



**ORGANISATION, MANAGEMENT  
AND INSPECTION GUIDELINES  
PURSUANT TO  
LEGISLATION N. 231/2001**

**GENERAL PART**

Approved with resolution by Board of Directors 20/10/2015

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\* Federation of Italian Industry

## **1. INTRODUCTION: PROJECT ORIGINS AND WORK METHOD**

This document was drafted pursuant to Legislation dated June 8 2001, No. 231, and includes “Administrative responsibility Regulations regarding legal status companies and companies and associations without legal status, according to Art. 11 of Law 29 September 2000, No. 300”, with the scope of formally establishing an efficient and flexible institution comprising rules, procedures and behavioural norms that regulate the Organisation and management of SAATI S.p.A..

This body of rules, procedures, behavioural and ethical norms constitute the Company's Organisation, Management and Investigation Guidelines.

The guidelines were developed according to legal regulations (Art. 6 and 7 of the Decree), following the Confindustria Guidelines (see Appendix No. 3) while not neglecting important theoretical indications and legal practices mentioned therein.

Principles and provisions in this document are applicable to administrators, associates, employees and finally to anyone operating on behalf of the Company on any type of contract, even temporary in nature, within the limits of their competency and responsibility connected to the aforementioned Company.

The compliance of the organisational and management system to the requirements outlined in Legislation No. 231/2001 was coordinated by the Administration Director, with the aid of professional consultants, experts in the various sectors mentioned in Legislation No. 231/2001.

Work group activity aimed at implementation of the Guidelines was formalized according to the following:

- By identifying sectors/activities/sensitive areas regarding offences mentioned in Legislation No. 231/2001. In order to reach this result, consultants analysed the organisational and associational structure of the Company, upon acquiring the associated documentation (for example: statute, yearly statements, associative governing bodies' reports, quality system manual, etc.). They have, moreover, met on a few occasions at the Company's executive offices (Via Milano, 14 – Appiano Gentile) the internal project director (Administration director), as well as those who do not operate as executors in decision-making by administration (the calendar of meetings is included in Appendix 6);
- In the analysis of sensitive areas, with reference to possible methods and instruments that could be used to commit offences listed in the Decree by the Company, its administration, employees, in general, by those mentioned in Art. 5 of the Decree (also through meetings and interviews with the relevant subjects);
- In the identification of behavioural procedures and existing protocol – whether formalized or otherwise – in reference to the sole areas identified as at risk of offence;
- In the definition of behavioural and inspection standards for activity, which in agreement with the Company, is considered important for regulation;
- In the regulations for financial resource management guidelines aimed at preventing offences from being carried out;
- In the identification of subjects appointed to supervise the concrete application of these Guidelines (hereinafter the 'Board of Statutory

Auditors,' or BoSA) with contextual arrangement of the relevant regulations and reporting system to and from the aforementioned BoSA;

- In the planning of a regulatory system suitable for the application of penalties where Guidelines or Code of Ethics are not followed.



## **2. HISTORY AND DESCRIPTION OF THE COMPANY**

Company name:	SAATI S.p.A.
Share capital:	€ 2,064,000.00
Registered office:	22070 APPIANO GENTILE (CO) Via Milano, 14
Economic and Administrative Index n.:	177162
Tax Code:	03327280156
VAT number:	01254950130

SAATI s.p.a. was founded on March 9<sup>th</sup> 1977 in Appiano Gentile and registered with the Business and Trade Registry of Como from February 19<sup>th</sup> 1996.

The Company's Corporate objective is the following:

- production and sale of industrial fabric as well as the production, processing and sale of yarn, fabric, material and industrial articles for technical use in general, including: aramid fibre fabric, carbon and hybrid fabric, pre-impregnated fibre for composite material and resins formulated for pre-impregnation;
- planning, construction and sale of electronic machines and accessories;
- supply of technical services associated with the aforementioned activity;
- production and sale of chemical products relating to the sectors where the fabrics produced are used.

The value of SAATI S.p.A. indicated in the financial statement for FY2013 which amounts to Euro 101,451,788 and for FY2014 to Euro 117,627,761.

SAATI s.p.a., to 30/09/2015, has 408 employees divided into the following:

- Directors	13
- Employees	113
- Workers	282

SAATI S.p.A. has a traditional vertical organisational structure made up of the following: Board of Directors and Supervisory Board.

Accounting inspection is carried out by the aforementioned Supervisory Board.

It is highlighted that, finally, the Company has obtained the following certification:

- UNI ISO 9001:2008
- OHSAS 18001:2007

### **3. ESSENTIAL ELEMENTS OF LEGISLATION 231**

#### ***a. New developments introduced by Legislation 231: administrative responsibility of companies***

Legislation No. 231/2001 introduced a form of administrative responsibility for the first time in our country. It was considered by many as punitive, by collective entities for carrying out certain offences (expressly laid out in the special part of the Decree), brought into effect by directors or employees/partners **to the advantage of or in the interests of said company.**

#### ***b. The companies to which the regulation applies***

##### **Group subjects at which the regulation is aimed:**

- Legal bodies (entities and associations with legal status), herein including foundations, corporations (whether small, medium or large) and cooperatives;
- Entities (partnerships and individual companies, as well as associations) even without legal status;
- Public bodies with powers of *de facto* governance.

#### ***c. Potential perpetrators pursuant to Legislation 231***

**By directors** the legislator intends (Art. 5 of the relevant Decree):

Company or organisational unit administration or management representatives, financially and functionally independent, as well as those who govern, even **de facto**, the management and control of the company. For example: lawyers, administrators, managing directors, site directors, etc.

**For employees/partners** the legislator intends (Art. 5 of the relevant Decree):

All those subject to management or supervision of directors.

It is stressed that two distinct types of employee relationship are determined for identification criteria (directors and subordinates) where the company is held directly and autonomously liable.

If the offence is committed by a director, effectively, the company tends to be held directly liable (fraudulent), with reversal of burden of proof (therefore the company is held liable); vice versa, where the offence is committed by a subject under other management, the company is held negligent, without reversal of burden of proof thereby affecting the Public Prosecution.

#### **d. Liable offences**

**Company liability exists only** for those offences (carried out or **only attempted**) explicitly laid out in Art. 24, 25 and ss. of the Decree.

Currently they are:

Among crimes laid out by the criminal code relevant to relationships with Public Administration (Art. 24 and 25 of the Decree):

- Art. 316 ii cc. - Misappropriation and fraud against the State
- Art. 316 iii cc. - Improper receipt of public funds and fraud against the State
- Art. 317 cc -Extortion
- Art. 318 cc – Administrative corruption

- Art. 319 cc. - Corruption in official duties (aggravated pursuant to Art. 319 *ii* cc.)
- Art. 319 *iii* cc. - Judicial corruption
- Art. 321 cc. - Penalty for the offender
- Art. 322 cc – Abetting of corruption
- Art. 322 *ii* cc. - Embezzlement, extortion, corruption and abetting corruption by EU entity members, EU officials and foreign States.

The following are crimes according to the criminal code under State assets protection or by another public body (Art. 24 of the Decree):

- Art. 640, paragraph 2, No. 1, cc. - Fraud, if against the State or another public body
- Art. 640 *ii* cc. - Aggravated felony in the execution of public services
- Art. 640 *iii* cc. - Cybercrime.

The following are crimes according to the criminal code under public trust protection (Art. 25 *ii* of the Decree inserted from Art. 6 of Legislation of November 23rd 2001, No. 409, stating “Urgent provisions on the introduction of the Euro”):

- Art. 453 cc. - Currency forging, abuse and introduction into the State, unaided, of forged currency
- Art. 454 cc. - Counterfeiting
- Art. 455 cc - Abuse and introduction into the State, unaided, of forged currency

- Art. 457 cc – Abuse of counterfeit received in good faith
- Art. 459 cc. - Forgery of revenue stamps, introduction into the State, purchase, holding or circulation of forged revenue stamps
- Art. 460 cc. - Forgery of watermarked paper used for the manufacture of public credit legal tender or revenue stamps
- Art. 461 cc. - The manufacture or holding of watermarked paper or tools designed for currency counterfeiting, revenue stamps or watermarked paper
- Art. 464 cc. - Use of forged or modified revenue stamps

The following are crimes according to and outside the code, directed at terrorism or the destruction of democratic order (Art. 25 iv of the Decree, inserted by Art. 3 of Legislation 7/2003):

- Art. 270 ii cc. - Associations involved in national and international terrorism or in the destruction of democratic order
- Art. 270 iii cc. -Aiding and abetting accomplices
- Art. 270 iv cc. - *Subscribing with the intention of committing* national and international terrorism
- Art. 270 v cc. - Training and activity aimed at national and international terrorism
- Art. 270 vi cc. - Terrorist conduct
- Art. 280 cc. - Acts of terrorism or the destruction of democratic order
- Art. 289 ii cc. - Kidnapping with the aim of committing acts of terrorism or destruction.

Art. 2 of the New York Convention of December 9th 1999, mentioned in Art. 25 *iv*, lists a series of crimes set out to punish, generically, those who voluntarily either directly or indirectly fund others who wish to commit terrorist crimes.

The following are crimes relating to companies set out by civil code (Art. 25 *iii* of the Decree, inserted by Art. 3 Legislation April 11th 2002, No. 61):

- Art. 2621 cc. - False business correspondence
- Art. 2622 cc. - False business correspondence damaging to the Company, shareholders or creditors
- Art. 2623 cc. - False statement in a prospectus (repealed in Art. 34, paragraph 2, of legislation December 28th 2005, No. 262)
- Art. 2624 cc. - Misrepresentation of relationships and in company correspondence by auditing company (repealed in Art. 37, paragraph 34, of Legislation January 27th 2010, No. 39)
- Art. 2625, paragraph 2, cc. - Obstruction of audit
- Art. 2626 cc. - Unlawful return of capital
- Art. 2627 cc. - Illegal distribution of earnings and reserves
- Art. 2628 cc. - Illegal operations with shares, capital stock or of the holding company
- Art. 2629 cc. - Operations detrimental to creditors
- Art. 2629 *ii* cc. - Neglected correspondence regarding conflict of interest (introduced by Legislation No. 262/2005)
- Art. 2632 cc. - Fictitiously paid-up capital stock

- Art. 2633 cc. - Unlawful distribution of business assets by liquidators
- Art. 2636 cc. - Illegal influence in the General meeting of shareholders
- Art. 2637 cc. - Market manipulation
- Art. 2638 cc. - Obstruction of operations of public supervisory authority.

The following are crimes not included in the criminal code (t.u.f.\*, Legislation No. 58/1998) regarding the finance market (Art. 25 vi, introduced by Art. 9 of EU law 2004):

- Art. 184 t.u.f. - Abuse of privileged information
- Art. 185 t.u.f. - Market manipulation.

\* Consolidated law on Finance

The legal entity can, moreover respond to two regulatory offences (that produce the same criminal law provisions listed above) introduced into EU Law in 2004:

- Art. 187 ii – Abuse of privileged information
- Art. 187 iii -Market manipulation.

The following are crimes regarding protection of life and personal safety (Art. 25 iv 1, introduced in Art. 8 of Legislation January 9<sup>th</sup> 2006, No. 7):

- Art. 583 ii cc. - The practice of female genital mutilation.

The following are crimes regarding protection of the individual (Art. 25 v, introduced by Art. 5 of Legislation 228/2003):

- Art. 600 cc. - Reducing a person to, or keeping them in, slavery or servitude



- Art. 600 *ii* cc. - Prostitution of minors
- Art. 600 *iii* cc. - Child pornography
- Art. 600 *iv* cc. - Possession of pornographic material
- Art. 600 *iv* 1 cc. - Online pornography
- Art. 600 *v* cc -Child prostitution tourism
- Art. 601 cc. - Human trafficking
- Art. 602 cc. - Purchase and trafficking of slaves.

Art. 3 of Legislation 146/2006 defines "Cross-border crimes" as a crime punishable by no less than four years' imprisonment, where there is an organised crime ring, also:

- committed in more than one State;
- committed within a State, but a substantial part of its preparation, planning, management or control takes place in another State;
- committed within a State, but an organised criminal group is involved in crime in more than one State;
- committed within a State, but has substantial effects on another State.

Offences where the entity is liable are included in Art. 10 Legislation No. 146/2006 and listed below:

- Criminal syndicates (Art. 416 cc.)
- Mafia-like organisations (Art. 416 *ii* cc.)
- Organized crime aimed at foreign tobacco smuggling (Art. 291 *iv* of the Consolidated law on Finance in Presidential Decree No. 43/1973)

- Drug smuggling (Art. 74 C. L. F. in P. D. No. 309/1990)
- Trafficking of migrants (Art. 12 paragraphs 3, 3-ii, 3-iii e 5 of the C. L. F. Legislation No. 286/1998)
- Aiding and abetting (Art. 378 cc.).

The following are crimes regarding protection of life and psycho/physical integrity of workers (Art. 25 vi of the Decree, introduced by Art. 9 of Legislation August 13<sup>th</sup> 2007, No. 123):

- Art. 589 cc. - 2<sup>nd</sup> Degree murder
- Art. 590, paragraph 3, cc. - Severe or Grievous Bodily Harm.

The following are crimes regarding protection of capital and the economic-financial system (Art. 25 viii of the Decree, introduced by Art. 63 Legislation No. 231/2007):

- Art. 648 cc. - Misappropriation
- Art. 648 ii cc -Laundering
- Art. 648 iii cc. -Use of illegally appropriated money, assets or utilities.

Art. 7 of Legislation March 18<sup>th</sup> 2008 No. 48 – including ratification and execution of Council of Europe Convention on cybercrime- provides the expansion of liable offences with the inclusion of Art. 24 ii of the Decree which covers entities' and companies' administrative liability regarding various cybercrimes:

- Art. 491 ii cc – Falsifying of an electronic document
- Art. 615 iii cc – Unauthorised access to technological information systems

- Art. 615 iv cc. - Possession or unauthorised distribution of passwords relating to information technology systems
- Art. 615 v cc. - Distribution of equipment, devices or programs aimed at damaging or interrupting information technology systems
- Art. 617 iv cc -illegal interception, blocking or interrupting of technological communication
- Art. 617 v cc. - The installation of equipment designed to intercept, block or interrupt technological communication
- Art. 635 ii cc -Damage of information, data and informational programs
- Art. 635 iii cc. - Damage to data or data mining programs used by the State, other public body or service
- Art. 635 iv cc -Damage to information or computer systems
- Art. 635 v cc -Damage of information or computer systems for public use
- Art. 640 v cc – Information fraud/hacking of a subject who supplies electronic signature certification.

Legislation July 23rd 2009 No. 99 provides the expansion of the following listed offences from Art. 25 ii of the Decree regarding public protection:

- Art. 473 cc -Counterfeiting, alteration or use of brands, Trademarks, patents, models, drawings or designs
- Art. 474 cc – Introduction into the State and sale of counterfeit branded products

Art. 24 *iii* of the Decree, introduced by Art. 2, paragraph 29, of Legislation No. 94 of July 15th 2009, expands the body's/company's liability to the following organized crimes laid out in the criminal code:

- Art. 416 cc. - Organized crime
- Art. 416 *ii* cc. - National and international Mafia-type organized crime
- Art. 416 *iii* cc. - Political vote-swapping for Mafia favours
- Art. 630 cc. - Kidnapping for blackmail
- Art. 74 D.P.R\*. October 9th 1990, No. 309 – Drug trafficking \*Presidential Decree of the Republic
- Art. 407, paragraph 2, Appendix a), No. 5, cc. - Illegal manufacture, importing into the State, sale, transfer, possession and holding of illegal firearms, parts of firearms or explosives in an open public place
- All crimes committed employing mafia intimidation and subjection to a code of silence which aids organized crime.

Art. 25 *ii* 1 of the Decree, introduced by Art. 15, paragraph 7, Appendix b) of Legislation 99/2009 makes liable the entity/company for the following crimes, against industry and business:

- Art. 513 cc. - Disruption of the freedom of trade or industry
- Art. 513 *ii* cc. - Illegal competition through threat or violence
- Art. 514 cc. - Fraud against national industry
- Art. 515 cc. - Fraudulent trading
- Art. 516 cc. - Sale of counterfeit foodstuffs as genuine
- Art. 517 cc. - Sale of industrial products with false trademarks

- Art. 517 *iii* cc. - The manufacture and sale of goods with stolen intellectual property rights
- Art. 517 *iv* cc. - Fraudulent geographical labelling or designated country of origin of agricultural produce.

Art. 25 *viii* of the Decree, introduced by Art. 15, paragraph 7, App. c) Legislation 99/2009 expands the body's/company's liability to the following organized crimes *outside the code* regarding breach of copyright outlined below:

- Illegality illustrated in arts. 171, paragraph 1, Appendix a-ii), and paragraph 3, 171 *ii*, 171 *iii* 171 *vi* and 171 *viii* of Legislation No. 633/1941.

Art. 4, paragraph 1, Legislation No. 116/2009 has included another Art. 25 *viii* in the special part of the Decree (now Art. 25 *x*) which extends company liability for crime incitement to bear false testimony outlined and punishable in Art. 377 *ii* cc.

Legislation No. 121/2011 -in receipt of directive 2008/99/CE and 2009/231/CE, in amendment to directive 2005/35/CE concerning pollution – added to Decree art. 25 *xi*, which extends company liability to the environmental crimes listed below:

- Art. 727 *ii* cc. (The killing, destruction, capture, theft, possession of wild protected animals or plants
- Art. 733 *ii* cc. (The destruction or desecration of a natural habitat in a reserve)

- Art. 137, paragraphs 2 and 3, Legislation No. 152/2006 (Unauthorized dumping of industrial waste water containing dangerous substances and the dumping of said effluent in direct breach of authorized provisions)
- Art. 137, paragraph 5 – first and second sentence -Legislation No. 152/2006 (Dumping of industrial waste water in breach of list of limits)
- Art. 137, paragraph 11, Legislation No. 152/2006 (Violation of ban on dumping in ground, in underground waters and subsoil)
- Art. 137, paragraph 13, Legislation No. 152/2006 (Dumping illegal substances from ships and planes whereby spillage is forbidden)
- Art. 256, paragraph 1, Appendix a) and b) Legislation No. 152/2006 (Collection, transport, recovery, disposal, trade and brokerage of waste without legal authorisation, registration or communication)
- Art. 256, paragraph 3 – first and second period -Legislation No. 152/2006 (Creation or management of an unauthorized dump)
- Art. 256, paragraph 4, Legislation No. 152/2006 (Breach of legal content laid out in the authorization regarding dump management or other related activity)
- Art. 256, paragraph 5, Legislation No. 152/2006 (Illegal domestic waste mixing)
- Art. 256, paragraph 6, Legislation No. 152/2006 (Temporary storage at the production site of dangerous medical waste)
- Art. 257, paragraphs 1 and 2, Legislation No. 152/2006 (Pollution of the ground, subsoil, surface and underground water while neglecting to communicate with the appropriate entities)

- Art. 258, paragraph 4, and Art. 260 *ii*, paragraphs 6 and 7 Legislation No. 152/2006 (Providing or using a false waste analysis certificate)
- Art. 259, paragraph 1, Legislation No. 152/2006 (Illegal trafficking of waste)
- Art. 260 Legislation No. 152/2006 (Organised operations for Illegal trafficking of waste)
- Art. 260 *ii*, paragraph 8, Legislation No. 152/2006 (Breach of waste traceability check system)
- Art. 279, paragraph 5, Legislation No. 152/2006 (Atmospheric pollution)
- Art. 1, paragraphs 1 and 2, Art. 2, paragraphs 1 and 2, Legislation February 7th 1992 No. 150 (Import, export and illegal use of animal species and trade of artificially produced plants)
- Art. 3 *ii*, Legislation February 7th 1992 No. 150 (Counterfeiting or alteration of certification and licences and use of certification and altered licences for the import of animals)
- Art. 3, paragraph 6, Legislation December 28th 1993 No. 549 (Breach of provisions for the use of substances poisonous for the ozone layer)
- Art. 8, paragraphs 1 and 2, Legislation No. November 6 2007 No. 202 (Illegal pollutant sea spillage by ships)
- Art. 9, paragraphs 1 and 2, Legislation No. November 6th 2007 No. 202 (Wrongful pollutant sea spillage by ships).

Legislation 109/2012 included in the Decree the crime stipulated by Art. 25 part 12 by the application of a fine of between 100 to 200 shares for those entities employing clandestine workers from developing countries.

Art. 1, paragraph 77, App. b) Legislation 190 of 2012 included article 25 *iii* of the Decree in question, the new Appendix s *ii*) which refers to cases in Art. 2635 cc. "Private bribery".

Art. 1, paragraph 77, App. a) Legislation 190 of 2012 included in Art. 25 of said Decree, the offence of a public officer or person responsible for a public service, of abuse of his/her powers or office, to induce a private party to give or promise money or any other advantage laid out ex Art. 319 *iv* cc.

Legislation No. 6 2013 has introduced into the Decree in question Art. 25 *xi* the crime of illegal combustion.

Art. 3 Legislation 186 2014 included in Art. 25 *viii* of Legislation No. 231/2001 the crime of self-laundering laid out in article 648 *iii* 1 of the cc.

Legislation 68 2015 amended Art. 25 *xi* of the Decree in question to include provisions regarding environmental crime pursuant to Legislation No. 152/2006.

Art. 12 of Legislation 69 2015 amended Art. 25 *iii* of said Decree adopting the amendments to the crime of misleading business correspondence.

The full text of the aforementioned criminal regulation is included in Appendix 4.



### **e. Planned sanctions and conditions for their applicability**

**Sanctions that may be handed down by the judge at the end of the criminal trial** (during which company liability for the crime is ascertained) are:

- Pecuniary: these are commensurate with the gravity of the crime committed as specified in the legislation, to the degree of company co-liability, to actions carried out in order to mitigate the consequences and to prevent committing the same or further illegal acts. They are, lastly, established on the company's economic and asset conditions basis with the aim of ensuring efficiency of the sanction;
- prohibitory: these, to mention a few, start from prohibition of operations, to the suspension or revocation of authorization, licences, or concessions, to the prohibition or contracting with Public Administration, the exclusion of financial incentives, financing, contributions or subsidies, including the final revocation of those already granted.

Furthermore, the confiscation of the price or profit (when this is not possible confiscation may be aimed at amounts of money, goods or other valuable utilities equivalent to the price or product of the offence) and the publication of the verdict.

**The company may be held liable for the crime committed by the aforementioned subjects** on condition that:

- The facts of the crime served his/her own interests and were to his/her advantage. The difference between the two cases, described

alternatively, is that the first concerns the subjective finalizing of conduct, and is evaluated by the criminal judge with an *ex ante* prospective therefore previous to or concurrent with the offence, while the second is notably more objective – where the company can profit even in the case that the person did not act in his/her interests – and requires a judicial inquiry after the act has been carried out (*ex post*).

- The company did not institute in advance or efficiently implement Organisational and Management Guidelines in order to prevent these crimes in question (while the previous paragraph describes the objective criteria connected to the crime and the legal person, the last describes the criteria for connecting the company with the crime committed).

## **4. ORGANISATIONAL AND MANAGEMENT GUIDELINES**

### ***a. Components***

Having considered the relevant regulation - arts. 6 and 7 of the Decree No. 231/2001 – The Guidelines comprise the following:

- Internal procedures and standards of supervision with exclusive reference to areas at risk of crime;
- Code of Ethics;
- Disciplinary system;
- BoSA;
- Reporting system by and to the BoSA;
- Communication and training.

### ***b. Effectiveness of Guidelines***

**The Guidelines, if adopted and efficiently implemented, afford efficient protection for a company. If adopted before a crime is committed** they afford the company **entire exclusion from liability** (according to that set out in the Guidelines, in this circumstance, it is a case where the collective board is excluded from liability) **for a crime committed by the associated professional person** (in this case, therefore, only the person will be put on trial and sentenced).

**If the Guidelines are adopted after the crime has been committed**, where pecuniary sanctions are handed down, this determines a notable reduction of the same. On the other hand, in the case where prohibitory sanctions are handed down, the sanctions in question are not applied if contrite

behaviour is adopted, e.g. compensation for the damage is paid and/or profit is made available, or the departure of the offender.

Finally, in the case where provisional prohibitory measures are adopted during the preliminary investigation phase, adoption of the Guidelines brings about the suspension of the aforementioned (again where contrite behaviour is adopted).

### **c. Objectives and aims**

The company, in adopting the Organisation, Management and Investigation Guidelines according to specifications in the Decree, emphasizes that it operates honestly and transparently in conducting business and company affairs.

Adoption of the Guidelines represents an awareness tool whereby all employees and anyone associated with SAATI s.p.a. such as suppliers, clients, consultants etc. carry out their business honestly and in a straightforward manner so as to prevent the risk of crime.

In particular, after the company has adopted the Guidelines, the following are proposed:

- Make everyone associated with SAATI aware above all those who operate in crime risk areas, to be able to impose, where the provisions of the Guidelines are breached, that they are liable for criminal sanctions on committing a crime and for administrative fines attributable to the Company;
- To ensure the aforementioned subjects are aware that illegal behaviour is fully punishable by the Company as they are always in

violation of not only the provisions of Legislation, but also the corporate structure and ethical principles operating as company guidelines;

- To allow the Company to quickly intervene to prevent or obstruct the committing of crimes (listed in the special part of the Decree), or at least to significantly reduce the damage caused by them;
- To promote a significant increase in quality in terms of transparency by the governing company and company image of SAATI s.p.a.

It is underlined that, without prejudice to the aforementioned objectives and aims, the Company is aware that the evaluation of the Guidelines concerns its power to reduce and not exclude per se, the committing of one of the crimes listed in the Special part of the Decree by individuals.

This is confirmed by the fact that said Decree expressly requires that the Guidelines be aimed not so much at preventing a crime that has already been proven but at the type of crime that has actually taken place.

#### ***d. Approval and acceptance of guidelines***

The Organisation, management and investigation guidelines, in compliance with the provision in Art. 6 paragraph 1, App. a), of the Decree No. 231/2001, is issued by management.

The Guidelines include and do not substitute organisational and investigation tools, as well as the behavioural procedures to be issued or those already in use.

Regarding this, in fact, it is noted that the Guidelines comprise a tool with a specific scope and aim of exclusively preventing the commission of crimes laid out in the Decree.

However, even according to specifications in the Guidelines issued by Confindustria, the principles of behaviour in these Guidelines may be considered as an expansion or extension of behavioural codes already present or to be issued.

#### **e. Amendments and additions**

The SAATI S.p.A., Board of Directors on instigation by the BoSA, determines to carry out any future or subsequent amendments and additions to the Guidelines, the Code of Ethics and the disciplinary system.

This is with the aim of enabling constant compliance by the Organisation, Management and Investigation Guidelines to the provisions in the Decree No. 231/2001 and to future changes regarding the organisational and management structure of the Company.

Amendments and additions of the Guidelines should be executed in the broadest way regarding individual business functions within the company which will determine therefore, the specific operational procedures and behavioural standards.

#### **f. Implementation of guidelines**

The Company's Board of Directors makes decisions regarding implementation of the Guidelines, through evaluation and approval of the elements therein.

Supervision regarding the adherence and implementation of the Guidelines is the responsibility of the BoSA (for necessary details on the above, see the part of the Guidelines relating to this Board).

**g. General principles of inspection**

Each operation, transaction, or action has to be traceable, verifiable, documented, coherent and appropriate.

Naturally, data protection and informational procedures must be carried out according to security measures set out in Legislation No. 196/2003 (Code of personal data protection).

No one may personally manage an entire process.

No one may have unlimited power.

Power and responsibility must be clearly defined and known within a company.

Authorities with power and signature must be coherent in their assigned organisational responsibility.

Verification carried out must be documented.

## **5. Board of Statutory Auditors**

### ***a. Structure, functions and tasks***

Pursuant to art. 6, paragraph 1, App. b) of the Decree, a BoSA must be set up. This board is granted autonomous powers of initiative and supervision.

It must supervise the efficient implementation and following of the Guidelines, as well as taking care to keep it constantly updated.

The legislator does not supply exhaustive indications regarding the structure and make-up of this board.

Decisions regarding this therefore, according to popular opinion are left to the free and responsible discretion of the entity.

SAATI S.p.A., in keeping with its own profile, opts for a joint BoSA, maintaining that this choice is the most suitable for which the aforementioned is designed.

The B.o.D appoints two external consultants for this task with the respective roles of President and active official and an internal Company official (with no responsibility and/or decision-making or management powers). Therefore the board guarantees competency in criminal, business and auditing areas.

The BoSA is assigned by administration, by appointment decree with financial autonomy enabled through the assignation of an expenses budget which will be, if and when necessary, integrated and/or refinanced.

The BoSA remains incumbent for the time established by the appointment decree and in any event, not for over the 3 (three) years from said appointment. The BOSAs may be re-elected.



On required expiry, The BoSA while expiring will continue to carry out its functions *pro tempore*, until the new BoSA members are appointed.

BoSA remuneration is determined by the B.o.D. on its appointment for the entire duration of incumbency.

The same grounds for ineligibility or forfeiture of appointment are applied to BoSA officials pursuant to art. 2399 cc., for members of the Supervisory Board.

Members of the BoSA may be dismissed from office by the B.o.D. by just cause only. Dismissal must be approved through a hearing with the parties involved.

In the case of termination, dismissal, death, resignation or expiry of one of the BoSA members, the administration must immediately appoint the new BoSA member.

BoSA members do not have to be subjected to criminal proceedings or sentenced (even *res judicata*) for one of the crimes pursuant to Decree No. 231/2001.

The BoSA will carry out the following:

- Supervision of the effectiveness of the Guidelines, verifying in particular the coherency between them and the practical procedures adopted in risk areas;
- Periodic checks that the Guidelines are followed by each and every company unit/area at risk so as to guarantee that the defined procedures and emergency safeguards are followed as faithfully as possible and that they are suitable for preventing risk of committing the crimes reported;

- Supervision until the Code of Ethics and all the provisions within it are followed by all subjects at any level operating in the Company;
- Formulation of update and amendment proposals for the Guidelines to the relevant boards, together with the respective company officials involved in the case whereby changes in conditions and/or regulations bring about, according to its decision, the necessity to update and/or implement.

In particular, the aforementioned BoSA must:

- Undertake the update of the Guidelines, by the B.o.D., in compliance with new Legislation and case law, as well as, subsequent to amendments, to the company organisation;
- Supervise operations by the various company officials, from the availability and integration of company regulations (rules of behaviour, operating instructions, future control manuals) to preventing the crime risks mapped out;
- Supervise checks for each risk area, quickly pointing out anomalies or malfunction in the Guidelines while consulting the relevant, areas/officials;
- Promote suitable initiatives for distribution, with the most appropriate methods, of the Guidelines for the knowledge and comprehension of those working in the company, emphasizing the crime risk areas (essentially the areas/officials involved in the management of economic resources, accounting, those who have dealings with local authorities, safety management and occupational health);

- Periodically carry out checks on determined tasks or specific operations in monitored sensitive processes; in order to carry out the verification process, the BoSA may use the services of consultant specialists with specific auditing skills or others depending on the area;
- Provide extraordinary checks where there are Guideline malfunctions or where crimes or illegal acts have been ascertained, or even suspected in the course of prevention;
- Monitor risk activity, in coordination with company officials, attending appropriate meetings;
- Collect, process and save relevant information according to the Guidelines;
- Periodically draft reports on the quality and efficiency of the Guidelines, based on results of the investigation, sending them to the B.o.D., the Supervisory Board and if considered suitable, to the shareholders' meeting;
- Periodically check the implementation of possible solutions for the specific Guidelines procedure;
- Manage its e-mail account ([odv@saati.com](mailto:odv@saati.com)) in order to receive requests for clarification from company structures where there are doubts or issues, as well as requests for assistance in implementing the Guidelines;
- Evaluate and impose disciplinary sanctions with the required coordination of those in charge of company officials/areas.

The BoSA carries out its work, except in exceptional or particular cases, at least quarterly.

The BoSA, where necessary in order to carry out its work, must be able to speak with the Chair of the B.o.D, with the Managing Director who has powers of attorney where the Chair is absent or unable to attend and generally with the Company directors.

The BoSA can ask to be heard by the B.o.D and/or by the Supervisory Board each time a check or intervention in the Company is necessary regarding the operation and efficient implementation of the Guidelines.

To guarantee an effective stream of information, the BoSA has the right to directly ask those involved in operations for clarification or information in order to effectively carry out its tasks.

The BoSA can also be summoned at any time by the Board of Directors and by the Supervisory Board to consult on particular events or situations related to the operation or following of the Guidelines.

The relationship between the Company and the external member of the BOSA will be regulated by the appropriate written contract.

Members of the BoSA must be suitably remunerated, so as to prevent any depreciation of their work and tasks.

### ***b. Reporting to the Board of Statutory Auditors***

Any information, documentation and/or communication goes directly to the BoSA, even if issued by third parties according to Guidelines.

The BoSA in carrying out its tasks must have free access to people and all company documentation, including the minutes from meetings of Shareholders, Board of Directors and Supervisory Board; it must be able to

ask for and swiftly obtain data and information from the departments, managers and directors.

The BoSA includes in its verification process the checking of documentation which must be submitted for its attention periodically.

The following must be sent to the BoSA:

- actions and/or news from the criminal investigation department or any other authority, from which new developments in the investigation can be deduced, even with regard to anonymous parties in particular cases of crimes mentioned in the Decree, regarding the Company;
- Advance requests for legal assistance from Company officials, where a trial commences for one of the crimes mentioned in the Decree;
- Reports published by the business departments in their verification area, where there are critical risks regarding the regulations in the Decree;
- Periodically, news regarding the effective implementation of Guidelines for all business areas/officials at risk;
- Periodically, news regarding the effective implementation of the Code of Ethics to all levels in the company;
- Information regarding operating in risk areas. Where information and/or news, even official in nature, regarding the commission of crimes mentioned in the Decree or regarding possible breaches in Guidelines (naturally including provisions from the Code of Ethics) each individual must refer to their superior/manager who will in turn go directly to the BoSA.

Where news of possible crimes or breaches in Guidelines involves the BoSA of the Company only the BoSA is directly and immediately notified.

The Administration Department must inform the SAATI S.p.A., BoSA of the authorisations and powers of attorney adopted by the Company.

Information should reach the BoSA using the method defined by them.

All claims, even anonymous, relating to an evident or suspected breach of Guidelines must be immediately substantiated. They can be sent in writing or to the email address provided.

The BoSA acts in order to guarantee informers protection from any form of retaliation, discrimination or penalty, also guaranteeing the informer's anonymity, without prejudice to Legislation and the safeguard of Company rights or people wrongly accused or in bad faith.

The BoSA evaluates the claims received and decides on the best course of action, listening, if necessary, to the informant and/or the person responsible for the breach.

Where the person responsible for the breach the Chair of the B.O.D. or CEO with proxy rights where the Chair is absent or unable to attend, the BoSA carries out a preliminary investigation, the results of which are sent to the president of the Supervisory Board who will, after necessary details are checked, employ the most appropriate provisions, while taking care to inform the BoSA.

While the proof of the annual balance sheet is awaiting approval by the Shareholders' meeting, the BoSA, informs the Board of Directors or Supervisory Board of the state of affairs and implementation of the Guidelines, with particular reference to investigation results carried out

during the year and suitable action plans for implementation of said Guidelines, with a written report.

***c. Data collection and storage***

The BoSA has a specific informational or paper database, where all reports, information, and claims pursuant to this act are stored, for a period of 10 years. Without prejudice to compliance with the provisions relating to private data protection and the guaranteed rights of the parties concerned.

Only the BoSA is permitted to access the database.

## **6. DISTRIBUTION OF GUIDELINES**

### ***a. Training and information for all personnel and management***

The Company guarantees an honest and thorough knowledge of the Guidelines and contents of the Decree No. 231/2001 and the obligations therein.

The training and guidelines are managed by company experts under the control of the BoSA, and in strict coordination with the managers of the areas/officials involved in the implementation of the Guidelines.

This information and training programme includes subjects who, while not part of the company team, operate in the interests of and/or to the advantage of the Company.

However, only communication and training concerning the Code of Ethics is for third parties.

Use of this document is to be communicated to everyone who works in or on behalf of SAATI s.p.a. as soon as it is adopted.

All employees and directors must sign a form in this regard, on which they declare their knowledge and acceptance of the Guidelines, which they have either a paper or electronic copy of.

An information pack is sent to new employees containing the Guidelines, including the Code of Ethics and Decree No. 231/2001, which ensures they are updated on these fundamental matters.

In the specified third-party contracts, standard contractual clauses are included, obliging the aforementioned to not adopt behaviour that is not in line with the behavioural principles and ethical values in keeping with the Company ideals.



Ongoing training and updating are organized by expert company officials with supervision by the BoSA, having recourse to obligatory periodic meetings, their content and frequency regulated based on the status of intended parties and their function.

If the BoSA considers it necessary, external professionals will take part in the meetings who have expertise concerning the crimes attributable to the Company, through organisational process and procedural analysis, as well as general principles of legislation regarding compliance and related controls.

***b. Selection of external subjects operating in risk areas***

On the authority of the BoSA, the final decision made by the B.O.D., evaluation systems may be established within the Company for the election of representatives, consultants and the like as well as partners with whom the Company intends to enter into any form of partnership in order to cooperate with the company in terms of carrying out risk activity within the firm.

## **7. DISCIPLINARY SYSTEM AND PENALTY MEASURES**

### **a. Aims**

The current disciplinary and penalty system, included in the SAATI S.p.A. Organisational Guidelines, is adopted by the Board of Directors pursuant to art. 6, paragraph 2, App. e) and art. 7, paragraph 4, App. h) of Legislation 231/2001.

This is aimed at defining the sanctions for non-adherence to the principles in the Code of Ethics - Part III SAATI ("Code of Ethics") as well as specifications in the Organisational Guidelines adopted by the Company. The Code of Ethics and the Organisational Guidelines make up the components of SAATI crime prevention which may have administrative liability ex Legislation 231/2001 ("Prevention System").

The application of punitive disciplinary measures takes place despite the commencement or verdict of a criminal trial, the code of conduct established by the Prevention System by SAATI S.p.A. autonomously and independently of the type of crime the Prevention System can determine.

### **b. Employee penalty measures**

Workers' (managers, employees and workers) conduct on breaching each single behavioural rule laid out in the Prevention System are defined as "disciplinary offences".

The sanctions handed down to Employees come under those specified in the Company Rules, in the procedures according to article 7 of the Statute of workers as well as, regarding managers, employees and workers,

according to the CCNL (National Labour Collective Agreement) for workers of textile manufacturers.

The disciplinary measures regarding Employees and future compensation requests for damages must be commensurate, in accordance with the logic of proportionality between behaviour and disciplinary consequences, according to:

- The level of responsibility and autonomy of the Employee;
- Where there were previous disciplinary issues, even outside of breaching the Prevention System, involving the same person;
- The intentions of his/her behaviour;
- The severity of the behaviour;
- The other particular circumstances where this behaviour was manifest in breach of the Prevention System.

The Prevention System is breached when there is a failure to comply with obligations set out therein. In each case, the Prevention System breached in the following ways listed in order of severity:

- The committal of crimes for which companies' administration is liable ex Legislation No. 231/2001;
- Breach of the principles in the Code of Ethics;
- Breach of rules in the Organisational Guidelines procedures, Obstructing BoSA investigations, and the omission of supplying required information;
- Absenteeism from training;
- Neglecting to distribute the Prevention System.

Where a series of crimes are committed through a single offence, punishable by different sanctions, the severest sanction is to be applied.

Employees who breach internal procedures in the Prevention System or adopt, in carrying out tasks in risk areas, noncompliant behaviour in conflict with the former, the following disciplinary provisions are to be applied:

- a) verbal or written reprimand;
- b) a fine equal to but not greater than four hours of remuneration;
- c) suspension from service and remuneration up to a maximum of 10 days;
- d) lawful dismissal.

Where the worker commits one of the above violations, the Company can hand down a non-disciplinary precautionary suspension with immediate effect for a period no longer than ten days. Where the Company decides to proceed with dismissal, this will have effect from the moment of the decision.

All the above provisions are adopted:

- by the CEO and/or by the Chair of the B.o.D., together with the Director of Human Resources for the Company, with the opinion of the directors and that of the BoSA.

Regarding the directors (also including the CEO), considering the fiduciary relationship that connects this Employee to the Company, the disciplinary measures may only regard serious neglect or recurrence and they will be adopted in compliance with Legislation and the effective National Labour Collective Agreement by the company directors.

Without prejudice, in compliance with current provisions in Legislation and the labour agreement, the Company has every right to claim compensation for damages from the offender who breaches the Prevention System.

### ***c. Administrators' and auditors' penalty measures***

Where a member of the Board of Directors breaches procedures in the Prevention System or adopts, in carrying out work in risk areas, non-compliant behaviour the specifications of the former, the BoSA informs the Board of Directors and the Supervisory Board. Where the aforementioned procedures are breached by the Board of Auditors, the Board of Directors will be informed.

In a case where there is a slight irregularity, the Board of Directors, together with the BoSA and with the opinion of the Supervisory Board, initiates a written reprimand procedure for the person involved in the offence.

If the irregularity is more serious, the Board of Directors and/or the Supervisory Board will call a Shareholder Meeting which may:

- revoke the request of just cause from the offender who breached the Prevention System;
- appeal to the Court to revoke the just cause from the auditor who breached the former.

Without prejudice, in compliance with current provisions in Legislation and the labour agreement, the Company has every right to claim compensation for damages from the offender who breaches the Prevention System.

**d. External parties' penalty measures**

Where the breach is by an External Party (consultant, agent, Lawyer, supplier, and representative of the Company in general) or a Partner of SAATI S.p.A. within the provisions of procedures included in the Prevention System specified in a contract clause, the person who signed the contract for SAATI S.p.A., containing that breached clause or in the case where this is not possible, the Chair or Vice Chair B.O.D., according to the clause, will proceed with a written reprimand, pecuniary penalty or termination of the offender's contract depending on the severity of the crime committed.

Without prejudice, in compliance with current provisions in Legislation and the labour agreement, the Company has every right to claim compensation for damages from the offender who breaches the Prevention System.

**e. Register of Prevention System offenders**

The BoSA keeps the register of offenders, both internal and external to the Company, who have undergone disciplinary or sanctionary measures. Registration of offenders who have been dismissed or who had their contracts terminated, determines their exclusion from new contracts with the Company subject to exception by the Board of Directors through written approval by the BoSA.