



**MODEL OF ORGANIZATION,
MANAGEMENT AND CONTROL
PURSUANT TO
LEGISLATIVE DECREE NO. 231/01**

FINCHIMICA S.P.A.

Approved by unanimous decision
of the Board of Directors
on 20 June 2017

GENERAL PART
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1. LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001 REGARDING ADMINISTRATIVE LIABILITY OF LEGAL PERSONS, COMPANIES AND ASSOCIATIONS, INCLUDING THOSE WITH NO LEGAL PERSONALITY

1.1 Administrative Liability of Legal Persons

In implementing the delegation under Article 11 of Law No. 300 of 29 September 2000, on 8 June 2001, Legislative Decree No. 231 introduced in Italy “Provisions on the administrative liability of legal persons, companies and associations, including those without legal personality” (the “Legislative Decree No. 231/01 or the “Decree”). The Decree is part of a broad legislative effort to crack down on corruption, aligning national legislation with the international conventions on the liability of legal persons previously signed by Italy.

Legislative Decree No. 231/01 introduces an administrative liability scheme (one that can be essentially compared to criminal liability) that applies to legal persons¹ (the “**Entity/ies**”) in addition to the liability of the natural person(s) (as will be described in further detail below) who committed the crime. The Decree aims to involve in the sanctioning process those Entities in the interest of which the crime has been committed. This administrative liability only arises in connection with the offences listed in Legislative Decree No. 231/01.

Article 4 of the Decree specifies that, in some cases and under the conditions provided for by Articles 7, 8, 9 and 10 of the Italian Criminal Code, the administrative liability of Entities with head office in Italy also arises in connection with offences committed abroad by natural persons (as will be described in further detail below), provided that the Country in which the offence was committed does not initiate proceedings in respect of those offences.

1.2 The parties subject to Legislative Decree No. 231/01

Liability of the Entity can arise as a result of the following individuals committing an offence in the Entity’s interest or to its advantage:

- (i) natural persons holding senior positions (representation, direction or management positions in the Entity or in a financially and functionally autonomous organisational unit within the Entity; natural persons who manage and control the Entity, including on a *de facto* basis, the “**Senior Executives**”).

¹ Article 1 of Legislative Decree No. 231/2001 has defined the scope of the entities concerned by it so as to include only those “entities having legal personality, companies and associations, including those without legal personality”. Therefore, the Decree applies to:

- Non-state-owned entities: i.e., entities having legal personality and associations, including those without legal personality;
- State-owned entities: i.e., state-owned entities not acting as governmental entities and thus without public powers (known as “*enti pubblici economici*” (economic public entities));
- Entities in which the state has an interest (known as “*società miste*” (public/private mixed companies).

Therefore, the Decree does not apply to: the State, local authorities (Regions, Province, Municipalities and Mountain Communities (*Comunità Montane*), other governmental entities and any entity that performs functions of a constitutional relevance (Chamber of Deputies, Senate, Constitutional Court, General Secretariat of the Republic, High Council of the Judiciary (*Consiglio Superiore della Magistratura*), etc.).

- (ii) natural persons subject to the management or supervision of one of the above-mentioned persons (the “**Subordinates**”).

‘Subordinates’ does not mean the Entity’s employees only. In fact, the notion of “Subordinate” also includes:

“Those workers who, while not being <employees> of the Entity, engage in a relationship with it that involves supervision by the Entity’s top management: for example, agents, joint venture partners, quasi self-employed in general, distributors, suppliers, consultants, contractors”².

According to the mainstream legal theory, all those situations in which contractors are appointed to carry out a specific assignment under the direction or control of Senior Executives are relevant to establishing the Entity’s administrative liability.

However, in compliance with an express legislative provision (Article 5, paragraph 2 of the Decree), the Entity may not be held liable if the contractors acted in their exclusive interest or that of a third party. Their behaviour must be an expression of their corporate relationship with the Entity, within the scope of which the Entity may be held responsible for their actions.

1.3 Predicate Offences

The Decree refers to the following offences (the “**Predicate Offences**”):

- (i) crimes against the Public Administration (Articles 24 and 25 of Legislative Decree No. 231/01), introduced by the Decree and amended by Law No. 190 of 6 November 2012 and by Law No. 69/15;
- (ii) computer crimes and unauthorised processing of information, introduced by Article 7 of Law No. 48 of 18 March 2008, which introduced Article 24-bis of Legislative Decree No. 231/01;
- (iii) organised crime offenses, introduced by Article 2, paragraph 29, of Law No. 94, which introduced Article 24-ter of Legislative Decree No. 231/01;
- (iv) fraud involving counterfeiting money, bearer coupons and certificates, revenue stamps and official seals, introduced by Article 6 of Law No. 406 of 23 November 2001, which introduced Article 25-*bis* of Legislative Decree No. 231/01, as supplemented by Article 15, paragraph 7, letter A) of Law No. 99 of 23 July 2009;
- (v) crimes against industry and trade, introduced by Article 15, paragraph 7, letter B) of Law No. 99 of 23 July 2009, which introduced Article 25-bis.1 of Legislative Decree No. 231/01;
- (vi) corporate crimes, introduced by Legislative Decree No. 61 of 11 April 2002, which introduced Article 25-*ter* of Legislative Decree No. 231/01, as supplemented by Law No.190 of 6 November 2012 and Law No. 69/15;

² See Assonime Circular Letter No. 68 of 19 November 2002.

- (vii) crimes involving terrorist acts or committed to subvert the democratic order, introduced by Law No. 7 of 14 January 2003, which introduced Article 25-*quater* of Legislative Decree No. 231/01;
- (viii) practices involving female genital mutilation, introduced by Law No. 7 of 9 January 2006, which introduced Article 25-*quater*.1 of Legislative Decree No. 231/01;
- (ix) crimes against the person, introduced by Law No. 228 of 11 August 2003, which introduced Article 25-*quinquies* of Legislative Decree No. 231/01 and supplemented by Article 6, paragraph 1, of Law No. 199 of 29 October 2016³;
- (x) crimes involving market manipulation, provided for by Law No. 6218 of April 2005, which introduced Article 23 of Legislative Decree No. 231/01, Article 25-*sexies* and Article 187-*quinquies* “Liability of the Entity” of the TUF;
- (xi) manslaughter and serious or life-threatening injury resulting from any violation of work health and safety regulations, introduced by Law No. 123, which introduced Article 25-*septies* of Legislative Decree No. 231/01;
- (xii) handling of stolen goods, money laundering and use of illicit proceeds, goods or benefits, as well as self-laundering, introduced by Legislative Decree No. 231 of 21 November 2007, which introduced Article 25-*octies* of Legislative Decree No. 231/01, as supplemented by Law No. 186/14;
- (xiii) crimes involving copyright violations, introduced by Article 15, paragraph 7, letter C) of Law No. 99 of 23 July 2009, which introduced Article 25-*novies* of Legislative Decree No. 231/01;
- (xiv) crime of inducing someone to refrain from issuing statements or to issue false statements to the judicial authority, introduced by Article 4 of Law No. 116 of 3 August 2009, which introduced Article 25-*decies* of Legislative Decree No. 231/01⁴;
- (xv) crimes against the environment, introduced by Legislative Decree No. 121 of 7 July 2011, which introduced Article 25-*undecies* of Legislative Decree No. 231/01, as supplemented by Law No. 68/15;
- (xvi) cross-border crimes, introduced by Law No. 146 of 16 March 2006, “Law on Ratification and Enforcement of the United Nations Convention and Protocols against Cross-border Organised Crime”;
- (xvii) employment of third-country nationals with illegal residence, introduced by Legislative Decree No. 109 of 16 July 2012, which implemented “Directive 2009/52/EC of the European Parliament and of The Council of 18 June 2009 providing for minimum standards on sanctions and measures against employers of

³ Article 25-*quinquies* was introduced in Legislative Decree No. 231/2001 by Article 5 of Law No. 228 of 11 August 2003 and then supplemented by Article 6, paragraph 1 of Law No. 199 of 29 October 2016. This Article concerns the following offences: Enslavement (Article 600 of the Italian Criminal Code), offences regarding child prostitution and exploitation thereof (Article 600-*bis* of the Italian Criminal Code), child pornography and exploitation thereof (Article 600-*ter* of the Italian Criminal Code) possessing pedo-pornographic material produced by sexually exploiting minors (Article 600-*quater* of the Italian Criminal Code), tourism aimed at exploiting child prostitution (Article 600-*quinquies* of the Italian Criminal Code), engaging in slave trade (Article 601 of the Italian Criminal Code), selling and buying slaves (Article 601 of the Italian Criminal Code), sexual violence (Article 609-*bis* of the Italian Criminal Code), engaging in sex with minors (Article 609-*quater* of the Italian Criminal Code), corruption of minors (Article 609-*quinquies* of the Italian Criminal Code), group sex violence (Article 609-*octies* of the Italian Criminal Code), child solicitation (Article 609-*undecies* of the Italian Criminal Code). Furthermore, Law No. 199/2016 concerning “Provisions aimed to contrast unreported employment, exploitation of work in agriculture and adjustment of remunerations in the agricultural sector” inserted among the predicate offences under Article 25-*quinquies* the offence of unlawful labour intermediation and exploitation of labour (Article 603-*bis* of the Italian Criminal Code). This offence is aimed at punishing anyone who recruits workers for third parties to exploit them by taking advantage of their state of need as well as anyone who engages in using, hiring or employing workers by exploiting them and taking advantage of their state of need.

⁴ Initially Article 25-*novies*, then changed into 25-*decies* by Legislative Decree No. 121/2011.

illegally staying third-country nationals”, which introduced Article 25-*duodecies* of Legislative Decree No. 231/01.

1.4 Sanctions under the Decree

Legislative Decree No. 231/01 provides that the following sanctions may apply to Entities subject to the relevant provisions:

- a) administrative pecuniary sanctions;
- b) disqualification or debarment measures;
- c) confiscation of the price or proceeds of the crime;
- d) publication of the judgment.

(a) The Administrative pecuniary sanction, regulated by Article 10 and followings of the Decree is the “base” sanction to be mandatorily applied. The Entity is liable for paying with its assets or common fund.

Based on the innovative system adopted under the law, the judge must determine the pecuniary sanction in two separate and consecutive steps. This allows for a better chance to commensurate the sanction to the seriousness of the conduct and the Entity’s financial situation.

Firstly, the judge establishes the number of quotas (which may in no case be less than one hundred and not more than one thousand)⁵ taking into account:

- the seriousness of the conduct;
- the extent of the Entity’s liability; and
- the steps taken to eliminate or reduce the consequences of the conduct and to prevent the commission of further violations.

The second operation that the judge is called upon to carry out is establishing the value of each quota within the minimum and maximum pre-determined values. The amount of a quota ranges between a minimum of EUR 258.00 and a maximum of EUR 1,549.00. The amount of the quota is fixed “considering the Entity’s financial situation and assets, to ensure that the sanction is effective” (Articles 10 and 11, paragraph 2 of Legislative Decree No. 231/01).

As stated under Article 5.1 of the Relation to the Decree:

“With regard to the ways in which the Entity’s financial situation and assets are to be determined, the judge may refer to its financial statements and any other accounting records suitable to provide an accurate

⁵ With reference to market abuse offences, Article 25-*sexies*, paragraph 2 of Legislative Decree No. 231/2001 provides that: “if, following the commission of any of the offences under paragraph 1, the proceeds or profits of the offence are of a significant value, the sanction is increased up to ten times the value of such proceeds or profits”.

representation thereof. In some cases, the evaluation may also entail taking into account the Entity's size and its market position. (...) With the assistance of consultants, the judge must gather information on, and unveil, the company's financial and economic situation, as well as the composition of its assets”

Article 12 of Legislative Decree No. 231/01 lists a series of cases in which the pecuniary sanction is reduced. They are briefly described in the following table, along with the specific applicable reduction and the preconditions to its application:

REDUCTION	REQUIREMENTS
By ½ (it may in no case exceed EUR 103,291.00)	<ul style="list-style-type: none"> • the wrongdoer committed the fact mainly in his/her own interest or that of third parties <i>and</i> the Entity has not gained any advantage or has obtained a negligible advantage from it; <i>or</i> • the financial harm caused is negligible.
By 1/3 up to ½	<p><u>[before</u> the opening of the first instance hearing]</p> <ul style="list-style-type: none"> • the Entity has fully compensated for the damage and has removed the harmful or dangerous consequences of the crime, or has otherwise taken effective actions to that effect; <i>or</i> • an organisational model has been adopted and implemented which is suitable to prevent such crimes as the one committed.
By ½ up to 2/3	<p><u>[before</u> the opening of the first instance hearing]</p> <ul style="list-style-type: none"> • the Entity has fully recompensed the damages and has removed the harmful or dangerous consequences of the crime or has in any case taken effective actions to that effect; <p><i>and</i></p>

	<ul style="list-style-type: none"> • an organisational model has been adopted and implemented which is suitable to prevent such crimes as the one committed.
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(b) The Decree provides for the following **disqualification or debarment measures**, which apply in connection with the specific crimes for which they are laid down:

- ban on engaging in business activities;
- suspension or revocation of authorisations, licenses or concessions related to the offence;
- prohibition on bargaining with the Public Administration, except for the provision of a public service;
- exclusion from entitlement to subsidies, funding, grants and subventions, and / or the revocation of those already granted; and
- prohibition on advertising goods or services.

Disqualifications and debarment measures may only apply where at least one of the following conditions stated in Article 13 of Legislative Decree No. 231/01 is satisfied:

- “the Entity has gained from the crime a substantial profit and the crime was committed by executives or by individuals subject to supervision by others when, in such event, the commission of the crime is the result of, or was facilitated by, serious organisational deficiencies”; or
- “in the event of reiterated offences”⁶.

Moreover, the Public Prosecutor may ask that disqualification or debarment measures be applied and implemented by the Judge on a provisional basis when:

- serious elements can be found which point to the existence of the Entity’s liability as a result of an administrative offence having been committed;
- well-grounded and specific elements exist which lead to the conclusion that offences of the same nature are likely to be committed again; or
- the Entity has obtained a substantial profit from the crime.

Disqualification or debarment measures do not apply when the wrongdoer has committed the crime mainly in his/her own interest or that of third parties, and the Entity has not obtained any advantage or has obtained a negligible advantage from it.

Disqualification or debarment measures also do not apply when the Entity has implemented the restorative measures provided for by Article 17 of Legislative Decree No. 231/01, and, more precisely, when the following conditions occur:

⁶ In accordance with Article 20 of Legislative Decree No.231/2001 “there are reiterated offences whenever the entities, which had already been subject to a final judgment under the Decree, commits another offence within five years from the final judgment”.

- “the Entity has fully compensated for the damages and has removed the harmful or dangerous consequences of the crime or has in any case taken effective actions to that effect”;
- “the Entity has effectively dealt with the organisational deficiencies that led to the commission of the crime by adopting and implementing organisational models suitable to prevent such crimes as the one committed”;
- “the Entity has made available the profit obtained for its confiscation”.

Disqualification and debarment measures apply for a term of not less than three months and not more than two years. The judge determines which measure will apply and the term thereof based on the criteria laid down to calculate the pecuniary sanctions, “considering whether the individual sanctions are suitable to prevent further infringements of the same type as the one committed” (Article 14 Legislative Decree No. 231/01).

The law also specifies that the ban on engaging in business activities only applies when the application of any other disqualification or debarment measure is considered inadequate.

(c) In accordance with Article 19 of Legislative Decree No. 231/01, in convicting the Entity, a **confiscation** order – including by equivalent means – is always issued with regard to the price (money or other financial benefit given or promised to induce or cause another person to commit the offence) or the profit (direct financial benefit obtained) originating from the crime, except for the share that may be handed over to the damaged party. Rights acquired by third parties in good faith may not be affected.

(d) When a disqualification or debarment measure is applied to the Entity, **publication of the judgment of conviction** may also be ordered, either in full or as an excerpt, in one or more newspapers as indicated by the judge in the sentence, as well as public display in the Townhall of the Municipality where the Entity has its head office. Publication of the judgment is carried out, care of the court clerk’s office of the judge, at the Entity’s expense.

1.5 Attempted crimes

When an attempt to commit any of the crimes listed in the Decree is made, pecuniary sanctions (in terms of amount) and disqualification and debarment measures (in terms of time) may be reduced by one-third up to half; the Entity is not liable when it voluntarily prevents the action from being performed or the event from occurring (Article 26 of the Decree).

Legal Excuses

Articles 6 and 7 of Legislative Decree No. 231/01 provide for **specific cases in which** the Entity bears **no administrative liability** in relation to crimes committed in its interest or for its benefit by Senior Managers or Subordinates (as described at paragraph 1.2).

More specifically, if the offences have been committed by Senior Managers, Article 6 of the Decree provides that the Entity may not be held liable if it proves that:

- a) the management has **adopted** and **effectively implemented**, before the crime was committed, an **organisational and management model suitable to prevent such crimes** as the one committed (the “**Model**”);
- b) a **body** of the Entity (the “**Surveillance Body**” or “**SB**”) possessing autonomous powers of initiative and control is entrusted with the **task of supervising** the effective **functioning** of and the **compliance** with the **Model**, as well as updating it;
- c) the persons who have committed the crime fraudulently circumvented the application Model; and
- d) the Surveillance Body did not fail to carry out its supervision nor was its supervision insufficient.

As regards the Subordinates (Article 7 of the Decree), **no liability** may be found on the part of the **Entity** where the latter has **adopted and effectively implemented**, before the crime was committed, a **Model suitable to prevent such crimes** as the one committed.

Exclusion of liability on the part of the **Entity** is not the result of merely **adopting the Model**, but also of its effective implementation. This is achieved by **implementing all the procedures and controls necessary to limit the risk that the offences which the Company intends to prevent might be committed**. More specifically, with reference to the Model’s features, in Article 6, paragraph 2, the Decree expressly states the following preparatory steps to the proper implementation of the Model:

- a) identifying the activities in relation to which crimes might be committed;
- b) establishing specific protocols concerning the scheduling and the carrying out of the Entity’s decisions in relation to the crimes to be prevented;
- c) identifying ways of managing financial resources to prevent the commission of crimes;
- d) establishing disclosure obligations vis-à-vis the Surveillance Body; and
- e) introducing a suitable disciplinary system to apply sanctions for failing to abide by the prescriptions laid down under the model.

1.6 Guidelines

As required under the law, the Models may be adopted based on codes of conduct drawn up by traders’ associations that have been notified to the Ministry of Justice. In agreement with the competent Ministries, the Ministry of Justice may submit within 30 days observations on whether the Models are suitable to prevent offences.

This Model has been drawn up based on the Guidelines for drafting an organisational, management and control model under by Legislative Decree No. 231/01 approved by Confindustria on 7 March 2002 and later updated⁷.

The framework shown in the Guidelines can be summarised using the following key points:

- identifying the corporate activities at risk and areas/departments in which the offences provided for by the Decree might be committed; and

⁷ Guidelines as updated by Confindustria in March 2014.

- provision of a control system that can reduce risks by adopting appropriate protocols. As a support, a coordinated set of organisational structures, activities and operational rules exists that is applied – based on information supplied by Senior Manages – by managers and consultants to ensure reasonable certainty as to the achievement of the objectives typically pursued through a suitable internal control system.

With regard to intentional crimes, the most relevant components of the preventive control system proposed by Confindustria Guidelines are:

- the Code of Conduct;
- the organisational system;
- manual and IT procedures;
- authorisation and signing powers;
- control and management system; and
- effective staff communication and training.

With regard to **non-intentional offences (offences resulting from any violation of work health and safety regulations and – despite having been included after publication of Confindustria Guidelines – the most part of offences against the environment)**, the **most relevant features** identified by Confindustria are:

- the **Code of Conduct** (or code of ethics) **for the offences at issue;**
- the **organisational system;**
- **tutoring and training;**
- **communication and engagement;**
- **operational management; and**
- **safety monitoring system.**

The control system must be consistent with the following principles:

- any transaction is consistent and may be verified and documented;
- functions are separated (no one can independently manage all the stages of a process);
- controls are duly documented;
- an appropriate sanctioning system is introduced for violations of the rules and of the protocols provided by the Model;
- Surveillance Body is appointed, the main requirements of which are:
 - autonomy and independence;
 - professionalism; and
 - ongoing operation.
- Obligation of the departments to provide information to the Surveillance Body through scheduled reports (periodic reporting, as required under the Model), or to report anomalies or atypical events. This obligation lies especially on those departments identified as being exposed to the risk that an offence might be committed.

2 FINCHIMICA S.P.A.'S ORGANISATIONAL AND MANAGEMENT MODEL

2.1 Brief overview of Finchimica S.p.A.'s business.

Finchimica S.p.A. is a company that produces active ingredients and intermediate chemicals for agriculture. It began operating in 1976. All plants are the property of Finchimica and operate independently.

The Company falls within the scope of application of the Community legislation on the control of the major hazard incidents related to certain dangerous substances known as "Seveso III Directive" and related Legislative Decree No.105/15, specifically due to the presence of Anhydrous Fluoride.

Deposits are bunkered to avoid significant accidents as a result of product leakage.

From the early 1990s, a Safety Management System has been set up which was implemented upon the entry into force of Legislative Decree No. 626/1994 (now transposed in Legislative Decree No. 81/2008, Consolidate Law on Work Health and Safety) and has been certified since 2001.

The main technological expertise consists of Photochlorination, Chlorination, Fluorination, Mono and Di -nitrations, Aminations, both with amine and with ammonia, and Hydrogenations.

Finchimica develops its own processes starting from the R&D internal division, increasing its expertise thanks to a laboratory equipped with instruments and tools which are also suitable for conducting substance stability tests.

The Company applies the "Integrated Quality, Environment and Safety Management System", holding the following standard certifications (including updates):

Environmental, UNI-EN-ISO 14001 - Certiquality

Environmental, UNI-EN-ISO 14001 - IQNet

Quality, UNI-EN-ISO 9001 Certiquality

Quality, UNI-EN-ISO 9001 IQNet

Safety UNI 10617 Certiquality

Safety Management System on Health and Safety at Work OHSAS 18001

Certificate of Excellence Certiquality (Certiquality grants this certificate only once in the life of a company and only to companies which have obtained Quality, Environment and Safety certifications)

2.2 Implementation of the Model

Finchimica is mindful of the need to ensure fairness and transparency in conducting business and business activities. As a result, in 2008, the Company decided to implement an

organisational, management and control model under Legislative Decree No. 231/01 (the “**Model**”), and the Code of Conduct, which represents an integral part thereof.

The Company undertook this action in the belief that implementing the Model can represent an important tool for raising the awareness of all those who work in the name and on behalf of Finchimica S.p.A., inducing them to act diligently and transparently and preventing the risk of the offences covered by the applicable legislation being committed. This is so despite the fact under the provisions of the Decree the implementation of the Model is not mandatory.

Finchimica S.p.A. emphasises, first of all, that it does not tolerate any illicit behaviours regardless of their purpose, as these are against the ethical principles on which Finchimica S.p.A. founds its corporate mission. This is so even in those cases in which the Company appears to have gained some advantage.

In 2016, the Company decided to update its Model, following the introduction into Legislative Decree No. 231/01 of additional Predicate Offences and some organisational changes that had taken place. The Company also provided for an “update/renovation” of the Code of Conduct and the Model in consideration of the most recent development concerning the applicable legal theory and case law.

As required by the Decree, the Company’s Board of Directors has approved the updated version of the Code of Conduct and of this Model on 20 June 2017.

2.3 The aims pursued by the Model

2.3.1 The aims pursued by the Model

The Company has drawn up the Model to identify sensitive areas in the business activity characterised by a high degree of probability that the offences listed under the applicable legislation are committed. More specifically, the Model pursues the following aims:

- setting up a control system to prevent the risk the offences listed under the applicable legislation might be committed;
- making all individuals operating on behalf of Finchimica S.p.A., in particular those concerned with “sensitive activities” (i.e., those activities in relation to which, due to their nature, a risk that the offences identified in the Decree might be committed exists) aware of the fact that, should they breach the rules governing those activities, they might incur disciplinary and/or contractual sanctions, as well as criminal and administrative penalties;
- informing all those working with the Company that the breach of the rules contained in the Model will result in the application of specific sanctions or the termination of their contractual relationship; and
- confirming that Finchimica S.p.A. does not tolerate any illicit behaviour regardless of its purpose (although the Company might seem to gain some advantage), as such behaviours are against the ethical principles on which Finchimica S.p.A. founds its Company mission.

2.3.2 Laying down the Model

Also in the light of the Guidelines indicated in the relevant legislation, the Model was laid down (and then implemented) taking the following steps:

- (i) preliminary examination of the business environment by analysing the relevant corporate documentation and conducting interviews with those managers of Finchimica S.p.A. who have information about the Company's structure and activities to identify the organisation and the activities carried out by the various units/departments, as well as the business processes through which the activities develop and their actual and effective implementation;
- (ii) identification of the activity areas "at risk" or, with regard to offences against the Public Administration – "functional" to committing offences. The identification of the areas is a result of the above mentioned preliminary examination (the "**Areas At Risk**");
- (iii) definition, on a theoretical level, of the main possible ways in which Predicate Offences might be committed within the single Areas At Risk; and
- (iv) identification and analysis of the Entity's control system aimed at preventing the commission of Predicate Offences.

2.3.3 The concept of acceptable risk

In implementing the organisational and management Model, such as this one, one cannot overlook the concept of "acceptable risk". To comply with the provisions introduced by Legislative Decree No. 231/01, it is essential to establish a threshold that limits the quantity and quality of the prevention tools to be adopted to prevent the commission of an offence. With specific reference to the system of sanctions introduced by the Decree, this threshold of acceptability is represented by the effective implementation of an appropriate preventive system that cannot be unintentionally circumvented. For purposes of excluding the Entity's administrative liability, this means that the individuals who committed the offence acted fraudulently circumventing the Model and the controls implemented by the Company.

2.3.4 The Model structure and the Predicate Offences

The Company aimed to set up a Model that takes into account its peculiar corporate life, which is consistent with its governance system, and able to enhance existing controls and existing bodies.

Therefore, the Model represents a coherent set of principles, rules and provisions that:

- affect the internal functioning of the Company and the ways in which it deals with third parties; and
- regulate the sound management of a control system for the Areas At Risk aimed at preventing the risk that the offences listed under the Decree are committed.

More specifically, the **Model of Finchimica S.p.A.** comprises:

- a "**General Part**", which contains the **core principles** of the Model;
- a "**Special Part 1**" subdivided into Sections that **refer to** the various categories of **offences** covered by Legislative Decree No. 231/01 which are considered relevant to the Company. For each category of offence, a summary description of the crimes that may

cause administrative liability (of the Company) and a description of the general rules of conduct implemented by the Company is provided.

- a “**Special Part 2**” specifying the **Areas At Risk identified and describing the preventive controls** that the Company has implemented to prevent the risk of commission of the offences covered by the Decree which are considered relevant to the Company.

Considering the number of offences in relation to which the Entities may be found administratively liable under the Decree, some of them have not been considered relevant to implementing this Model. This was done, more specifically, when the risk associated with the commission of these crimes could only be found to exist on a theoretical level, but no concrete chance of realisation existed. More specifically, after carefully assessing Finchimica S.p.A.’s business and history, the following offences were considered irrelevant:

1. **crimes against the person** (Article 25-*quinquies* of the Decree);
2. **practices involving female genital mutilation** (Article 25-*quarter* of the Decree); and
3. **offences involving market manipulation** (Article 25-*quinquies* of the Decree).

However, the ethical principles on which the Company Model is based and its governance structure are aimed at preventing, in general, those offences that, due to their being irrelevant to the Company, are not specifically regulated the Special Part of the Model.

2.4 Documents that are an integral part of the Model

The following documents are an integral and substantive part of the Model:

- code of conduct, containing all the rights, duties and responsibilities of Finchimica S.p.A. vis-à-vis the parties bound by the Model (the “**Code of Conduct**”);
- disciplinary system and related system of penalties to be applied in case of violation of the rules of the Model (the “**Disciplinary System**”);
- a system involving delegation of powers, as well as all the documents that describe and assign responsibilities and/or duties to those who work for the Entity in the Areas At Risk (i.e., organisational chart, administrative orders, job descriptions, etc.);
- a set of procedures (protocols) and internal controls to ensure adequate transparency of decision-making and financial processes, as well as of the behaviours of the parties bound by this Model and operating in the Areas At Risk; and
(the system involving delegation of powers, the procedures and internal controls mentioned above will be jointly referred to as the “**Procedures**”).

Consequently, the term “Model” means not only this document, but also any other document and procedure that will be adopted in accordance with the provisions hereunder and that pursue the aims stated therein.

2.5 Financial Resources Management

According to the provisions of the preceding paragraph, and to Article 6, letter c) of Legislative Decree No. 231/01, the needs to be addressed under the Model include identifying the ways in which the financial resources are to be managed to prevent the

offences from being committed. The Company has adopted specific protocols containing the principles and behaviours to be followed in managing those resources.

2.6 Dissemination of the Model

2.6.1 The parties bound by the Model

This model takes into account the specific business environment of Finchimica S.p.A. and represents a valuable tool to raise the awareness of the Senior Managers and Subordinates (the “**Parties Bound**”).

The aim is to ensure that any Party Bound engage in an appropriate and transparent conduct in carrying out their duties, in line with the ethical and social values inspiring the Company in the pursuit of its corporate purpose, and to prevent, in any event, the commission of the offences listed under the Decree.

The competent department, however, ensure that the principles and rules of conduct contained in the Model and Code of Ethics of Finchimica S.p.A. are duly incorporated in the Procedures.

2.7 Staff Training and Information

Finchimica S.p.A. aims to ensure that the Parties Bound are well informed about the content of the Decree and the ensuing obligations.

To effectively implement this Model, the training and information of the Parties Bound take place in tight cooperation with the Surveillance Body and the managers of the other departments involved in implementing the Model.

The main terms regulating training and education are required, among other things, under the Decree. Those terms concern both the specific information to be provided upon hiring new resources, and the additional activities necessary to implement the provisions of the Decree. More specifically:

- a preliminary notice. The implementation of this Model is notified to all the human resources employed by the Company, who receive a copy of the Code of Ethics and the Model of Finchimica S.p.A.. All the human resources also receive a form to sign, whereby they are informed that the Model is available on the company intranet and they commit to abide by the provisions thereunder. Moreover, the Senior Managers and Subordinates who operate in the Areas At Risk are also informed about the Special Part 1 specifically concerning their Area; and
- a specific training. This “**continuous**” training is mandatory and differentiated, as to its content and manner, depending on the qualifications of the Party Bound, the level of risk of the area in which they operate, and whether they have any power to represent of the Company.

To ensure the effective dissemination of the Model and provision to the staff of adequate information on the contents of the Decree and the obligations arising from its implementation, a **specific section is available on the Company’s intranet** which

contains all the documents **that are part of the Model**. This section is **dedicated to this topic** and continuously updated, in cooperation with the Surveillance Body.

2.8 Information to Third Parties and dissemination of the Model

The Company also requires that those parties that collaborate with the Company are informed of the content of the Code, including when there is no subordination: consultancy, agency, trade representation and other relations that involve the provision of services (including without subordination), whether on an ongoing or temporary basis (including those parties acting on behalf of suppliers and partners, such as a temporary association of undertakings, as well as joint ventures); (the “**Third Parties**”).

The departments involved generally provide to Third Parties, and specifically the facility companies with which they come in contact, with appropriate information regarding the implementation of the Model by Finchimica S.p.A. in accordance with Legislative Decree No. 231/01. The Company also invites the Third Parties to refer to the Code of Conduct and the Model – General Part – available on the Company website.

Specific clauses will be inserted in the relevant contracts, which include: (a) disclosure to third parties of the adoption by Finchimica S.p.A. of the Model and the Code of Conduct, which they declare to know (Code of Conduct and Model – General Part) and undertake not to act in such a way that might breach existing laws and applicable regulations or that might incorporate a criminal offence, as provided under Legislative Decree No. 231/01; (b) the right of the Company to terminate the contract or the work relationship (including applying sanctions) in the event of failure to comply with those obligations.

3 GOVERNANCE AND GENERAL ORGANISATIONAL STRUCTURE OF FINCHIMICA S.P.A.

3.1 Corporate governance

Finchimica S.p.A. is a limited company managed by a Board of Directors composed of five members, the powers of which are established by the Articles of Association. The statutory audit is carried out by an audit firm. The Company also appointed a Board of Statutory Auditors composed of three standing statutory auditors and two alternate members.

3.2 Finchimica S.p.A.’s internal control system

Finchimica S.p.A. has adopted the following general instruments for planning the formation and implementation of the Company's decisions (including in relation to the prevention of offences):

- ethical principles to which the Company makes reference, including in accordance with the Code of Conduct;
- a system of delegation of powers;
- documentation and provisions related to the Company’s hierarchical-functional and organisational structure;

- an internal control system and the steps involved in corporate procedures;
- procedures relating to the administrative and accounting sector;
- communications and newsletters to the staff;
- compulsory, adequate and tailored staff training; and
- a sanctioning system (which is based on the contents of the National Collective Bargaining Agreement (the “CCNL”).

3.3 General Control Principles in all the Areas At Risk

In addition to the specific control procedures described in the Special Part of this Model, the Company has implemented general controls applicable in all the Areas at Risk.

These controls are the following:

- **transparency:** every operation, transaction or action must be transparent, accurate, coherent and consistent;
- **separation of powers and departments:** no one can autonomously manage an entire process and be vested with unlimited powers; authorisation and signing powers must be determined in line with the organisational responsibilities;
- **adequate internal rules:** all the company rules must be consistent with the operations carried out and the level of organisational complexity to ensure the controls required to prevent the risk of the offences covered by the Decree being committed; and
- **traceability:** every operation, transaction or action, as well as their control and verification must be documented and the documentation must be properly filed.

4 THE SURVEILLANCE BODY (SB)

4.1 Main characteristics of the Surveillance Body

In accordance with Legislative Decree No. 231/01 (Articles 6 and 7) and Confindustria’s Guidelines, to ensure that the Model is effectively implemented, the Surveillance Body must satisfy the following requirements:

- (a) autonomy and independence;
- (b) professionalism;
- (c) continuing action.

Autonomy and independence

Autonomy and independence are essential to ensure that the SB is not directly involved in the management activities which are the subject of its assessment and therefore that it is not influenced by the management nor conditioned by its interfering. These objectives are achieved by placing the Surveillance Body at the highest hierarchical position and by imposing reporting obligations at the highest operational level of the Company, i.e., reporting to the Board of Directors as a body. Furthermore, to ensure its independence, the SB may not be attributed any operational duties, as this would undermine its objective judgement in assessing conducts or the effectiveness of the Model.

Professionalism

The SB needs to possess technical-professional skills to carry out its duties. These requirements, together with independence, guarantee its objective judgement⁸.

Continuity of action

The Surveillance Body shall:

- continuously carry out the activities required to supervise the Model with appropriate commitment and the necessary investigation powers;
- be part of the Company's structure, to ensure a continuing supervisory activity.

To guarantee these requirements, in addition to the professional skills described above, the members should also possess formal subjective requirements, which ensure the necessary autonomy and independence (i.e., honourability, no conflict of interest or family relationships with the social bodies and with the management, etc.).

4.2 Appointment of the Surveillance Body

The Board of Directors of Finchimica S.p.A. has appointed as the Surveillance Body of the Company a multi-person body composed of three members, who satisfy the professionalism and competence required, as well as the personal requirements of integrity and independence, which are fundamental to ensure that it operates independently. Once established, the Surveillance Body shall implement internal rules and procedures and agree upon a plan of activities to be performed.

4.3 Term of office and grounds for termination

The Surveillance Body shall remain in office for the period established on appointing and its mandate can be renewed.

Termination of the appointment may occur for one of the following reasons:

- the term of office ended;
- the Board of Directors terminated their appointment;
- a member tendered his/her resignation in a written communication addressed to the Board of Directors;
- any of the grounds mentioned in paragraph 4.4 below for terminating the appointment arose.

Suspension of the SB may only occur for a reasonable cause, such as:

- a member of the SB is subject to criminal proceedings concerning the commission of a felony;

⁸ Reference is made, among other things, to risk assessment techniques; risk reduction measures (organizational procedures, opposition of duty mechanisms, etc.); flow charting of procedures and processes aimed at identifying weaknesses; interviews and analysis of questionnaires; fraud detection methods, etc. The Surveillance Body must possess investigation skills (to ascertain how the offence could be committed and who committed it); advisory skills (to adopt – in drafting the Model and its amendments – the most suitable measures to prevent, with reasonable certainty, the offences from being committed or to verify that behaviours engaged in on a daily basis actually comply with those described in the Model); and legal skills. Legislative Decree N. 231/2001 contains criminal law provisions and, as the Surveillance Body's duty is to prevent offences from being committed, its members must be familiar with the structure of the offences and how they are committed (they can acquire such knowledge through company departments or external advisors).

- violation of confidentiality obligations;
- serious negligence in fulfilling the assigned tasks;
- the possible involvement of the Company in criminal, civil or criminal proceedings connected to an omitted or insufficient (whether intentional or negligent) surveillance.

Suspension is established by unanimous decision of the Board of Directors and binding opinion of the Board of Statutory Auditors.

In the event of termination, revocation or resignations, the Board of Directors shall appoint the new component of the SB without delay, while the outgoing component will remain in office until its replacement.

4.4 Grounds for ineligibility and revocation

The following are cases of ineligibility and/or revocation of a component of SB:

- a) disqualification, incapacitation, bankruptcy, or a judgment of conviction, including on a non-definitive basis, for one of the crimes listed under the Decree, or otherwise, for a penalty involving disqualification, including temporary, from public offices or the incapacity to work at Manager Offices;
- b) the existence of a relationship of marriage or kinship up to the fourth degree between a component of the SB and members of the Board of Directors or the Board of Statutory Auditors of the company or with external auditors appointed; and
- c) the existence of property relationships between the component and the Company that may threaten the independence of the component.

If a ground for revocation arises during the assignment, the member of the Surveillance Body must inform the Board of Directors without delay.

4.5 Tasks, duties and powers of the Surveillance Body

In accordance with the indications provided by the Decree and the Guidelines, the functions of the Surveillance Body include the following:

- overseeing the effective implementation of the Model on the various types of offences covered by the Model;
- verifying the effectiveness of the Model and whether it is actually suitable to prevent the risk of the relevant offences covered by the Model being committed;
- identifying and proposing to the Board of Directors potential updates or adjustments to the Model following any changes in the legislation or based on the Company's needs or conditions; and
- verifying that the proposed updates and changes put forward by the Board of Directors are effectively transposed into the Model.

As part of the functions described above, the SB also has the following duties:

- periodically reviewing the map of the Areas At Risk and verifying whether the issues covered by its assessment are adequate in light of any changes in the business or in the business structure. To this end, the Parties Bound by the Model, which are

identified in the special parts of the Model, must report to the SB any situation that may expose the Company to the risk of offence being committed. All notices must be made in writing and sent to the relevant e-mail address of the Surveillance Body;

- regularly carrying out audits and inspections on specific transactions and actions undertaken within the Areas at Risk, according to the SB's activity plan to be established in advance;
- collecting, processing and storing the relevant information (including the reports referred to in the following paragraph) regarding compliance with the Model and updating the list of information that must be mandatorily transmitted to the SB;
- conducting internal inquiries to verify alleged breaches of the provisions of the Model that have been specifically reported to the SB or that have emerged while carrying out its surveillance duties; and
- verifying that the provisions of the Model concerning the various types of offences (standard clauses, procedures and controls, delegation of powers) are effectively adopted and implemented and comply with Legislative Decree No. 231/01, and where this is not the case, proposing corrective actions and updates.

To perform these tasks and duties, the SB may exercise the following powers:

- accessing to detailed business documents, specifically those relating to contractual and non-contractual relationships with third parties;
- making use of the support and cooperation of the various corporate structures and bodies that may be involved in the supervision activities; and
- conferring specific advisory and assistance powers upon external consultants.

4.6 Resources available to the Surveillance Body

The Board of Directors may allocate to the SB adequate human and financial resources to fulfil its tasks. More specifically, the Surveillance Body has autonomous spending powers, as well as the authority to stipulate, modify and terminate professional contracts with third parties that possess the specific competence required to duly fulfil the assigned tasks.

4.7 Information flows to the Surveillance Body

4.7.1 Obligation to provide information to the Surveillance Body

To facilitate the performance of the surveillance activity in relation to the Model, the SB must be informed, through notices sent by the Parties Bound (and, where appropriate, by Third Parties), about any events which may give rise to liability for Finchimica S.p.A. under the Decree.

Information flows to the SB comprise general information and specific mandatory information.

With regard the first group of information, the following rules apply:

- the Parties Bound must inform the SB that the offences or actions that are not in line with the procedures and rules of conduct issued or to be issued by Finchimica S.p.A. have been committed or that it is reasonable to believe so; and

- Third Parties must inform the SB that offences have been committed or that it is reasonable to believe so, within the limits and at the conditions contractually agreed upon.

In addition to the above-mentioned reports on general breaches, the following information must be mandatorily submitted to the body without delay:

- measures and/or information issued by criminal police or any other authority indicating that investigations are under way which concern the Company or members of Corporate bodies;
- any reports issued by the executives of other bodies (e.g., Board of Statutory Auditors) within the scope of their activity which provide information on facts, actions, events or omissions pointing to possible infringement of the rules of the Decree 231/01;
- information on disciplinary proceedings, as well as on any sanctions imposed or decision to discontinue any action, with specification of the relevant grounds, where the proceedings concern the alleged commission of offences or breach of the rules of conduct and the procedural rules under the Model;
- inquiry committee or internal reports/information showing any potential liability for the offences covered by Legislative Decree No. 231/01;
- organisational changes;
- changes and updates in the delegation of powers and assignment of duties;
- particularly significant transactions conducted in the Areas At Risk;
- changes made with respect to the Areas At Risk or potentially at risk;
- any communication made by the Board of Statutory Auditors concerning issues that may indicate deficiencies in the internal control systems, potentially irregular conduct, comments on the Company's financial statements;
- the statement that corporate communications are truthful and complete; and
- a copy of the minutes of the meetings of the Board of Directors and the Board of Statutory Auditors.

The Company has specific information channels (mailboxes set up specifically for this purpose) to ensure confidentiality and facilitate the information flows and reporting cycle involving the Body.

More specifically, the e-mail address: odv@finchimica.it is available, as an alternative to addressing a letter to the Chairperson of the Surveillance Body of Finchimica. The Surveillance Body analyses the reports received using its discretion and sound assessment. To this end, it may interview the author of the report and/or the person responsible for the alleged breach, providing written explanations as to any decision to discontinue any action. In any event, those reporting in good faith a possible violation must be protected against any form of retaliation or punishment, and their names will not be disclosed. This is without prejudice to any other legal obligation and the need to protect of the Company or those who have been erroneously or maliciously accused.

4.7.2 Obligations of the Surveillance Body

Since the Board of Directors retains the responsibility to adopt and effectively implement the Model, the SB must report to it on the implementation of the Model and any critical issues that may arise.

More specifically, the Surveillance Body is responsible vis-à-vis the BoD for:

- disclosing, at the beginning of each financial year, the plan of the activities to be conducted to fulfil the assigned tasks. The Board of Directors must approve this plan;
- periodically reporting on the progress of the implementation of that plan together with any modifications thereof;
- promptly reporting any issues that may arise in relation to those activities; and
- reporting, at least every six months, about the implementation of the Model.

The SB must report periodically on its activities to the Board of Directors, as well as the Board of Statutory Auditors.

The SB may request to be summoned by the BoD or the Board of Auditors, to report on the functioning of the Model or on specific situations. Meetings with the Corporate Bodies to which the SB reports must be recorded. The SB and any of the body involved on a case-by-case basis will keep copies of these minutes.

Notwithstanding the foregoing, depending on the specific circumstances, the SB may also disclose:

- (i) the results of its inspections to the parties in charge of a department and/or process, if it appears that improvements can be made. In this case, the SB must obtain a plan of action from the parties in charge of the process, which must include the relevant timeline for implementing the improvements and the result to be achieved;
- (ii) behaviours/actions that are not consistent with the Model to the Board of Directors and the Board of Statutory Auditors in order to:
 - a) acquire from the Board of Directors all the elements necessary to notify the Bodies responsible for assessing the conduct and commencing any disciplinary proceedings; and
 - b) provide guidelines for correcting deficiencies to prevent accidents of the same type from occurring in the future.

Last, the SB must notify the Board of Statutory Auditors without delay of any violation that involves a member of the Board of Directors.

5. DISCIPLINARY SYSTEM IN THE EVENT OF NON-COMPLIANCE WITH THE MODEL AND PROVISIONS OF THE MODEL.

5.1 General Principles

Finchimica S.p.A. acknowledges and declares that adopting a suitable disciplinary system in the event of breach of the provisions of the Model, its Annexes and Procedures is a key precondition to ensure that the Model is effectively implemented.

In this respect, Article 6 (2) (e) of the Decree stipulates that organisational and management models must: “introduce a suitable disciplinary system to apply sanctions in the event of failure to fulfil the prescriptions laid down in the model”.

The application of disciplinary sanctions is pursued regardless of the outcome of any criminal proceedings, since the Company has adopted the rules of conduct laid down in the Model and the Procedures fully autonomously and independently of the type of criminal offences referred to in Legislative Decree No. 231/01 that said conduct may incorporate.

More specifically, non-compliance with the provisions of the Model and Procedures is sufficient to jeopardise the trust relationship with the Company, and results in disciplinary actions regardless of whether of any criminal proceedings are commenced if the violation may incorporate a crime. This is so also in accordance with the principle according to which any allegation of disciplinary violations, as well as the application of a sanction, must be dealt with in a timely and straightforward fashion, in compliance with the applicable law in force.

5.2 Definition of “Violation” for purposes of the disciplinary system

For illustrative and general purposes, the following constitute a **“violation”** of this Model and related Procedures:

- performing actions and engaging in conduct that do not comply with the law, as well as the provisions of the Model and related Procedures, and that entail even the mere risk that one of the offences provided for by Legislative Decree 231/01 may be committed; and
- failure to perform the actions or behave in the manners set out under the Model and related Procedures that entail even the mere risk that one of the offences provided for by Legislative Decree No. 231/01 may be committed .

5.3 Sanctions for employees

5.3.1 Non-executive employees

Any conduct engaged in by employees in violation of the provisions of this Model and related Procedures is considered to be a disciplinary offence.

The sanctions applicable to these employees fall within the scope of the CCNL applicable to the Company in accordance with Article 7 of Legislative Decree No. 300 of 1970 (the **“Employee Statute”**) and any applicable special regulations.

In accordance with paragraph 5.2 of this Model, any violation committed by employees may result, depending on the severity of the Violation, in disciplinary proceedings, in accordance with the principle of proportionality and the correspondence between the infringement and ensuing penalty and, in any event, in accordance with the law in force, both as regards procedural and substantive aspects. As an example, sanctions may range from verbal warning to written warning, from pecuniary sanctions to leave without pay and dismissal in the event of very serious infringements.

In any event, without prejudice to the provisions governing Finchimica S.p.A.'s Disciplinary System, employees are subject to the provisions of the CCNL applicable to the Company: CCNL Addetti all'Industria Chimica, Chimico – Farmaceutica, delle Fibre Chimiche e dei Settori Abrasivi, Lubrificanti e GPL.

The Company's Management continuously monitors the disciplinary system.

5.3.2 Executives

In the event of: (a) Violations of the provisions set out under paragraph 5.2 of this Model, or (b) in performing the activities belonging to the Areas at Risk, performance of actions that are not in line with the requirements of the abovementioned documents, executives will incur such disciplinary measures that will be considered appropriate, in accordance with the provisions under the Workers Statute and by the CCNL dei Dirigenti di Aziende produttrici di Beni e di Servizi.

5.4 Members of the Board of Directors

In the event of a Violation of the provisions set out under paragraph 5.2 of this Model by one or more members of the Board of Directors, the Surveillance Body will inform the Board of Directors and the Board of Statutory Auditors, in the view of adopting those initiatives that will be considered appropriate.

If indictment is pursued for one or more members of the Board of Directors, who are accused of having committed the offence from which the Company's administrative liability might arise, the Chairman of Finchimica S.p.A.'s Board of Directors, or in the absence the other director, will convene the Shareholders' Meeting to approve their removal from office.

5.5 Statutory Auditors

In the event of Violation of the provisions set out under paragraph 5.2 of this Model by one or more members of the Board of Directors, the Surveillance Body will inform the Board of Directors and the Board of Statutory Auditors and, upon request of the Chairman of the Board of Directors, the Shareholders' Meeting will be convened in the view of adopting those initiatives that will be considered appropriate .

5.6 Third Parties: Contractors, Agents, External Consultants.

In the event of Violation of the provisions set out under paragraph 5.2 of this Model by contractors, agents, external consultants or third parties in general, the Company, depending on the seriousness of the violation will: (i) call on the parties concerned to strictly comply with the provisions; or (ii) depending on the type of contract entered into, may terminate the contract for just cause (*giusta causa*), or terminate the contract on the grounds of a serious breach of contract by the parties mentioned above.

To this end, Finchimica S.p.A. requests that special clauses be inserted in their contracts, which include:

- a) information provided to third parties on the adoption by Finchimica of the Model and the Code of Conduct (General Part of the Model and Code of Conduct). Third parties must confirm that they have read the documents and undertake to avoid acting in such a way that may result in a breach of the law and of any other regulations that may be applicable from time to time, or that may incorporate one of the offences provided for by Legislative Decree No. 231/01; and
- b) the right of the Company to terminate the contract (with or without penalties being applied) in the event of non-compliance with those obligations.

5.7 Register

The Company keeps a register listing all those who have committed a Violation as per paragraph 5.2 above. No new contract may be entered into with any of the parties listed in such register.