or for others, contributions, funding, loans on special terms or other forms of financing of any kind from the State, another Public Organisation or the European Union.

In this case, contrary to the case of "misappropriation" (Section 316-bis), the allocation of the public funds is not important, because the offence consists in **unduly** obtaining them.

Lastly, as this is a "residual" offence, it occurs only when the conduct does not constitute the more serious offence of grievous fraud of the State (Section 640-bis of the civil code)

5.2.1.3 BRIBERY (Section 317 of the criminal code)

The offence occurs when a public official or person appointed to provide a public service abuses their position or their powers to force or induce someone to unduly give or promise him or herself or a third part money or other benefits.

The Company may be held liable for an offence of this type only if a Company Employee or Associate participates, in the Company's interests or for its benefit, in the offence of the public official or person appointed to provide a public service who makes use of his or her position to demand undue services.

In the case of bribery, it is the private person who is treated illegitimately by the public official or person appointed to provide a public service.

5.2.1.4 CORRUPTION BY PERFORMING AN ACT CONTRARY TO ONE'S OFFICIAL DUTIES (Section 318 e 319 of the criminal code)

The offence occurs when a public official acts to obtain payment or a promise of payment of money or other benefits for him or herself or for others in return for performing, omitting to perform or delaying acts included among his or her official duties, or performing acts contrary to his or her official duties.

The offence also takes place when a request for money or other benefits is aimed at acts already performed by the public official, whether they conform to or are contrary to his or her duties.

For these reasons, corruption takes place when a public official performs an act included among his or her duties for payment (e.g. unduly giving precedence to certain procedures he or she is to perform) or performs acts contrary to his or her duties (e.g. ensuring illegitimate awarding of a tender).

In the offence of corruption, there is clearly an agreement in place between the corrupted party and the corrupting party aimed at obtaining benefits for both.

In view of the provisions of Section 321 of the criminal code, the penalties identified for public officials shall also be applied to private individuals who pay or promise money or other benefits to public officials.

5.2.1.5 CORRUPTION OF A PUBLIC OFFICIAL (Section 320 of the criminal code)

This offence is identified with the acts envisaged in:

- Section 319 of the criminal code (Corruption by performing an act contrary to one's official duties) if the corruption involves a person appointed to provide a public service;
- Section 318 of the criminal code (Corruption by performing an official act), if it involves a person appointed to provide a public service who is a public employee.

5.2.1.6 INSTIGATION TO CORRUPTION (Section 322 of the criminal code)

The offence takes place when a person offers or promises money or other benefits to a public official or person appointed to provide a public service with the aim of inducing them to perform an act conforming to or contrary to their official duties and the offer or promise is rejected.

Similarly, the behaviour of a public official or person appointed to provide a public service who solicits such a promise or offer by a private party is also sanctioned.

5.2.1.7 JUDICIAL CORRUPTION (Section 319-ter of the criminal code)

The offence takes place when a person offers or promises money or other benefits to a public official or person appointed to provide a public service with the aim of favouring or harming a party to a civil, criminal or administrative court case.

The Company may be held liable for the offence if, as a part to judicial proceedings, it corrupts a public official (a magistrate, court clerk or other official) to obtain successful final conclusion of the proceedings.

5.2.1.8 AGGRAVATED FRAUD AGAINST THE STATE OR ANOTHER PUBLIC INSTITUTION (Section 640, paragraph 2 point 1 of the criminal code)

The offence occurs when artifices or fraud are used to mislead someone in order to obtain an undue profit for oneself or others at the cost of the State, another Public Institution or the European Union.

By way of example and not exhaustively, this offence may be committed when a participant in a public competition provides untrue information (supported by forged documents) in order to obtain awarding of an order or contract.

5.2.1.9 AGGRAVATED FRAUD TO OBTAIN PUBLIC FUNDING (Section 640-bis of the criminal code)

The offence occurs when fraud of the type identified in Section 640, paragraph 2, no.1 of the criminal code (see point 5.1.8 of this document) is performed with the aim of obtaining public funding of any kind provided by the State, another Public Institution or the European Union.

By way of example and not exhaustively, this offence may be committed when artifices or fraud are used by providing false information and/or documents in order to obtain public funding.

5.2.1.10 INFORMATION FRAUD AGAINST THE STATE (Section 640-ter paragraph of the criminal code)

This offence occurs when the functioning of an information system or telecommunications system is altered in some way or the data contained in it is manipulated to obtain undue profit at the cost of the State or another Public Institution.

By way of example and not exhaustively, this offence may be committed when a Company that has obtained funding violates the Public Administration's information system to alter the value of the amount with respect to the value truly and legitimately allocated.

5.2.1.11 MISAPPROPRIATION, BRIBERY, CORRUPTION AND INSTIGATION TO CORRUPTION OF MEMBERS OF EUROPEAN UNION INSTITUTIONS AND OFFICIALS OF THE EUROPEAN UNION AND OF FOREIGN STATES (Section 322-bis, of the criminal code)

Under Section 322-bis of the criminal code, the offences of bribery, corruption, instigation to corruption and judicial corruption also take place when they apply to:

- Members of the Commission of the European Union, of the European Parliament, of the Court of Justice and the Court of Auditors of the European Union;

- Officials and Agents working on contract under the Statute of Officials of the European Union or the regime applicable to Agents of the European Union;
- Persons commanded by member States or by any public or private institution in the European Union who exercise powers comparable to those of officials or agents of the European Union;
- Members, Appointed Persons and Institutions established on the basis of European Union treaties;
- Anyone who performs the functions or activities of a public official or person appointed to provide a public serve in a European Union member State.

5.2.2 **CORPORATE OFFENCES (Section 25ter of the Decree)**

Below is a brief description of the offences identified in Section 25-ter of Legislative Decree. 231/2001 and Legislative Decree 61/2002. The implications of committing such offences are described in the civil code.

5.2.2.1 FALSE DISCLOSURE (Section 2621 and 2622 of the civil code)

The offence of "False Disclosure" (Section 2621 of the civil code) and "False Disclosure at the expense of Shareholders or Creditors" (Section 2622 of the civil code) are the same in terms of conduct: the difference between the two offences lies in the existence of damage to the assets of Shareholders or Creditors. The offence described in Section 2621 constitutes an instance of danger and is considered a fraudulent misdemeanour, whereas the offence envisaged in Section 2622 is considered an offence of damage.

The offences described above are offences which appear in financial statements, reports or other corporate documents required by law directed at shareholders or the public, in material acts which, though subject to assessment, are untruthful and could mislead the recipients regarding the Company's or its "group's" economic, equity or financial situation with the intention of cheating shareholders, creditors or the public; or the omission, with the same intention, of information on the situation which should be disclosed under the law.

With regard to this offence, it is important to note the following:

- the unlawful behaviour must be aimed at earning an undue profit for oneself or for others;
- the untruthful or omitted information must be significant enough to produce a significant alteration in the Company's or the "group's" economic, equity or financial situation;
- if the false information or omission results in a change in the annual pre-tax profit of no more than 5% or a change in net equity of no more than 1%, the offence is not punishable. In any case the offence is not punishable if it is a result of estimates which, individually considered, differ from the correct figure by no more than 10%;
- the offence is punishable if the false or omitted information regards property owned or administrated by the Company on behalf of others.

5.2.2.2 FALSE STATEMENTS IN A PROSPECTUS (Section 2623 of the civil code)

The offence is committed by anyone who, in the prospectuses required to solicit investment or permit stock market listing, or in documents to be published on the occasion of public takeover or trade bids, contain false information or conceal figures or information in order to mislead the recipients of the prospectus (paragraph 1) and constitute a crime if the damage takes place (paragraph 2).

It is worth noting that the existence of the offence of false statements in a prospectus requires:

- existence of awareness of the falsehood and an intention to mislead the recipients of the prospectus;
- conduct aimed at misleading the recipients of the prospectus;
- conduct aimed at obtaining undue profit for oneself or others.

The offence in question:

- is a "common" offence that may be committed by anyone guilty of this form of conduct;
- is considered a crime or a misdemeanour depending on whether or not the conduct produces damage to the assets of the recipients of the prospectus.

5.2.2.3 FALSE REPORTING OR DISCLOSURE OF THE INDEPENDENT AUDITOR (Section 2624 of the civil code)

The offence occurs when independent auditors issue false certificates or conceal information regarding a company's economic, equity or financial situation with the aim of gaining undue profit for themselves or others.

The offence, and therefore the sanction, is more serious if the conduct results in damage to the assets of the recipients of the reports.

The party responsible for committing the offence is of course the Independent Auditor (the offence itself), but Carlo Gavazzi Impianti S.p.A.'s Administrative Bodies and employees may also be involved in concert, for under Section 110 of the criminal code, Directors, Auditors and other persons in the company audited may be considered guilty of the offence in concert if they determine or instigate this form of unlawful conduct on the part of the Independent Auditor.

5.2.2.4 IMPEDING CONTROL (Section 2625 of the civil code)

The offence – attributable exclusively to the company's directors – consists in obstructing or impeding control and/or auditing activities legally attributable to shareholders, other legal entities or the Independent Auditor by withholding documents or other artifices.

The offence is particularly serious if the conduct results in damage.

5.2.2.5 UNLAWFUL RETURN OF CAPITAL (Section 2626 of the civil code)

The offence takes place if a company's directors return capital to shareholders or release shareholders from the obligation of contributing capital, also simultaneously, except in cases of a legitimate reduction of share capital.

The offence is attributable exclusively to the Company's Directors.

5.2.2.6 ILLEGAL PROFIT-SHARING AND DISTRIBUTION OF RESERVES (Section 2627 of the civil code)

Unless the conduct constitutes a more serious offence, this offence takes place when a company's directors share profits or advances on profits which have not actually yet been earned or are allocated by law to reserves, or share reserves which have not yet been constituted with profits, which cannot be shared under the law.

The offence in question:

- is committed by a company's directors;
- is redeemed if the profits are constituted or the reserves are reconstituted prior to the deadline for approval of the financial statements.

5.2.2.7 UNLAWFUL TRANSACTIONS IN STOCKS OR SHARES OF THE COMPANY AND ITS SUBSIDIARIES (Section 2628 of the civil code)

The offence takes place when a company's directors purchase or subscribe company stocks or shares where not permitted by law, thereby harming the integrity of the company's share capital or reserves not eligible for distribution.

The offence is exclusively attributable to the company's directors.

5.2.2.8 TRANSACTIONS PREJUDICIAL TO CREDITORS (Section 2629 of the civil code)

The offence takes place when a company's directors, in violation of the provisions of the law intended to protect creditors, reduce the company's share capital, merge or divide with another company, causing damage to creditors.

The offence:

- is committed by the directors
- is redeemed if compensation is paid to creditors before the case is taken to court.

5.2.2.9 FAILURE TO MAKE A REPORT, DISCLOSURE OR STATEMENT (Section 2630 of the civil code)

The offence takes place if anyone who is required by law to make a report, disclosure or statement to the registry of companies due to their role in a company or association of companies fails to do so by the required deadline.

5.2.2.10 FAILURE TO SUMMON A MEETING (Section 2631 of the civil code)

This offence takes place if directors and auditors fail to summon a meeting of shareholders when such a meeting is required by law or by the company's statute.

5.2.2.11 FICTITIOUS SHARE CAPITAL FORMATION (Section 2632 of the civil code)

The offence takes place when directors and contributing shareholders fictitiously increase or form a company's share capital – even in part – with allocation of stocks or shares which total a greater amount than the company's share capital, reciprocal subscription of stocks or shares, significant over-assessment of contributions of goods in kind or credits or of the company's assets, in the case of a transformation.

The offence in subject is exclusively attributable to the directors and shareholders in question.

5.2.2.12 UNDUE DIVISION OF COMPANY ASSETS BY LIQUIDATORS (Section 2633 of the civil code)

The offence occurs when liquidator divides up the company's assets among shareholders before paying the company's creditors or setting aside the sums required to pay them, causing damage to creditors. Payment of compensation for damages to creditors before the case goes to court redeems the offence.

5.2.2.13 MISCONDUCT IN RELATION TO CORPORATE ASSETS (Section 2634 of the civil code)

The offence occurs when directors, general managers and liquidators who have interests in conflict with those of the company perform or agree to resolve on acts disposing of company assets intentionally causing damage to the company's assets in order to obtain undue profit or other benefits for themselves or others.

5.2.2.14 MISCONDUCT FOLLOWING PAYMENT OR PROMISE OF PROFITS (Section 2635 of the civil code)

The offence occurs when directors, general managers, auditors, liquidators or independent auditors perform or abstain from perform acts in violation of their official duties, causing damage to the company, in return for obtaining or a promise of obtaining a profit.

5.2.2.15 UNLAWFUL INFLUENCE ON SHAREHOLDERS' MEETING (Section 2636 of the civil code)

The offence takes place when a simulated act or fraud provides a majority in the shareholders' meeting with the aim of obtain undue profit for oneself or others.

The offence in question may be committed by anyone, including people who do not work for the company.

5.2.2.16 MARKET MANIPULATION (Section 2637, of the civil code)

This offence is committed through dissemination of false information or through operations or artifices producing a significant alteration in the price of listed or unlisted financial instruments or increasing the faith of the public or the financial institutions in the company's stability.

This offence may be committed by anyone.

5.2.2.17 PREVENTING PUBLIC SUPERVISORY AUTHORITIES FROM PERFORMING THEIR FUNCTIONS (Section 2638, of the civil code)

The offence is aimed at preventing public authorities from performing their supervisory functions and may take place in two distinct ways:

- consciously hindering the exercise of supervisory functions in any way;
- providing supervisory authorities with untruthful information or partially or wholly concealing facts which should have been disclosed regarding a company's economic, equity or financial situation.

In both case the office may be committed by directors, general managers, auditors and liquidators.

5.2.3 MANSLAUGHTER AND WOUNDING OR GRIEVOUS BODILY HARM COMMITTED WITH VIOLATION OF ACCIDENT PREVENTION AND OCCUPATIONAL HEALTH AND SAFETY LEGISLATION (Section 25septies included in the Decree by Law n° 123 on August 3 2007)

The offence takes place when violation of Accident Prevention and Occupational Health and Safety legislation negligently causes:

- the death of a person; the death of more than one person, or the death of one or more persons and injury of one or more persons (Manslaughter, Art. 589 of the criminal code);
- grievous or very grievous bodily harm to one or more persons (Culpable Bodily Harm, Section 590 of the criminal code).

By way of example and by no means exhaustively, a number of culpable violations that could potentially cause death, injury and/or grievous bodily harm and should therefore be considered instances of this offence are listed below.

- Failure to interrupt work in the absence of the required safety conditions.
The offence is attributable to anyone who has the authority to interrupt work in places where such an event could occur (on company premises or work sites).
- Failure to assign the necessary Personal Protective Equipment (P.P.E.) and/or failure to install Collective Protective Equipment (such as earthing system, fire extinguishers, etc).
The offence may be committed by anyone who is responsible for providing P.P.E. or installing Collective Protection in places where such an event could occur (on company premises or work sites).
- Failure to provide employee(s) with information/instruction
The offence may be committed by anyone in charge of these activities in places where such an event could occur (on company premises or work sites).
- Failure to prohibit use of plants/equipment/vehicles which are inadequate, have not been subjected to maintenance or are clearly malfunctioning
The offence may be committed by anyone responsible for such prohibition on company premises or work sites.
- Failure to implement the provision requiring medical examinations (upon hiring and periodically thereafter) to ensure employees' suitability for their tasks
The offence may be committed by anyone in charge of ensuring that medical examinations are performed of employees on company premises and work sites.
- Failure to implement the established safety requirements for performing an activity
The offence may be committed by anyone responsible for the incriminated conduct on company premises or work sites.
- Improper use of vehicles/equipment
The offence may be committed by anyone responsible for the incriminated conduct on company premises or work sites.
- Use of vehicles/equipment for which one does not have the consent of the authority in charge of authorising their use
The offence may be committed by anyone responsible for the incriminated conduct on company premises or work sites (e.g. Site Operator not authorised by Site Manager; Site Operator or Site Manager using a third party's vehicles or equipment without authorisation; etc.).
- Unauthorised removal or modification of safety devices on vehicles/equipment or collective protective equipment
The offence may be committed by anyone responsible for the incriminated conduct on company premises or work sites (e.g. Site Operator not authorised by Site Manager; Site Operator or Site Manager not authorised by Customer; etc.).



5.2.4 OFFENCES AGAINST THE PUBLIC TRUST (Section 25bis included in the Decree by Law no. 409/2001) – COUNTERFEITING CASH, PUBLIC DOCUMENTS OF CREDIT OR REVENUE STAMPS

Below is a list of offences against the “public trust”. The reader is referred to the Criminal Code for information on the implications of committing these offences.

1. COUNTERFEITING CASH, USE OR COMPLICIT INTRODUCTION INTO THE STATE OF COUNTERFEITED CASH (Section 453 of the criminal code)
2. ALTERATION OF CASH (Section 454 of the criminal code)
3. USE OR NON-COMPLICIT INTRODUCTION INTO THE STATE OF COUNTERFEITED CASH Section 455 of the criminal code)
4. USE OF COUNTERFEIT CASH RECEIVED IN GOOD FAITH (Section 457 of the criminal code)
5. COUNTERFEITING OF REVENUE STAMPS, OR PURCHASING, HOLDING OR PUTTING INTO CIRCULATION COUNTERFEIT REVENUE STAMPS (Section 459 of the criminal code)
6. COUNTERFEITING OF WATERMARKED PAPER FOR FABRICATION OF PUBLIC DOCUMENTS OF CREDIT OR REVENUE STAMPS (Section 460 of the criminal code)
7. FABRICATION OR HOLDING OF WATERMARKED PAPER OR INSTRUMENTS INTENDED FOR COUNTERFEITING OF CASH, REVENUE STAMPS OR WATERMARKED PAPER (Section 461 of the criminal code)
8. USE OF COUNTERFEITED OR ALTERED REVENUE STAMPS (Section 461 of the criminal code)

5.2.5 CRIMES OF TERRORISM OR SUBVERSION OF DEMOCRACY (Section 25quater of the Decree, added by Law no. 7/2003)

Organisations bear administrative liability for:

- committing the “crimes aimed at terrorism or subversion of democracy identified in the Criminal Code and Special Laws”,
- committing crimes violating Art.2 of the International Convention for repression of financing of terrorism, signed in New York on December 9, 1999.

5.2.6 CRIMES AGAINST THE INDIVIDUAL (Section 25quinquies of the Decree, added by Law no. 228/2003)

Organisations bear administrative liability for committing specific crimes against the individual identified in the Criminal Code.

Below is a list of crimes against the “individual” envisaged in the Criminal Code; the reader is referred to the code for information on the implications of committing these crimes.

1. REDUCING OR KEEPING A PERSON IN SLAVERY OR SERVITUDE (Section 600 of the criminal code)
2. CHILD PROSTITUTION (Section 600bis of the criminal code)
3. CHILD PORNOGRAPHY (Section 600ter of the criminal code)
4. TOURISM AIMED AT EXPLOITATION OF CHILD PROSTITUTION (Section 600quinquies of the criminal code)
5. PURCHASE AND SALE OF SLAVES (Section 602 of the criminal code)

5.2.7 OFFENCES AGAINST THE PROVISIONS FOR THE FULFILMENT OF OBLIGATIONS RESULTING FROM ITALY’S MEMBERSHIP IN THE EUROPEAN UNION (Section 25sexies of the Decree, added by Art.9 of Law no. 62 of April 18 2005)

Organisations bear administrative liability for:

- committing offences resulting from “**abuse of insider information**” with the aim of:
 - a) using insider information when purchasing, selling or conducting other transactions in financial instruments either directly or indirectly, on one’s own behalf or for a third party;
 - b) disclosing insider information to others, beyond the requirements of one’s ordinary work, profession, function or office;
 - c) recommending or inducing others to conduct transactions of the types identified in point a) above on the basis of insider information;
- committing the offence of “**market manipulation**” by disclosing false information or conducting simulated transactions or other artifices concretely liable to cause a significant alteration in the price of financial instruments.

5.2.8 OFFENCES OF DEALING IN STOLEN GOODS, MONEY LAUNDERING AND USE OF MONEY, GOODS OR OTHER ASSETS OF UNLAWFUL ORIGIN (Section 25octies of the Decree, added by Legislative Decree of November 16 2007)

1. DEALING IN STOLEN GOODS (Section 648 of the criminal code)

This offence is committed by anyone who, in order to gain a profit for him or herself or for others, purchases, receives or conceals money or property originating in a crime of any kind, or participates in the purchase, reception or concealment thereof.

The provisions of this article also apply if the person who committed the offence giving rise to the money or property in question may not be charged with the crime or punished for it or cannot be tried for this crime.

2. MONEY LAUNDERING (Section 648-bis of the criminal code)

The offence is committed by anyone who replaces or transfers money, goods or other profits from a crime of negligence, or conducts other transactions in relation to them with the aim of preventing identification of their criminal origin.

3. USE OF MONEY, PROPERTY OR PROFITS OF UNLAWFUL ORIGIN (Section 648-ter of the criminal code)

The offence is committed by anyone who uses money, property or other profits obtained from crime in economic or financial activities, other than the cases of aiding and abetting crime identified in Sections 648 and 648-bis.