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**Chimec S.p.A.**

**Organisation, Management and Control Model**  
**pursuant to Legislative Decree 231/2001**

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## **1. – Environmental offences**

Article 25-*undecies* of Legislative Decree 231/2001 was introduced by article 2, paragraph 2 of Legislative Decree 121/2011, for the purpose of extending the administrative liability of entities to include certain environmental offences.

The provision entered into effect on 16 August 2011. Therefore, by virtue of the principles of legality and non-retroactivity referred to in article 2 of Legislative Decree 231/2001, it shall be effective and apply only to environmental offences contemplated in the Decree and committed after that date, even in the case of continuing offences that began before that date and continued beyond it.

Many of the cases envisaged by article 25-*undecies* consist of merely formal violations (resulting in alleged danger) and only several of them are offences resulting in actual harm or real danger, which have been recently introduced by Law 68/2015 and, as predicate offences, by article 25 –*undecies*. Since they are mostly minor offences, most of them are subject to a fine; therefore, for the purpose of establishing the commission of an offence, a conduct based on negligence, carelessness and incompetence is sufficient. The specific absence of the requirement of intentional wrongdoing or wilful misconduct, therefore, enhances the possibility of the occurrence, within the field of activities and operations at the environmental level carried out by the Entity, of a significant conduct within the meaning of the Decree. In short, this means that the Company is particularly attentive to implementing and putting into place adequate, suitable and sufficient measures to prevent the commission and occurrence of any punishable behaviour.

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It should also be specified that responsibility for environmental offences, within the framework of the Decree, may also simply consist in the participation in illegal activities carried out by others. In this case, the person concerned is punishable only if he or she was aware of the illegal activities being carried out and of the offences being committed (e.g. unlawful management of waste disposed of by a haulier under contract), as well as in the case of the specific violation of the obligation to carry out and perform oversight with regard to the perpetrator of the offence (e.g. failure to verify whether or not a waste management contractor possesses the necessary authorisations and/or the ongoing validity thereof, within the framework of a continuous relationship).

Following are the single cases of significant offences covered by this Special Section.

**A) Offences contemplated by the Italian Criminal Code**

**A.1. – Environmental pollution (article 452-*bis* of the Criminal Code)**

Under this new offence, introduced by Law 68/2015, anyone who illegally causes a significant and measurable impairment or deterioration: 1) of the water or air, or of extensive parts of the soil or subsoil; 2) of an ecosystem, biodiversity, agricultural or otherwise, flora or fauna, shall be liable to a prison sentence of between two and six years and a fine of between 10,000 and 100,000 euros.

Pursuant to paragraph two of the article in question, when the pollution is produced in a protected nature area or an area subject to landscape, environmental, historical, artistic, architectural or archaeological restrictions, or is harmful to protected animal or plant species, the penalty is increased.

Pursuant to article 25-*undecies*, paragraph 1, letter a) of the Decree, as amended by Law 68/2015, a fine of between 250 and 600 quotas is applied.

Furthermore, if found guilty, the entity shall also be liable to a disqualification penalty, pursuant to article 9 of the Decree, for a duration of no more than one year (article 25 *undecies*, paragraph 1-*bis* of the Decree).

Where the above mentioned offence is the result of negligence but is not intentional, the entity shall be fined between 200 and 500 quotas, pursuant to article 452-*quinqüies* of the Criminal Code (as provided by article 25-*undecies*, paragraph 1, letter c of the Decree).

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**A.2. – Environmental disaster (article 452-*quater* of the Criminal Code)**

The provision introduced by Law 68/2015 provides for the punishment, with a prison sentence of between five and fifteen years, whosoever, other than in the cases contemplated by Article 434 of the Italian Criminal Code, unlawfully causes an environmental disaster which, alternatively, could be constituted by: a) an irreversible change in the balance of an ecosystem; b) a change in the balance of an ecosystem which would be particularly costly to reverse and likely to entail exceptional measures; c) an offence against public safety two to the importance related to the extension of the impairment or its harmful effects in terms of the number of people injured or exposed to the hazard.

The offence will be considered more serious when the disaster is created within a protected nature area or an area subject to landscape, environmental, historical, artistic, architectural or archaeological restrictions, or which is harmful to protected animal and plant species.

Article 25-*undecies*, paragraph 1, letter b) provides for a fine for the entity of between 400 and 800 quotas.

In this case too, the entity shall also be liable to a disqualification penalty pursuant to article 9, Legislative Decree 231/2001 (article 25-*undecies*, paragraph 1-*bis*).

As in the previous case, if the offence is deliberately, pursuant to article 452-*quinqüies* of the Criminal Code, a fine of between 200 and 500 quotas shall apply (as provided by article 25-*undecies*, paragraph 1, letter c).

**A.3. – Trafficking and dumping highly radioactive material (article 452-*sexies* of the Criminal Code)**

This provision, introduced by Law 68/2015, provides for the punishment, unless the fact constitutes a more serious offence, with a prison sentence of between two and six years and a fine of between 10,000 and 50,000 euros, whosoever unlawfully assigns, purchases, receives, transports, exports, imports, procures for others, stores, transfers, dumps or otherwise illegally disposes of highly radioactive material.

The entity shall be liable to a fine of between 250 and 600 quotas, as provided by article 25-*undecies*, paragraph 1, letter e).

**A.4. – Aggravated organised crime. Mafia-type criminal organisations set up to commit any of the offences referred to in the Title VI-*bis* of the Criminal Code (article 452-*octies* of the Criminal Code)**

Article 452-*octies* of the Criminal Code, introduced by Law 68/2015, extends the category of typical offences committed by criminal organisations (article 416 of the Criminal Code) and mafia-type criminal organisations (article 416-*bis* of the Criminal Code) to include the offences referred to and governed by the new Title VI – Bis of the Italian Criminal Code titled “Offences against the environment”.

In particular, paragraph 1 of this provision increases the penalties contemplated in article 416 of the Criminal Code, if the aim of the criminal organisation is that of – exclusively or concurrently – committing any of the offences set out in this new part of the Criminal Code.

Instead, paragraph 2 increases the penalties contemplated in article 416-*bis* of the Criminal Code, if it is a mafia-type criminal organisation that commits the said offences, or if the organisation aims to manage or control any business activities, concessions, authorisations, construction or public procurement contracts of an environmental nature.

The penalties contemplated in paragraphs 1 and 2, therefore, are increased by between a third and a half if the organisation also includes public-sector officials or persons authorised to provide a public service operating in the environmental sector.

In this case, the entity shall be liable to a fine of between 300 and 1000 quotas (article 25-*undecies*, paragraph 1, letter d).

**A.5. – Safeguarding protected wild animal or plant species (article 727-*bis* of the Criminal Code)**

This provision provides for the punishment, with a prison sentence of between one and six months or a fine of up to 4,000 euros, unless the fact constitutes a more serious offence, whosoever, other than in the permitted circumstances, kills, captures or keeps specimens of a protected wild animal species, except if the number of such specimens is very low and the impact on the preservation of such species is, therefore, neglectable.

Instead, paragraph 2 of article 727-*bis* of the Criminal Code provides for the application of a fine of up to 4,000 euros, to whosoever, other than in the permitted circumstances, destroys, removes or keeps specimens of protected wild plant species, except if the number of such specimens is very low and the impact on the preservation of such species is, therefore, neglectable.

Pursuant to article 25-*undecies*, paragraph 1, letter f) of the Decree, a fine of up to 250 quotas applies to violations of article 727-*bis* of the Criminal Code.

**A.6. – Protecting natural habitats (article 733-*bis* of the Criminal Code)**

Pursuant to article 733-*bis* of the Criminal Code, whosoever, other than in the permitted circumstances, destroys a natural habitat inside a protected area, or otherwise deteriorates it, impairing its preservation, is punished with a prison sentence of up to eighteen months and a fine of no less than 3,000 euros.

Article 25-*undecies*, paragraph 1 letter g) of the Decree requires the application of a fine of between 150 and 250 quotas for the violation of article 733-*bis* of the Criminal Code.

**B) Offences referred to in Legislative Decree 152/2006 (environmental protection provisions) – the so-called “Environmental Code”**

**B.1. – Offences related to discharging waste waters**

**B.1.1. – Discharging waste waters (article 137, paragraphs 3, 5 first sentence, and 13, Legislative Decree 152/2006)**

This provision provides for a prison sentence of up to two years for whosoever, other than in the circumstances envisaged by paragraph 5 or article 29–*quattuordecies*, paragraph 3, discharges industrial waste waters containing the hazardous substances, belonging to the families and groups of substances indicated in tables 5 and 3/A of Annex 5 to part 3 of this decree, without complying with the requirements set out in the relevant authorisation, or any other requirements issued by the competent authorities, pursuant to article 107, paragraph 1, e 108, paragraph 4.

Paragraph 5 of article 137 of Legislative Decree 152/2006 provides for the punishment, with a prison sentence of up to two years and with a fine of between 3,000 and 30,000 euros, whosoever, in relation to the substances indicated in table 5 of Annex 5 to part 3 of this decree, when discharging industrial waste waters exceeds the limit values specified in table 3 or, in the case of substances discharged into the soil, in table 4 of Annex 5 to part 3 of this decree, or the stricter limit values laid down by the autonomous regions and provinces or the competent Authority, pursuant to article 107, paragraph 1.

Finally, paragraph 13 of the provision provides for a prison sentence of between 2 months and 2 years if the waste waters discharged into the sea by ships or aircraft contain substances or materials subject to a total ban on dumping under the applicable international conventions, as ratified by Italy, except in the case of quantities so small as to be rapidly neutralised by the natural physical, chemical and biological processes taking place in the sea, and provided that a prior authorisation to this effect has been granted by the competent authority.

In the above mentioned cases, the entity shall be liable to a fine of between 150 and 250 quotas, as provided by article 25–*undecies*, paragraph 2, letter a) n. 1).

**B.1.2. – Discharging waste waters (article 137 paragraphs 2, 5 second sentence, and 11, Legislative Decree 152/2006,)**

Article 137, paragraph 2, of Legislative Decree 152/2006, provides for a prison sentence of between 3 months and 3 years, and a fine of between 5,000 and 52,000 euros, when the conduct described in paragraph 1 of the same article concerns the discharging of industrial waste waters containing hazardous substances included in the families and groups of substances specified in tables 5 and 3/A of Annex 5 to part 3 of the measure.



Paragraph 5 of article 137 provides that “*whosoever, in relation to the substances indicated in table 5 of Annex 5 to part 3 of this decree, when discharging industrial waste waters, exceeds the limit values specified in table 3 or, in the case the waste waters are discharged into the soil, in table 4 of Annex 5 to part 3 hereof, or the stricter limit values laid down by the autonomous regions and provinces or the competent Authority, pursuant to article 107, paragraph 1, shall receive a prison sentence of up to two years and a fine of between 3,000 and 30,000 euros. If the limit values envisaged for the substances specified in table 3/A of the said Annex 5 are also exceeded, a prison sentence of between 6 months and 3 years shall apply and a fine of between 6,000 and 120,000 euros*”. The significant offence, for the purpose of establishing the liability of the entity, is the one referred to in the second sentence.

Moreover, the following paragraph 11 provides for a prison sentence of up to 3 years for whosoever fails to observe the dumping ban in articles 103 and 104 of the same measure.

Regarding the penalties applicable to the entity in the above mentioned cases, article 25-*undecies*, paragraph 2, letter a), no. 2 of the Decree provides for a fine of between 200 and 300 quotas.

Finally, if found guilty, the entity shall be subject to one of the disqualification penalties contemplated in article 9, paragraph 2 of the Decree, for a duration of no more than six months (article 25-*undecies*, paragraph 7, Legislative Decree 231/2001).

## **B.2. – Offences related to waste**

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### **B.2.1. – Waste management (article 256, paragraph 1, letter a) and paragraph 6, first sentence, Legislative Decree 152/2006)**

Article 256, paragraph 1, of Legislative Decree 152/2006, provides that whosoever, other than in the cases sanctioned pursuant to article 29-*quattuordiecies*, paragraph 1, collects, transports, recovers, disposes of and trades, either directly or through intermediaries, in non-hazardous waste (letter a) without the required authorisation, registration or notification referred to in articles 208, 209, 210, 211, 212, 214, 215 and 216, shall receive a prison sentence of between 3 months and 1 year or a fine of between 2,600 and 26,000 euros, in the case of non-hazardous waste.

Instead, paragraph 6 of article 256 provides for a prison sentence of between 3 months and 1 year, or a fine of between 2,600 and 26,000 euros, whosoever temporarily stores hazardous medical waste at the place of production, entailing the violation of article 227, paragraph 1, letter b).

Pursuant to article 25-*undecies*, paragraph 2, letter b), n. 1, of the Decree the entity shall be liable to a fine of up to 250 quotas. The penalty is reduced by half if the offence referred to in article 256, paragraph 4, of Legislative Decree 152/2006 is committed (failure to observe the requirements laid down or referred to in the relevant authorisations, and lacking the registration or notification requirements and conditions), as provided by article 25-*undecies*, paragraph 6 of the Decree.

**B.2.2. – Waste management (article 256, paragraphs 1, letter b), 3, first sentence, and 5 Legislative Decree 152/2006)**

Article 256, paragraph 1, of Legislative Decree 152/2006, to the extent that it is applicable hereto (letter b), provides that whosoever collects, transports, recovers, disposes of and trades, either directly or through intermediaries, in hazardous waste without the required authorisation, registration or notification referred to in articles 208, 209, 210, 211, 212, 214, 215 and 216, shall receive a prison sentence of between 6 months and 2 years and a fine of between 2,600 and 26,000 euros.

Paragraph 3 of the same article provides that, whosoever, other than in the cases sanctioned pursuant to article 29-*quattordecies*, paragraph 1, of the same measure “*builds or manages an unauthorised landfill shall receive a prison sentence of between 6 months and 2 years, and a fine of between 2,600 and 26,000 euros. If the said landfill is used – whether in whole or in part – to dump hazardous waste, the penalties shall be increased, with a prison sentence of between 1 and 3 years and a fine of between 5,200 and 52,000 euros*”.

Finally, paragraph 5 provides that whosoever, in violation of the prohibition laid down in article 187, unlawfully mixes wastes, shall be sanctioned with the above mentioned penalty referred to in paragraph 1, letter b).

Regarding the unlawful acts in question, the entity shall be liable to a fine of between 150 and 250 quotas (article 25-*undecies*, paragraph 2, letter b), n. 2 of the Decree), which fine is reduced by half in the cases contemplated in article 256, paragraph 4, of Legislative Decree 152/2006 (failure to observe the requirements laid down or referred to in the relevant authorisations, and lacking the registration or notification requirements and conditions), as provided by article 25-*undecies*, paragraph 6, of the Decree.

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**B.2.3. – Waste management (article 256, paragraph 3, second sentence, Legislative Decree 152/2006)**

This provision, as regards the part relating to the liability of entities, provides for a prison sentence of between 1 and 3 years, and a fine of between 5,200 and 52,000 euros, for whosoever builds or manages an unauthorised landfill for the disposal – in whole or in part – of hazardous waste.

In this case, the fine applied to the entity is between 200 and 300 quotas (article 25-*undecies*, paragraph 2, letter b), n. 3 of the Decree), which fine is reduced by half in the cases contemplated in article 256, paragraph 4, of Legislative Decree 152/2006 (failure to observe the requirements laid down or referred to in the relevant authorisations, and lacking the registration or notification requirements and conditions), as provided by article 25-*undecies*, paragraph 6, of the Decree.

Moreover, if found guilty, the entity shall be subject to one of the disqualification penalties contemplated in article 9, paragraph 2 of the Decree, for a duration of no more than six months.

**B.2.4. – Keeping records and forms (article 258, paragraph 4, second sentence, Legislative Decree 152/2006)**

This provision applies the penalty contemplated in article 483 of the Criminal Code (intentionally false statements by private parties in public instruments) for those who, when preparing a waste analysis certificate, intentionally misrepresent the nature, composition and physico-chemical characteristics of the waste and those who make use of such false certificates for waste transportation purposes.

The entity shall be liable to a fine of between 150 and 250 quotas, as provided by article 25-*undecies*, paragraph 2, letter d) of the Decree.

**B.2.5. – Illegal waste trafficking (article 259, paragraph 1, Legislative Decree 152/2006)**

Article 259, paragraph 1 of Legislative Decree 152/2006 provides that whosoever illegally traffics in waste, pursuant to article 26 of Council Regulation (EEC) No. 259/93, or ships the wastes listed in Annex II of the Regulation, in violation of article 1, paragraph 3, letters a), b), c) e d) of the said Regulation, shall be liable to a fine of between 1,150 and 26,000 euros and shall receive a prison sentence of up to two years. The penalty is increased in the case of hazardous waste.

Pursuant to article 25-*undecies*, paragraph 2, letter e), the entity shall be liable to a fine of between 150 and 250 quotas.

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**B.2.6. – Organised illegal waste trafficking (article 260, paragraphs 1 and 2, Legislative Decree 152/2006)**

Pursuant to article 260, paragraph 1, of Legislative Decree 152/2006, whosoever, for the purpose of gaining an unlawful profit, transfers, receives, transports, exports, imports or otherwise unlawfully manages large quantities of waste, through multiple operations and organised continuous means and activities, shall receive a prison sentence of between 1 and 6 years.

The entity shall be liable to a fine of between 300 and 500 quotas (article 25-*undecies*, paragraph 2, letter f of the Decree).

Paragraph 2 provides for a prison sentence of between 3 and 8 years in the case of highly radioactive waste.

In the latter case, the entity shall be liable to a fine of between 400 and 800 quotas (article 25-*undecies*, paragraph 2, letter f of the Decree)

If found guilty, the entity shall be subject to one of the disqualification penalties contemplated in article 9, paragraph 2 of the Decree, for a duration of no more than six months (article 25-*undecies*, paragraph 7, Legislative Decree 231/2001).

Furthermore, if the entity, or a unit thereof, is stably used for the sole or prevalent purpose of enabling or facilitating the commission of the offence referred to in article 260 of Legislative Decree 152/2006, it shall be definitively disqualified pursuant to article 16, paragraph 3 of the Decree (article 25-*undecies*, paragraph 8 of the Decree).

**B.2.7. – Online waste tracking system – SISTRI (article 260-*bis*, paragraphs 6, 7, second and third sentence, and 8, first sentence, Legislative Decree 152/2006)**

Pursuant to article 260-*bis* of Legislative Decree 152/200, paragraph 6, the penalty contemplated in article 483 of the Criminal Code (intentionally false statements by private parties in public instruments) for those who, when preparing a waste analysis certificate, intentionally misrepresent the nature, composition and physico-chemical characteristics of the waste and those who enter such false certificates in the data provided for waste tracking purposes.

Under paragraph 7, to the extent that it is applicable hereto, and also pursuant to article 483 of the Criminal Code (intentionally false statements by private parties in public instruments), a haulier who omits to accompany any transported hazardous waste with a hard copy of the SISTRI – Handling Area sheet and, if required by the applicable regulations, with a copy of the analytical certificate of the characteristics of the waste, shall be subject to a penalty. The same penalty shall apply to whosoever – during the transport of the waste – makes use of waste analysis certificates containing false information on the nature, composition and physico-chemical characteristics of the transported waste.

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The following paragraph 8 provides that the haulier accompanying the transport of the waste with a hard copy of the SISTRI – Handling Area sheet that has been fraudulently altered shall be subject to the penalty arising from the joint application of articles 477 and 482 of the Criminal Code (material misrepresentation by private parties in administrative certificates or authorisations).

The second sentence of paragraph 8 provides for aggravating circumstances – entailing the increase of the penalty by one third – in the case of hazardous waste.

The entity shall be liable to a fine of between 150 and 250 quotas, in the case provided in paragraph 6, 7, second and third sentences, and 8, first sentence; instead, a fine of between 200 and 300 quotas shall apply in the case provided in paragraph 8, second sentence, pursuant to article 25-*undecies*, paragraph 2, letter g) of the Decree.

**B.3. – Offences related to the remediation of contaminated sites**

**B.3.1. – Remediation of contaminated sites (article 257, paragraph 1, Legislative Decree 152/2006)**

Article 257, paragraph 1, of Legislative Decree 156/2006, provides that, unless the fact constitutes a more serious offence, whosoever contaminates the soil, subsoil, surface or underground

waters, causing the risk threshold concentrations to be exceeded, shall receive a prison sentence of between 6 months and 1 year, or a fine of between 2,600 and 26,000 euros, unless the entity provides for the remediation of the contaminated area, according to a project approved by the competent authority, in connection with the procedure referred to in articles 242 et seq.. In the case of failure to provide the notification referred to in article 242, the offender shall receive a prison sentence of between 3 months and 1 year or a fine of between 1,000 and 26,000 euros.

In this case, the entity shall be liable to a fine of up to 250 quotas, as provided by article 25-*undecies*, paragraph 2, letter c) n. 1 of the Decree.

**B.3.2. – Remediation of contaminated sites (article 257, paragraph 2, Legislative Decree 152/2006)**

Pursuant to paragraph 2 of article 257 of Legislative Decree 152/2006, a prison sentence of between 1 and 2 years and a fine of between 5,200 and 52,000 euros shall apply if the contamination referred to in paragraph 1 of the article is caused by hazardous substances.

In this case, the entity shall be liable to a fine of between 150 and 250 quotas, as provided by article 25-*undecies*, paragraph 2, letter c) n. 2 of the Decree.

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**B.4. – Offences related to emissions into the atmosphere**

**B.4.1 – Emissions into the atmosphere (article 279, paragraph 5, Legislative Decree 152/2006)**

This provision provides for a prison sentence of up to 1 year for whosoever, in operating a plant, violates the emission limit values or requirements set out in the authorisation, in Annexes I, II, III and V to part 5 of Legislative Decree 152/2006, in the relevant plans and programmes or the applicable regulations referred to in article 271 or the requirements otherwise imposed by the competent authority, pursuant to title 1 of the same measure, where the excess emission limit values also determines an excess of the air quality limit values as provided in the applicable regulations.

Article 25-*undecies*, paragraph 2, letter h, of the Decree provides for the application to the entity of a fine of up to 250 quotas.

**C) Offences referred to in Law 150/1992 (Offences related to the international trade in endangered animal and plant species and provisions for trading and keeping live specimens of mammals and reptiles that can constitute a hazard for public health and safety)**

**C.1. – Protection of wild flora and fauna (Law 150/1992, articles 1, paragraph 1, 2 paragraphs 1 and 2 and 6, paragraph 4)**

Pursuant to article 1, paragraph 1, of Law 150/1992, unless the fact constitutes a more serious offence, a prison sentence of between 6 months and 2 years and a fine of between 15,000 and 150,000 euros shall apply to whosoever, in violation of Council Regulation (EC) No. 338/97 of 9 December 1996, as implemented and amended (on the protection of species of wild fauna and flora by regulating trade therein), with regard to the specimens belonging to the species listed in Annex A of the Regulation, as amended:

a) imports, exports or re-exports specimens, under any customs procedure, without the required certificate or permit, or with a certificate or permit that is not valid, within the meaning of article 11, paragraph 2a, of Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended;

b) fails to comply with the requirements aimed at ensuring the safety of the specimens, as set out in a licence or certificate issued under Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended, and under Regulation (EC) No. 939/97 of the Commission of 26 May 1997, as amended;

c) uses the said specimens for purposes other than those contained in the permits or certificates issued together with the import licence or as subsequently authorised;

d) transports or otherwise provides for the transit of specimens, also on account of third parties, without the required licence or certificate issued under Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended, and under Regulation (EC) No. 939/97 of the Commission of 26 May 1997, as amended, and, in the case of exports or re-exports from a third party to the Washington Convention, as issued under the said Convention, or who fails to provide sufficient proof of their existence;

e) trades in artificially propagated plants in violation of the requirements of article 7, paragraph 1, letter b), of Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended, and of Regulation (EC) No. 939/97 of the Commission of 26 May 1997 as amended;

f) holds, uses for a profit, purchases, sells, exhibits or holds for sale or for commercial purposes, offers for sale or otherwise transfers specimens without the required documents.

Article 2, paragraph 1, of the law provides that, unless the fact constitutes a more serious offence, a fine of between 20,000 and 200,000 euros and a prison sentence of between 6 months and 1

year shall apply to whosoever, in violation of Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended, with regard to the specimens belonging to the species listed in Annexes B and C of the Regulation, as amended:

a) imports, exports or re-exports specimens, under any customs procedure, without the required certificate or permit, or with a certificate or permit that is not valid, within the meaning of article 11, paragraph 2a, of Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended;

b) fails to comply with the requirements aimed at ensuring the safety of the specimens, as set out in a licence or certificate issued under Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended, and under Regulation (EC) No. 939/97 of the Commission of 26 May 1997, as amended;

c) uses the said specimens for purposes other than those contained in the permits or certificates issued together with the import licence or as subsequently authorised;

d) transports or otherwise provides for the transit of specimens, also on account of third parties, without the required licence or certificate issued under Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended, and under Regulation (EC) No. 939/97 of the Commission of 26 May 1997, as amended, and, in the case of exports or re-exports from a third party to the Washington Convention, as issued under the said Convention, or who fails to provide sufficient proof of their existence;

e) trades in artificially propagated plants in violation of the requirements of article 7, paragraph 1, letter b), of Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended, and of Regulation (EC) No. 939/97 of the Commission of 26 May 1997 as amended;

f) holds, uses for a profit, purchases, sells, exhibits or holds for sale or for commercial purposes, offers for sale or otherwise transfers specimens without the required documents, limitedly to the species listed in Annex B to the Regulation.

The following paragraph 2 of article 2 above requires that, in the event of a recurrence of the offence, a prison sentence of between 6 and 18 months and a fine of between 20,000 and 200,000 euros shall apply. If the above mentioned offence is committed as part of the entity's ordinary business operations, its licence shall also be suspended for a period of between 6 and 18 months.

Paragraph 4 of article 6 of Law 150/1992 (paragraph 1 of which, without prejudice to Law 157/1992, forbids the keeping of live specimens of wild mammals and reptiles and live specimens of mammals and reptiles reproduced in captivity, which can constitute a hazard for public health and safety) provides that whosoever violates the provisions of article 1 shall receive a prison sentence of up to 6 months or a fine of between 15,000 and 300,000 euros.

Pursuant to article 25-*undecies*, paragraph 3, letter a) of the Decree, the entity shall be liable to a fine of up to 250 quotas for committing the above mentioned offences.

**C.2. – Protection of wild flora and fauna species (Law 150/1992, article 1, paragraph 2)**

Pursuant to article 1, paragraph 2, of Law 150/1992, in the event of the recurrence of the offence, a prison sentence of between 1 and 3 years and a fine of between 30,000 and 300,000 euros shall apply. If the above mentioned offence is committed as part of the entity's ordinary business operations, its licence shall also be suspended for a period of between 6 months and 2 years.

Article 25-*undecies*, paragraph 3, letter b) of the Decree provides for a fine of between 150 and 250 quotas for committing the above mentioned offence.

**C.3. – Protection of wild flora and fauna species (Law 150/1992, article 3-*bis*, paragraph 1)**

Pursuant to article 3-*bis*, paragraph 1, of Law 150/1992, the penalties laid down in book II, title VII, chapter III of the Criminal Code (misrepresentation in documents) shall apply to the cases provided in article 16, paragraph 1, letters a), c), d), e), and l) of Regulation (EC) No. 338/97 of the Council of 9 December 1996, as amended, in connection with the falsification or alteration of certificates, licences, import notifications, declarations, provision of information for the purpose of obtaining a licence or certificate, the use of false or altered certificates or licences.

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Article 25-*undecies*, paragraph 3, letter c) of the Decree provides that, in relation to the commission of the above mentioned offences, the following sanctions shall be imposed:

a) a fine of up to 250 quotas, in the case of offences for which a prison sentence of no more than 1 year is contemplated;

b) a fine of between 150 and 250 quotas, in the case of offences for which a prison sentence of no more than 2 years is contemplated;

c) a fine of between 200 and 300 quotas, in the case of offences for which a prison sentence of no more than 3 years is contemplated;

d) a fine of between 300 and 500 quotas, in the case of offences for which a prison sentence of more than 3 years is contemplated.



**D) Offences referred to in Law 549/1993 (measures for protecting the stratospheric ozone and the environment)**

**D.1. – Use of substances damaging the stratospheric ozone and the environment (Law 549/1993, article 3 - paragraph 6)**

Paragraphs 1 to 5 of article 3 of Law 549/1993 lay down specific provisions on how to eliminate and reduce the use of substances that can damage the stratospheric ozone.

Pursuant to the following paragraph 6, whosoever violates the provisions in question shall receive a prison sentence of up to 2 years and a fine of up to 3 times the value of the substances used for production purposes, imported or traded. In the more serious cases, in connection with the offence, the authorisation or licence under which the entity carries out the activities constituting the offence, shall be withdrawn.

The entity shall be liable to a fine of between 150 and 250 quotas, as provided by article 25-*undecies*, paragraph 4 of the Decree.

**E) Offences referred to in Legislative Decree 202/2007 (pollution by vessels and related penalties)**

**E.1. – Negligent pollution caused by vessels (article 9, paragraph 1, Legislative Decree 202/2007)**

Article 9, paragraph 1, of Legislative Decree 202/2007 provides for a fine of between 10,000 and 30,000 euros, unless the fact constitutes a more serious offence, applicable to the master of a vessel, regardless of which flag the vessel is flying, as well as the members of the crew, the owner and the shipping company, if the violation occurs with their assistance, for violating the provisions of article 4.

Pursuant to article 25-*undecies*, paragraph 5, letter a of the Decree, the entity shall be liable to a fine of up to 250 quotas.

**E.2. – Pollution caused by vessels (articles 8, paragraph 1, and 9, paragraph 2, Legislative Decree 202/2007)**

Article 8, paragraph 1, of Law 202/2007 provides, instead, that, unless the fact constitutes a more serious offence, the master of a vessel, regardless of which flag the vessel is flying, as well as the members of the crew, the owner and the shipping company, if the violation occurs with their assistance, for intentionally violating the provisions of article 4, shall receive a prison sentence of between 6 months and 2 years and a fine of between 10,000 and 50,000 euros.

Article 9, paragraph 2, of the same law also provides that if the violation referred to in paragraph 1 above causes permanent damage to or, in any case, severely impairs the quality of the waters, and any animal or plant species, or parts thereof, a prison sentence of between 6 months and 2 years and a fine of between 10,000 and 30,000 euros shall apply.

Pursuant to article 25-*undecies*, paragraph 5 of the Decree, letter b, the entity shall be liable to a fine of between 150 and 250 quotas and, if found guilty, shall be subject to the disqualification penalties contemplated in article 9, paragraph 2 of the Decree, for a duration of no more than 6 months (as provided by article 25-*undecies*, paragraph 7, of the Decree).

Furthermore, if the entity, or a unit thereof, is stably used for the sole or prevalent purpose of enabling or facilitating the commission of the offence referred to in article 8 of Legislative Decree 202/2007, it shall be definitively disqualified pursuant to article 16, paragraph 3 of the Decree (article 25-*undecies*, paragraph 8 of the Decree).

**E.3. – Intentional pollution caused by vessels (article 8, paragraph 2, Legislative Decree 202/2007)**

Article 8, paragraph 2, of Legislative Decree 202/2007 provides that if the violation referred to in paragraph 1 above causes permanent damage to or, in any case, severely impairs the quality of the waters, and any animal or plant species, or parts thereof, a prison sentence of between 1 and 3 years and a fine of between 10,000 and 80,000 euros shall apply.

Pursuant to article 25-*undecies*, paragraph 5 of the Decree, letter c, the entity shall be liable to a fine of between 200 and 300 quotas and, if found guilty, shall be subject to the disqualification penalties contemplated in article 9, paragraph 2 of the Decree, for a duration of no more than 6 months (as provided by article 25-*undecies*, paragraph 7, of the Decree).

Furthermore, if the entity, or a unit thereof, is stably used for the sole or prevalent purpose of enabling or facilitating the commission of the offence referred to in article 8 of Legislative Decree 202/2007, it shall be definitively disqualified pursuant to article 16, paragraph 3 of the Decree (article 25-*undecies*, paragraph 8 of the Decree).

**F) Environmental offences “excluded” from the significant predicate offences, within the meaning of the Model**

The offences provided in article 29-*quattordices* of Legislative Decree 152/2006, relating to specific behaviours adopted in relation to plants subject to an Integrated Environmental Authorisation (abbreviated, in Italian, as AIA), and the offences referred to in article 16 of Legislative Decree 36/2006, relating to the manner of disposal of waste at landfills, shall not constitute significant predicate offences pursuant to article 25-*undecies*.

Although not included among the predicate offences, of significance is the reference to article 256-*bis* relating to the offence of *illegal combustion of waste*. The aim of this provision is to sanction whosoever burns dumped waste, or waste that has been stored in an uncontrolled manner, also providing for an increased penalty if the offence is committed in connection with the entity’s ordinary operations or, in any case, within the framework of its organisation, specifying that: “*The owner or manager of the undertaking – however organised – shall also be responsible for the failure to supervise the activities of the perpetrators of the offence however related to the undertaking or its activities; the said owner or manager shall also be subject to the penalties contemplated in article 9, paragraph 2 of Legislative Decree 231/2001*”. This is particularly significant because the owners or managers of the undertaking are subject only to the disqualification penalties contemplated in article 9, paragraph 2, excluding the fines for the Entity.

## **2. – Risk areas**

In relation to the offences described herein, and the outcome of an analysis of the internal organisation, we have identified the areas at risk of commission of offences, classified as sensitive and instrumental activities, as follows.

### *Sensitive activities*

- Activities producing discharges of water;
- Waste management (treatment, recovery and disposal) and production activities and the related operations and record management, as well as the collection, transportation, trading and intermediation of the produced and managed waste, also with reference to the management of any radioactive materials;
- Activities producing emissions into the atmosphere;
- Activities producing substances that are dangerous for the stratospheric ozone (eg. the outsourced management of landfill biogas);
- Any kind of activities (eg. the use of hazardous substances and technical gases) capable of causing potential contamination or significant pollution, for the purpose of the remediation of the contaminated sites.

### *Instrumental activities*

- Activities related to the selection of suppliers and monitoring of the operations and records, in relation to the contracting out of waste management and other services associated with the management of plants with an environmental impact (outsourced activities).

Any integrations of the risk areas and to this Special Section may be decided by the Board of Directors, also at the proposal of the Supervisory Board, which shall be followed by the expedient updates and integrations or the adoption of new operational procedures and/or the integration or updating of the existing procedures.

### **3. – Recipients of the Special Section**

This Special Section refers to the behaviours of the Recipients defined in the General Section, i.e. the persons responsible for the representation, management and direction of the Entity or the persons who effectively exercise management and control functions (Senior Executives), as well as the persons subject to the direction or supervision of any of the above mentioned parties (Subordinates), and the Partners and external collaborators, as defined in the General Section.

#### **4. – Preventive controls in relation to the risk areas**

Having regarding the offences indicated above, the following **preventive controls** have been identified:

- compliance with the tasks, roles and responsibilities as defined by the organisation chart and the authorisation system;
- with regard to the activities for obtaining, amending and/or renewing the environmental authorisations, so that they may be performed consistently with the applicable regulations:
  - identifying the need to apply for a new authorisation or to amend any existing authorisations;
  - monitoring of the timelines for obtaining the renewal of existing authorisations;
  - preparing the requisite documents for the authorisation process;
  - notifying the obtaining, amending and/or renewal of the authorisation to the parties concerned;
  - tracking the authorisation process, from the data collection stage to the notification of the relevant outcome;
- with regard to the operational management of discharges of industrial waste waters:
  - identifying and updating the discharge and sampling points;
  - defining the sampling and discharge analysis programme, in accordance with the authorisation requirements and applicable regulations;
  - monitoring the discharge data, including the testing and sampling certificates;
- with regard to monitoring the discharges:
  - investigating any excess values produced by the measurements carried out on the discharges;
  - resolution of the excess values measured.

## **5. – General rules of conduct**

This Special Section refers to the general rules of conduct set out in the Code of Conduct adopted by the Company, which all the Recipients are required to abide by.

Regarding environmental offences, all the Recipients must comply with:

- the national and international environmental protection regulations and the regulations issued by the competent environmental Authorities;
- the applicable environmental regulations adopted by the Company, including those relating to the management of proxies / powers of attorney and spending powers for environmental purposes.

The Recipients must not:

- adopt, participate in or cause a behaviour determining the commission of the above mentioned offences;
- adopt, participate in or cause a behaviour that, although not in itself an offence included among those mentioned above, may nevertheless potentially lead to the commission of an offence;
- use the Company, whether permanently or occasionally, for the purpose of allowing or facilitating the commission of the offences herein;
- adopt a behaviour that does not conform to the principles set out in this Model and the Code of Conduct.

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In particular, the following conduct is strictly forbidden:

- establishing relations with external companies that do not possess appropriate technical or professional characteristics or which operate unfairly or unlawfully or which do not possess all the necessary authorisations for collecting, transporting and disposing of waste on behalf of the Company;
- concluding or maintaining arrangements (leases, gratuitous loan, supply, service, etc. contracts) with parties that are known to violate or are suspected of violating the applicable environmental regulations;
- directly or indirectly managing waste (collection, transportation, recovery, disposal, trading, intermediation) without the necessary authorisation, registration or notification;
- directly or indirectly building or managing an unlawful landfill;
- introducing into the company any waste containing hazardous or dangerous substances for the environment;
- directly or indirectly setting up a temporary storage facility at the place of production of hazardous medical waste;



- directly or indirectly mixing hazardous waste with different hazardous characteristics, or hazardous waste with non-hazardous waste, substances and/or other materials, lacking the authorisation;

- preparing waste analysis certificates containing false information as to the nature, composition and physico-chemical characteristics of the waste, or using false certificates for transporting waste, also in terms of simple facilitation;

- directly or indirectly performing activities for the purpose of illegally trafficking in waste;

- directly or indirectly discharging into the soil, subsoil and underground waters;

- diluting waste waters, because it is absolutely forbidden to ensure compliance with the emission limit values by diluting the waste waters with clean water collected specifically for this purpose;

- directly or indirectly producing emissions into the atmosphere, in violation of the emission limit values, exceeding the air quality limit values set out in the applicable regulations;

- directly or indirectly employing or using ozone-depleting substances, without the required authorisations;

- directly or indirectly harming or endangering the fauna or flora, especially with regard to protected or endangered animal or plant species or mammals and reptiles that are harmful for the protected habitats.

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## **6. – Manner of implementation of the required principles of conduct**

For the purpose of implementing and achieving the required conduct, following is an overview of the procedural principles and actions which the management is required to adopt, in relation to the Risk Areas, and which, if necessary, may be implemented in specific corporate procedures:

1. clear assignment of the tasks, functions and responsibilities in environmental matters;
2. planning the training activities at all levels on environmental matters;
3. planning and performing the periodical inspection of the (first and second level) plants, as well as the ordinary and extraordinary maintenance activities, with regard to the corporate assets needed to assure the full functionality and management of the applicable environmental regulations;
4. planning and conducting the tests for external emissions and immissions from production activities, aimed at verifying compliance with the limits set out in the regulations / authorisations;
5. planning and adoption of the actions needed to address and resolve any anomalies;
6. adopting appropriate organisational tools for ensuring the identification, assessment and management of the requirements descending from the environmental authorisations obtained by the Company;
7. adopting appropriate organisational tools for tackling environmental emergencies, contemplating not just technical management actions, but also reporting obligations to the Authorities;
8. adopting appropriate organisational tools for ensuring the continuous updating and adjustment to the regulations, also by entering into a framework agreement with a consulting firm;
9. conducting periodical audits to verify compliance with the applicable environmental regulations;
10. selecting the providers of waste collection, transportation, recovery, disposal, trading and intermediation services, and other services with an environmental impact, whether suppliers, Partners or External Collaborators, with special care (avoiding, for example, companies employing a large percentage of unqualified workers). Providing for contract clauses obliging the suppliers, Partners and External Collaborators to comply with the environmental regulations. The reliability of the Partners and External Collaborators shall be assessed, for the purpose of preventing the commission of the offences herein, also by means of specific *ex ante* investigations, checking registration with the haulier registers and possession of the necessary authorisations and permits; the providers must be selected also on the basis of the market prices, excluding any providers offering suspiciously low prices;
11. contractualising the waste management service providers, and of the providers of other services with an environmental impact, adopting standard Company formats and, in any case, using formalised contracts that prohibit two levels of subcontracting, provide for the possibility of

conducting second party audits and stipulate contractual penalties and express termination clauses, in the case of violations of the environmental regulations in the provision of the services; requesting the Partners and External Collaborators to undertake to comply with the legal requirements, with regard to the management of their activities capable of affecting the environmental components;

12. controlling the test laboratories used for monitoring the environmental matrixes, for the purpose of finding any improper behaviour in the performance of the tests and issuing of the test certificates; it shall be necessary to prefer accredited laboratories according to the UNI EN ISO 17025 standard, using the LIMS management system, which keeps track of the samples and tests; the procedures adopted in this area of activity shall provide that the sampling be carried out – generally speaking and preferably – by the operators responsible for conducting the tests; if the sampling is conducted by internal personnel it must nevertheless be suitably trained and must record the procedures followed and the activities carried out;

13. in the event reports are received indicating the violation of the Decree by any Staff Members of the Company and/or Partners and/or External Collaborators, undertaking the necessary actions for collecting any useful information in this respect; if any doubts remain as to the appropriateness of the behaviour of the Partners and External Collaborators, a report must be transmitted to the Supervisory Body.

## **7. – Training and information**

This Special Section refers to behaviours adopted by the Recipients, Staff Members of the Company, External Collaborators, Suppliers, Partners and third parties.

Training the staff in environmental matters is a key element for ensuring the effectiveness and suitability of the related prevention system.

The performance of operations capable of affecting the environment requires adequate staff training, which must be aimed at ensuring that all the staff – at all levels – is aware of the importance of complying with the organisational model and of the possible consequences of a conduct that departs from the rules dictated by the Model.

Therefore, the Company makes sure that each of its employees / operatives receives adequate and sufficient training, with regard to his or her duties. This training is provided when an employee is hired, when he or she is transferred or changes tasks, or each time a new item of equipment or technology is introduced, or even new substances and hazardous preparations, as well as in relation to any concrete needs, as periodically detected.

The Company defines the type and frequency of the training courses, taking into account the need to define different programmes based on the duties and tasks involved, indeed the roles of the participants in the training programmes, and always ensures that adequate records are kept and filed of the training activities carried out.

The Company also ensures the dissemination and circulation of information within the organisation, for the purpose of involving all the persons concerned and allowing the development of adequate awareness and commitment at all the level, through:

- prior consultation, in respect of the identification and assessment of the risks and the definition of the preventive measures;
- periodical meetings.

The circulation of information within the company is a key element for ensuring adequate and appropriate levels of awareness and commitment, among all the parties concerned, with regard to the environmental policies adopted, and is based on the cooperation and collaboration of all the internal and/or external parties. The communication process too is essential for ensuring the participation of the employees and involving them in the achievement of the targets fixed for implementing the Company's environmental policies.

Therefore, the staff:

- is consulted, also through its representatives, with regard to environmental matters;
- is informed about the organisation of the environmental responsibilities.

## **8. – Duties of the Supervisory Body**

Save as specified in the General Section of the Model, with regard to the establishment, functions and powers of the Supervisory Body, regarding this Special Section Chimec S.p.A. shall:

- promptly report to the SB all the cases of significant environmental violations or cases of failure to comply with this Special Section, the Code of Conduct and the procedures relating to environmental matters, as well as any significant environmental incidents;
- promptly inform the SB of any environmental assessments carried out by the control Authority and require information regarding the outcome, through specific documents, as well as the results of the external audits conducted by certification bodies or third parties;
- ensure the constant and periodical flow of information – based on specific procedures – between the SB and the functions responsible for the various operational units of the Company, or any other party deemed necessary who shall provide to the SB all the further information and clarifications and/or documents that may be required by the latter. The flow of information shall concern, in particular, the Organisation chart relating to the environmental management system, as updated, the periodical environmental training plan, the list of contracts entered into for waste management purposes and other important environmental services (eg. contracts with test laboratories), any disciplinary penalties applied in connection with the violation of environmental regulations and procedures. The SB must be allowed access to the relevant corporate sites in order to effectively fulfil its duties.

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The SB shall:

- check the issuing and updating of the standardised instructions relating to the conduct to be adopted in the Risk Areas, as indicated in this Special Section;
- carry out periodical audits as to compliance with the internal procedures and periodically assess their effectiveness, for the purpose of preventing environmental offences;
- examine any reports received of alleged violations of the Model and carry out the necessary and expedient evaluations;
- ensure effective information flows with the top management.