CONTENTS

Chimec S.p.A.

Organisation, management and control Model pursuant to Legislative Decree 231/2001

SPECIAL SECTION "B"

CORPORATE OFFENCES

1. – General introduction

The offences contemplated in this special section are varied and covered by the umbrella term "corporate offences", aimed at safeguarding a multiplicity of legal interests. Following the company law reform in 2002, the overarching focus of these offences has shifted from the primary interest of safeguarding the national economy as a whole, to one that privileges – predominantly, but not exclusively – the protection of proprietary interests.

Both doctrine and case law have identified the legal interests that the set of corporate offences aim to safeguard: corporate transparency, the integrity of a company's capital and assets, corporate fairness and rightness, which are a sub species, so to speak, of the regular functioning of the general meeting and the effectiveness of public disclosures, the regular performance of control and supervisory activities, both inside and outside the company, the proper performance of the market.

Generally speaking – [*Translator's note*: for the sake of simplifying the rather befuddling and complex niceties of the Italian legal system, which provides for two types of "fines" (*ammenda* or *multa*) and two types of detention in prison (*arresto* or *reclusione*), depending on whether the offence is classified as a "*contravvenzione*" (non-criminal offence) or a "*delitto"* or "*reato*" (criminal offence)] – corporate offences may be distinguished according to the presence or absence, in the commission of the offence, of the "subjective elements" of negligence (*colpa*) and intention or malice (*dolo*) by the perpetrator. Therefore, for the purposes of this section, a "non-criminal offence" may be the result of either negligence or intention, while a "criminal offence", in order to be classified as such, must always feature an element of intention. However, either class of offence may entail both a fine and a prison sentence.

Broadly speaking, many of the offences included here have been formulated, by legislators, as "criminal offences", the commission of which is established by virtue of the fact that the perpetrators occupy certain roles, offices or positions within a company (directors, general managers, managers, statutory auditors, liquidators, etc., as the case may be).

As a rule, article 2639 of the Italian Civil Code provides that – when establishing the commission of an offence – the formal holder of an office or position is, to all intents and purposes, made equal to the person who actually exercises the powers and functions of that office or position.

2. – Offences referred to in article 25-*ter* of the Decree.

2.1. - False corporate disclosures (article 2621 of the Civil Code) and False corporate disclosures to the detriment of the shareholders or creditors (article 2622 of the Civil Code)

Pursuant to article **2621 of the Civil Code**, "*except as provided by article 2622, the directors, general managers, financial reporting officers, statutory auditors and liquidators who, in order to secure an unjust profit for*

themselves or others, consciously include significant material facts in the financial statements, reports or other corporate disclosures required by law addressed to the stakeholders or market that are untrue, or omit significant material information, the disclosure of which is required by law, about the company's or group's financial position or results, so that it is effectively misleading …..

The same penalties apply in the case of the disclosure of false information or omissions about the assets held or managed by the company on behalf of third parties.

This is a criminal offence committed by qualified persons within the company (directors, general managers, managers, statutory auditors and liquidators) with administrative and management powers, as well as governance oversight powers.

According to **article 2622 of the Civil Code** "*The directors, general managers, financial reporting officers, statutory auditors and liquidators of companies issuing financial instruments admitted to trading on a regulated market in Italy or other EU member State who, in order to secure an unjust profit for themselves or others, consciously include significant material facts in the financial statements, reports or other corporate disclosures required by law addressed to the stakeholders or market that are untrue, or omit significant material information, the disclosure of which is required by law, about the company's or group's financial position or results, so that it is effectively misleading, shall receive a prison sentence of between 3 and 8 years.*

The companies mentioned in the preceding paragraph shall include:

1) companies issuing financial instruments which have applied for admission to trading in a regulated market in Italy or other EU member States;

2) companies issuing financial instruments admitted to trading in an Italian multilateral market;

3) companies controlling other companies issuing financial instruments and admitted to trading in a regulated market in Italy or other EU member States;

4) companies calling for or managing saving deposits from the public.

The above provisions also apply if the false disclosures or omissions concern third-party assets held or managed by the company".

The new provisions provide for reduced prison sentences (between 6 months and 3 years) in the case of the "false disclosures" referred to in article 2621 of the Civil Code, in the case of *"minor violations*" (**article 2621-*bis***). In the latter case, the judge decides as to the scale of the violation based on the "*nature and size of the company and the manner in which the offence was committed and its material consequences and effects*". The same reduced penalty applies in the case of companies that do not exceed the limits set out in article 1, paragraph 2, of the R.D. 267/1942, which, however, cannot be made to fail. In the

latter case, "*prosecution is subject to the filing of a complaint by the company, its shareholders, its creditors or any other recipient of the corporate disclosures*".

Article 10 of Law 69/2015 has introduced **article 2621-*ter***, according to which, for the purposes of applying the new case of non-liability for minor violations (article 131-*bis* of the Criminal Code), the judge must base his or her assessment "*predominantly on the scale of the damage caused to the company, and to its shareholders or creditors, as a result of the facts referred to in articles 2621 and 2621-bis of the Civil Code*".

In this specific case, the measure has increased the fines applicable to the entity, under article 25-*ter* of the Decree, for these false disclosures.

It must be highlighted that:

- the perpetrators of this offence are the directors, general managers, financial reporting officers, statutory auditors and liquidators. Therefore, under Italian law, it is a "proper" or specific offence, which can be committed by persons who hold certain positions or offices in the company;
- the expression "corporate disclosures" comprises all the disclosures that, under the law, must be made to the shareholders or the public (market), including the draft financial statements, reports and other documents to be published pursuant to article 2501-*ter* in the event of a merger, or in the case of advances on dividends, pursuant to article 2433-*bis* of the Civil Code;
- the provision of false information or the omission of any information required by law may be carried out by either altering the accounts or by means of a fictitious evaluation of the assets and other values provided in the disclosures (for example, evaluations of the tangible or financial assets of the company that do not conform to the financial reporting criteria stated in the reports or laid down by the law or which are based on unreasonable parameters);
- the conduct must be aimed at securing an unjust profit, for the perpetrator or others;
- the false (or omitted) information must be "significant" in nature, and such as to effectively mislead the recipients of the disclosures.

The offence may be committed – according to the general criteria referred to in article 5 of the Decree – in the interest or to the advantage of the company, in the case of the creation of hidden reserves of illiquid assets, for example, through the underestimation of the assets or the overvaluation of the liabilities, in order to create funds or cover any losses accrued.

The following penalties apply to the entity:

- in the case of false disclosures under article 2621 of the Civil Code, a fine of between 200 and 400 quotas;

- in the case of "minor" violations, within the meaning of article 2621-*bis* of the Civil Code, between 100 and 200 quotas;
- in the case of false disclosures under article 2622 of the Civil Code, between 400 and 600 quotas.

2.2. – Obstruction of supervisory activities (article 2625 of the Civil Code)

Pursuant to article 2625 of the Civil Code "*Directors who, by withholding documents or by means of other ad hoc expedients, effectively prevent or otherwise hinder the supervisory activities legally attributed to the shareholders or to other corporate bodies, shall receive a fine of up to 10,329 euros.*

If this conduct damages the shareholders, a prison sentence of up to one year shall apply, following a complaint lodged by the offended party.

The penalty shall be doubled in the case of companies whose stock is listed in regulated markets in Italy or other EU member States or with broad public share ownership, pursuant to article 116 of the consolidation act referred to in Legislative Decree 58/1998".

In this case, the conduct must consist in the withholding of documents and ad hoc "expedients", such as any fraudulent and deceiving behaviour capable of preventing the supervisory activities.

The offence consists in hindering or preventing the performance of the supervisory and/or auditing activities – which the shareholders, governance bodies or auditing companies are entitled to perform – by withholding documents or by means of other specific expedients.

This offence, which may be committed solely by the directors, shall entail the liability of the Entity itself only if it effectively causes damage.

The offence entails not just the prevention of the supervisory activities, by withholding documents or other ad hoc expedients, but also simply hindering the said activities.

For the purposes of this provision, the activities of the members of the Board of Directors are scrutinised, as well as those of their collaborators, such as to affect the supervisory actions of the shareholders, the other governance bodies or the auditing company.

In particular, the activities of the perpetrators may affect:

- the supervisory activities by the shareholders under the civil code and other applicable regulations, such as article 2422 of the Civil Code, which envisages the shareholders' right to inspect the company's accounting books and records;
- the supervisory activities by the statutory auditors, under the civil code and other applicable regulations, such as, for example, articles 2403 and 2403-*bis*, which envisage the board of

statutory auditors' powers of inspection and control and the power to request the directors to provide information on the company's performance or specific business matters;

- the activities of the auditing company, under the applicable regulations, such as, for example, articles 2409 from *bis* to *septies* of the Civil Code.

2.3. – Unlawful restitution of shareholders' contributions (article 2626 of the Civil Code)

This provision sanctions the "*directors who, except in the case of legitimate reduction of the share capital, effectively or fictitiously return to the shareholders any contributions made by them, or who release the shareholders from their obligations, in connection therewith*".

This offence occurs when any contributions made by the shareholders to the company are returned to them – either effectively or fictitiously – or when they are released from their related obligations.

2.4. – Illegal distribution of profits and reserves (article 2627 of the Civil Code)

Unless the fact constitutes a more serious offence, this provision sanctions the "*directors who distribute profits, or advances on profits, that either have not been made or must be allocated by law to the reserve, or who distribute the reserves, including any reserves not made up of profits, which, by law, cannot be distributed*".

This provision is aimed at safeguarding the capital of the company from any damage, as a result of the unjustified distribution of the profits and reserves (in the case of the former, if not effectively made, and in the case of the latter, if not permitted by the law).

The offence is extinguished if the profits or reserves unduly distributed are returned to the company before the approval of the financial statements.

2.5. – Illegal operations involving the shares or quotas of the company or its parent company (article 2628 of the Civil Code)

This provision sanctions the "*directors who, except as provided by the law, purchase or subscribe shares or quotas of the company, thus damaging the maintenance of the share capital or reserves that cannot be distributed by law, who shall receive a prison sentence of up to 1 year.*

The same penalty shall also apply to directors who, except as provided by the law, purchase or subscribe shares or quotas of the parent company, thus damaging the maintenance of the share capital or reserves that cannot be distributed by law.

The offence shall be extinguished if the capital or reserves are reinstated before the deadline provided for the approval of the financial statements for the period in relation to which the conduct has occurred".

This provision is grounded on the regulation of so-called cross-shareholdings and the protection of the capital and the non-distributable reserves.

The offence is extinguished when – before the approval of the financial statements for the period in question – the relevant capital and/or reserves are reinstated.

2.6. – Transactions to the detriment of creditors (article 2629 of the Civil Code)

This provision sanctions the "*directors who, in violation of the legal provisions safeguarding creditors, reduce the capital of the company or carry out mergers with other companies or demerges, to the detriment of the creditors*".

This offence is aimed at safeguarding the creditors' rights to the assets and/or capital of the debtor company.

Consequently, the offence arises if the governance body decides to carry out significant transactions (such as mergers, demergers, capital reductions), being fully aware of the fact that this will be harmful to the creditors.

Finally, the offence is extinguished if the debtor company pays back the creditors before the legal proceedings.

2.7. – Failure to report a conflict of interest (article 2629-*bis* of the Civil Code)

This provides that the *"Director or member of the governance body of a company whose stock is listed in the regulated markets in Italy or other EU member State, or with a broad public share ownership pursuant to article 116 of the consolidation act referred to in Legislative Decree 58/1998, as amended, or of an entity subject to supervision, pursuant to the consolidation act referred to in Legislative Decree 385/1993, to the said consolidation act referred to in Legislative Decree 58/1998, to Legislative Decree 209/2005 or to Legislative Decree 124/1993, who violates the obligations referred to in article 2391, paragraph 1, shall receive a prison sentence of between 1 and 3 years, if the said violation damages the company or any third parties*".

This offence is structured as a breach of provisions – such as those envisaged by article 2391 of the Civil Code – such as to cause "*damage to the company or any third parties*".

The main element of the offence is a component of damage resulting from the failure to report any conflicts of interest; this rules out the obligation, for a director, to report any "non-qualified" interest in the company's operations, therefore limiting the criminal relevance of the failed disclosure.

No formal definition is provided of a "conflict of interest", although the generally accepted view is when a director has other interests that can only be satisfied at the detriment of the company.

This offence differs from that of "disloyal financial management" envisaged by article 2634 of the Civil Code, in which the conflict of interest is paramount, while in the case of article 2629-*bis* of

the Civil Code the sanction applies to the failure, by a director, to report his or her private interests, regardless of whether or not it conflicts with the interests of the company.

2.8. – Fictitious formation of share capital (article 2632 of the Civil Code)

This provision sanctions the "*directors and contributing shareholders who, entirely or partially form or increase the company's capital in a fictitious manner, through the distribution of shares or quotas in excess of the actual capital, by mutually subscribing shares or quotas, significantly overvaluing any contributions in kind or credits, or the equity of the company in the event of its transformation*".

This offence aims to safeguard the capital of a company against any fictitious transactions by the directors or contributing shareholders, such as to inflate the company's actual capital.

2.9. – Illegal allocation of company assets by liquidators (article 2633 of the Civil Code)

This offence sanctions those "*liquidators who, by allocating a company's assets among the shareholders before either paying its creditors or setting aside the necessary sums to do so, cause damage to the creditors*".

In this case, the perpetrators are the liquidators of a company, if they allocate the company's assets to the shareholders before paying the creditors.

The provision, therefore, aims to safeguard the creditors against the damage caused by the liquidators, who fail to guarantee the payment of the company debts out of its assets.

The offence occurs when the liquidators decide in favour of the shareholders and – therefore – to the detriment of the creditors, by depriving them of the security afforded by the company's assets.

However, in this case too the perpetrators shall not be liable if, as provided by article 2633, the creditors are paid before the start of the relevant legal proceedings.

2.10. – Corruption in private sector (article 2635 of the Civil Code)

Unless the fact constitutes a more serious crime, the "*directors, general managers, financial reporting officers, statutory auditors and liquidators who, after receiving money, or the promise of money, or other benefit for themselves or for others, either perform or omit to perform actions, in violation of their official duties or their duty of loyalty, thus causing damage to the company, shall receive a prison sentence of between 1 and 3 years.*

The prison sentence shall be up to 1 year and 6 months if the offence is committed by a person subject to the direction and supervision of one of the parties specified in paragraph 1.

Whoever gives or promises money or other benefits to the persons specified in paragraphs 1 and 2 above shall also receive the same sentence.

The penalties above shall be doubled in the case of companies whose stock is listed in regulated markets in Italy or other EU member States or with broad public share ownership, pursuant to article 116 of the consolidation act on financial intermediation referred to in Legislative Decree 58/1998, as amended.

Prosecution is subject to the filing of a complaint by the offended party, except in the case of distortion of competition in the acquisition of goods or services".

The conduct liable to prosecution here is the so-called "corruption pact" between a private party and the members of the governance body, to ensure that they perform or omit the performance of specific actions in violation of their duties for a sum of money or other benefits.

The offence arises from the payment of any money or the promise to pay.

Since the offence is a so-called "offence of damage", the corruption must be effectively prejudicial for the company.

2.11. – Unlawful influence on shareholders' meeting (article 2636 of the Civil Code)

This provision sanctions "*whoever, by means of simulated or fraudulent actions, determines a majority at a general meeting of shareholders, with a view to securing an unjust profit for himself or others*".

This offence may be committed by any person and, therefore, also by people who do not belong to the company, for the purpose of directly securing – or enabling others to secure – an unjust profit, i.e. a profit that is not legally grounded, through a resolution passed at a shareholders' meeting and which requires a quorum of attending shareholders.

The expression "simulated or fraudulent actions" means any deceptive behaviour aimed at altering the formation of majorities at general meetings, for the purpose of securing the perpetrator's unlawful purpose.

The offence arises with the formation of a majority at the general meeting.

2.12. – Stock fraud (article 2637 of the Civil Code) and market manipulation (article 185 of the Financial Consolidation Act or T.U.F.)

Market abuse achieved by altering the process whereby the price of financial instruments is correctly formed is sanctioned, as an offence, by articles 2637 of the Civil Code (stock fraud) and 185 T.U.F. (market manipulation).

These two offences differ in relation to the nature of the financial instruments the price formation process of which is unduly influenced. "Stock fraud", for example, concerns non-listed securities, or securities for which no application has been made for admission to trading in a regulated market, while "market manipulation" refers to listed securities, for which an application has been made

for admission to trading on regulated markets.

In both cases, the offence consists in the following:

- spreading false information (*information-based manipulation*);
- carrying out simulated transactions, or other expedients such as to cause a significant alteration in the price of the listed or non-listed securities (*action-based manipulation*).

Furthermore, stock fraud also sanctions any conduct aimed at significantly affecting the view held by the public of a bank's or a banking group's financial soundness.

2.13. – Hindering the activities of public supervisory authorities (article 2638 of the Civil Code)

Pursuant to article 2638 of the Civil Code the "*Directors, general managers, financial reporting offices, statutory auditors and liquidators of companies or entities and the other parties subject by law to public supervisory authorities, or accountable to them, who in their disclosures to the said authorities required by law, with a view to hindering their supervisory functions, present false material facts, even though subject to assessment, about the financial position and results to the said supervisory authorities or, for the same purpose, conceal by other fraudulent means, all or part of facts that should be disclosed, relating to the same situation, shall receive a prison sentence of between 1 and 4 years. The penalty shall also apply when the information relates to assets held or managed by the company on behalf of third parties.*

The same penalty shall apply to the directors, general managers, financial reporting offices, statutory auditors and liquidators of companies or entities and the other parties subject by law to public supervisory authorities, or accountable to them, who, in any way, also by omitting any disclosures which they are required to make to the said authorities, consciously hinder their functions.

The penalty shall be doubled in the case of companies whose stock is listed in regulated markets in Italy or other EU member States or with broad public share ownership, pursuant to article 116 of the consolidation act referred to in Legislative Decree 58/1998".

In the first form of the above mentioned offence (defined as the offence of *false disclosures to public supervisory authorities*), hindering the performance of the supervisory authorities' duties[1] is viewed as the purpose of the perpetrator's conduct (a specifically intentional offence), while in the second case

1 By way of example only: CONSOB and Banca d'Italia. For further information on the matter, see the case law appendix n. 4, Cons. di Stato, Sez. IV, 21 luglio 2005 n. 3914 (in Italian).

(defined as the offence of *hindering the performance of the public supervisory authorities' duties*) the hindering conduct leads to the commission of an "unlawful act".

The manner in which is offence is perpetrated may consist in the formulation of false information added to the mandatory disclosures, or the concealment, by any fraudulent means, of information that is mandatorily required, in all cases with regard to the Company's financial situation, equity and operating results.

Regarding the "hindering" part of the offence, the supervisory activities must be significantly hindered, by any means, including the omission of any material information.

2.14. – Fines applicable to the offences referred to in article 25-*ter* of the Decree

Having regard to the above listed offences, if it is found that the an offence has been committed in the Company's interest by the directors, general managers or liquidators, or by any persons subject to their supervision, and the relevant facts would not have occurred if they had duly fulfilled their supervisory duties, as their position requires, the Company shall be liable to the following fines:

a) in the case of false corporate disclosures pursuant to article 2621 of the Civil Code, a fine of between 200 and 400 quotas;

b) in the case of false corporate disclosures pursuant to article 2621-*bis* of the Civil Code, a fine of between 100 and 200 quotas;

c) in the case of false corporate disclosures pursuant to article 2622 of the Civil Code, a fine of between 400 and 600 quotas ;

d) in the case of obstruction of supervisory activities, pursuant to article 2625, second paragraph, of the Civil Code, a fine of between 200 and 360 quotas;

e) in the case of fictitious formation of share capital, pursuant to article 2632 of the Civil Code, a fine of between 200 and 360 quotas;

f) in the case of unlawful restitution of shareholders' contributions, pursuant to article 2626 of the Civil Code, a fine of between 200 and 360 quotas;

g) in the case of illegal distribution of profits and reserves, pursuant to article 2627 of the Civil Code, a fine of between 200 and 260 quotas;

h) in the case of illegal operations involving the shares or quotas of the company or its parent company, pursuant to article 2628 of the Civil Code, a fine of between 200 and 360 quotas;

i) in the case of transactions to the detriment of creditors, pursuant to article 2629 of the Civil Code, a fine of between 300 and 660 quotas;

l) in the case of illegal allocation of company assets by liquidators, pursuant to article 2633 of the Civil Code, a fine of between 300 and 660 quotas;

m) in the case of unlawful influence on shareholders' meeting, pursuant to article 2636 of the Civil Code, a fine of between 300 and 660 quotas;

n) in the case of stock fraud, pursuant to article 2637 of the Civil Code, and in the case of failure to report a conflict of interest, pursuant to article 2629-*bis* of the Civil Code, a fine of between 400 and 1,000 quotas;

o) in the case of hindering the activities of public supervisory authorities, pursuant to article 2638, first and second paragraph, of the Civil Code, a fine of between 400 and 800 quotas;

p) in the case of corruption in private sector, third paragraph of article 2635 of the Civil Code, a fine of between 200 and 400 quotas.

If the entity has secured a considerable profit, as a result of the commission of the above mentioned offences, the fines shall be increased by one third.

3. – Risk areas

As mentioned above, this Special Section relates to so-called "corporate offences", i.e. offences committed by persons holding specific offices or positions within a company (e.g. Directors, statutory auditors, general managers, liquidators), generally causing damage to the shareholders, the creditors and the Company itself.

Based on Chimec's operations, the following risk areas have been identified:

- the preparation of documents providing information to the shareholders on the financial situation, equity and operating results of Chimec;
- the preparation of prospectuses, brochures and press releases containing information on the Company's financial situation and operations, for dissemination to the public;
- relations with the auditors/auditing companies;
- relations and disclosures to the public supervisory authorities.

With regard to the offence of corruption in private sector (article 2635 of the Civil Code), the risk areas are limited to the following activities:

- relations with credit institutions (e.g., banks, insurance companies, leasing companies);
- tendering procedures;
- procurement processes for raw materials, especially with regard to contracts and other arrangements with suppliers and the related fulfilment thereof;
- disputes with specific parties (e.g., suppliers, providers of services), in relation to the procedures adopted for the resolution thereof, also by means of settlements.

The areas specified above are relevant also if the relevant activities are carried out, in whole or in part, by individuals or corporations in the name and on behalf of Chimec, also based on proxies or powers or attorney or under contracts and other arrangements, of which the SB must be promptly informed.

Finally, given the nature of the offences above and the involvement of a large number of persons operating within the Company, it has been decided to prepare a general set of rules for the Recipients, as well as specific rules of conduct for the so-called senior executives, who are the persons most susceptible to committing the offences.

4. – General rules of conduct and implementation

The purpose of this Special Section is to provide a set of rules of conduct aimed at preventing the commission of corporate offences, giving rise to the penalty system set out in the Decree in the event the entity is found liable.

The rules of conduct apply to all the Recipients[2] of the Model and, in particular to all those who operate in the risk areas defined above, including any persons who are not part of the Company.

The Board of Directors of Chimec, together with the SB, shall be responsible for the circulation and implementation of the said systems.

The Recipients are expected to know and abide by the rules set out herein, as well as the:

- Code of Conduct;
- disciplinary system;
- internal procedures for managing / treating confidential information and for disclosing documents and information;
- administrative – accounting processes required for preparing the financial statements;
- Company's accounts and management rules;
- procedures for performing significant activities and managing the situations of interest;
- rules for awarding consultancy contracts or engaging professionals;
- protocols adopted for requesting bank guarantees and foreign currency trading;
- internal control system of Chimec.

The Recipients and all external collaborators – duly informed by means of dedicated contractual clauses – are prohibited from:

- adopting any kind of conduct that may give rise to the offences herein;
- adopting any conduct contrary to the principles of fairness and transparency, or in violation of the applicable laws or regulations, or which are contrary to the internal corporate procedures, as provided for the performance of all management and information disclosure functions, with regard to the financial situation, equity and operating results of Chimec. In particular, it is strictly forbidden to alter or misrepresent any information or figures contained in the prospectuses, with the intention of providing an untruthful and unfair account of the Company's financial situation and operating results;

2 For the definition of Recipients, reference should be made to the General Section of the Model, Glossary.

- adopt any conduct that, although legal, may nevertheless directly or indirectly foster the commission of the offences above;
- in relation to the preparation of the financial statements and the keeping of the Company's account books, especially with regard to the Board of Directors, the Recipients are strictly prohibited from approving, altering or falsifying any data prepared for and contained in the said books and records, since they must abide by the applicable principles and requirements in order to ensure the needs of transparency and truthfulness of the said documents;
- hindering the regular operation of the corporate bodies, especially with regard to the internal management control activities, as required by the law, and in relation to the with regard to the free formation of the general meeting's will;
- adopting a conduct aimed at hindering the control or auditing activities by the Board of Statutory Auditors or auditing company, by means of material actions or other fraudulent means;
- omitting the issuing of clear, complete and prompt disclosures to the public supervisory authorities, or concealing or otherwise disclosing untruthful facts and information, as well as adopting any kind of fraudulent behaviour aimed at hindering the performance of the said authorities' functions and duties;
- adopting any measures contrary to the applicable laws and regulations for the purpose of protecting the integrity and entirety of the company's equity and assets, or aimed at damaging the guarantees provided to creditors or third parties out of the Chimec capital. Specifically, it is forbidden to: return any contributions, except as provided by the law, distribute any profits not effectively made or distribute any reserves that cannot be distributed, purchase or subscribe shares of the Company, unless as permitted by the law. Moreover, all the Recipients are prohibited from carrying our capital reductions, mergers or demergers in violation of the law and such as to harm the rights of its creditors, or to carry out fictitious capital increases and, lastly, during the liquidation procedure, allocate the Company's assets to the shareholders before paying the creditors;
- giving or offering money or other benefits in exchange for favourable treatment, in connection with the Company's operations, to Italian or foreign parties who may influence the independence of judgement or persuading them to secure any advantage for Chimec as a whole;

- promising or granting money or services to suppliers, consultants or other partners, which are unwarranted in relation to any activities required, engagements to be performed and regularly awarded under specific contracts and other arrangements concluded and approved by the Board of Directors of the Company.

The directors, managers and general managers of the Company are subject to further and more stringent rules of conduct, because they are the persons who – in virtue of their duties, office and powers – may effectively commit the corporate offences herein.

Precisely for preventing this from happening, besides all the prohibitions listed above, the Board of Directors is also required, either directly or through a director and/or specifically designated officer:

a) to monitor the internal system set up to review the documents relating to the Company's financial statements, accounting books and records, half-yearly report, with regard to the disclosure of Chimec's statement of profit or loss and statement of assets and liabilities, to make sure that the said documents and records effectively achieve the objectives of truthfulness and fairness;
b) to verify and, therefore, certify the adequacy of the Company's financial statements (including all the documents related to the Company's financial situation, equity and operating results), and corporate characteristics, and to make sure that all the applicable financial reporting criteria, in view of the preparation of the financial statements, have been applied and complied with, especially with regard and in relation to the formal and, indeed, substantial criteria required under the said financial reporting regulations.

If a single director or other officer has been designated to perform the activities indicated in a) and b) above, the Board of Directors shall guarantee the necessary powers for the performance of the said duties, and check that the activities performed are consistent with the expected results.

The Director and/or officer shall also be required to periodically report to the Board of Directors and the SB on the activities carried out.

If Chimec appoints an independent auditor and/or auditing company to audit its accounts, the Board of Directors shall ensure that:

a) none of the circumstances of ineligibility or incompatibility apply;
b) the company personnel responsible for transmitting the necessary documents to the auditor is designated, for the purpose of enabling the said auditor to perform and fulfil his or her duties;

c) the auditor and/or auditing company contacts the SB, and, jointly with the Board of Directors, that a system for ensuring a flow of information between the latter bodies and the auditor is established.

In relation to the management of the transactions relating to contributions, the distribution of profit and reserves, the subscription or purchase of shares or quotas, capital transactions, mergers or demergers, the allocation of assets during the winding up procedure, the above mentioned roles – directors, general managers, managers and liquidators of the Company – are required to abide by the following procedures:

a) any activity or decision relating to the above mentioned activities shall be approved by Chimec's management body;
b) the approval must be promptly notified to the SB, which shall be entitled to analyse and examine all the data relating to the transactions in question, also during the performance thereof;
c) the SB shall also be required to report to the Board of Directors on any irregularities or criticalities emerging from the procedures and to indicate any solutions.

Generally speaking, the said Company roles shall:

a) when participating in tendering procedures, abstain from establishing relations with members of the contracting authority or entity or of the competing tenderers, except for purely professional reasons;
b) in connection with the resolution of disputes or other litigation with any contract partners, also by means of settlements, to ensure transparent and traceable procedures;
c) to abstain from giving or promising money or other benefits, not in good faith or if motivated by the intention to influence the other party's judgement.

Finally, the Board of Directors may provide for other measures aimed at protecting the identified risk areas, in addition to the obligations and requirements mentioned above.

5. – Duties of the SB

Having regard to the activities relating to the preparation and approval of the financial statements, the reports and the other accounting records, as well as the relations with the auditors and/or auditing company with Chimec, the SB – in addition to and integrating the ordinary tasks provided in the General Section of the Model – shall:

- monitor the effectiveness of the internal procedures for preventing the offence of false corporate disclosures (articles 2621 and 2622 of the Civil Code);
- verify whether the ideal conditions are in place for allowing the auditors and/or auditing company to independently perform their duties;
- implement and ensure an efficient reporting system, staffed by the personnel responsible for performing the said activities, with the auditor and/or auditing company and, jointly with these, with the Board of Directors;
- propose any additions to the rules of conduct herein, for the keeping and preservation of which it shall be responsible, on paper or in electronic format, in its files.

Moreover, where Chimec decides to carry out mergers, demergers, capital increases/decreases, sale or subscription of shares, the SB shall be promptly informed and involved in the performance of the said activities, for the purpose of verifying if they may potentially give rise to criticalities resulting in the commission of the corporate offences. In the above mentioned cases, Chimec shall guarantee that its governance bodies – possibly with the support of the internal control personnel – shall assist and support the SB through continuous and punctual information flows.