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Chimec S.p.A.

**Organisation, Management and Control Model
pursuant to Legislative Decree 231 of 8 June 2001**

SPECIAL SECTION “M”

OFFENCES AGAINST INDIVIDUALS

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1. - Offences against individuals referred to in art. 25-quinquies of the Decree

1.1. - Forcing and maintaining individuals into slavery or servitude (art. 600 of the Criminal Code)

The law punishes whosoever exercises powers over another person, corresponding to the rights of property, or whosoever forces or maintains another person in an ongoing state of subjection, compelling the individual to work or provide sexual services or to beg or in any case to carry out illegal activities that involve exploitation or to undergo the removal of organs.

Pursuant to the second paragraph, forcing or maintaining in a state of subjection takes place when the conduct is carried out through violence, threats, deceit, abuse of authority or by taking advantage of a situation of vulnerability, of physical or mental inferiority or a situation of necessity, or by promising or giving sums of money or other benefits to those who have authority over the person.

1.2. - Child prostitution (Article 600-bis of the Criminal Code)

The provision in question punishes anyone, who:

- 1) recruits or induces a person under the age of eighteen into prostitution;
- 2) favours, exploits, manages, organises or controls the prostitution of a person under the age of eighteen, or otherwise profits from it.

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The second paragraph punishes, unless the fact constitutes a more serious offence, whoever carries out sexual acts with a minor aged between fourteen and eighteen, in exchange for money or other benefits, even just promised.

1.3. - Child pornography (Article 600-ter of the Criminal Code)

Article 600-ter of the Criminal Code punishes anyone, who:

- 1) exploits minors under the age of eighteen, sets up pornographic performances or shows or produces pornographic material;
- 2) recruits or induces children under the age of eighteen to participate in pornographic performances or shows or otherwise derives profit from these shows.

Pursuant to the second paragraph, the same penalty applies to whosoever trades in the pornographic material referred to in the first paragraph.

The third paragraph punishes whosoever, outside the cases described above, by any means, including by electronic means, distributes, discloses, disseminates or advertises the pornographic material referred to in the first paragraph, or distributes or discloses news or information aimed at soliciting or sexually exploiting minors under the age of eighteen.

Pursuant to the fourth paragraph, whosoever, outside the hypotheses referred to in the first, second and third paragraphs, offers or transfers to others, even free of charge, the pornographic material referred to in the first paragraph, is punished with imprisonment for up to three years and with a fine from € 1,549 to € 5,164.

The law provides for an increase in the penalty not exceeding two thirds when the material in question is in large quantity.

Pursuant to the sixth paragraph, unless the fact constitutes a more serious offence, whosoever attends pornographic performances or shows involving minors under the age of eighteen is punished with imprisonment of up to three years and with a fine ranging from € 1,500 to € 6,000.

Finally, the law clarifies that child pornography means any representation, by any means, of a minor under the age of eighteen involved in explicit, real or simulated sexual activities, or any representation of the sexual organs of a minor under the age of eighteen for sexual purposes.

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1.4. - Possession of pornographic material (Article 600-quater of the Criminal Code)

Whosoever, other than in the hypotheses provided for by article 600-ter, knowingly procures or holds pornographic material made using minors under the age of eighteen, is punished with imprisonment of up to three years and with a fine of not less than 1,549 euro.

The penalty is increased to an extent not exceeding two thirds where the material held is in large quantity.

1.5. - Tourist initiatives aimed at the exploitation of child prostitution (Article 600-quinquies of the Criminal Code)

Whosoever organises or advertises trips aimed at enjoying prostitution activities to the detriment of minors or in any case including such activity is punished with imprisonment from six to twelve years and with a fine from € 15,493 to € 154,937.

1.6. - Trafficking in persons (Article 601 of the Criminal Code)

Whosoever recruits, introduces into the territory of the State, transfers even outside this, transports, transfers authority over the person, hosts one or more people who are in the conditions referred to in article 600, or who carries out the same conduct on one or more people, through deception, violence, threat, abuse of authority or takes advantage of a situation of vulnerability, of physical, mental or need inferiority, or by means of promises or by giving money or other benefits to the person who has authority over the person, induces or forces said person to carry out sexual or begging activities or in any case to carry out illegal activities involving their exploitation or to undergo the removal of organs, is punished with imprisonment from eight to twenty years.

The same penalty is applied to whosoever, even outside the cases referred to in the previous sentence, carries out the conduct envisaged therein towards a minor.

The penalty for the captain or the officer of a national or foreign ship, who commits any of the acts provided for in the first or second paragraph or who takes part in this, is increased by up to one third.

The member of the crew of a national or foreign ship destined, before departure or during navigation, to trafficking is punished, even if no act provided for by the first or second paragraph or of the slave trade has been carried out, with imprisonment from three to ten years.

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1.7. - Purchase or sale of slaves (Article 602 of the Criminal Code)

Whosoever, other than in the cases indicated in article 601, acquires or alienates or sells a person who is in one of the conditions referred to in article 600 is punished with imprisonment from eight to twenty years.

1.8. - Unlawful intermediation and labour exploitation (Article 603-bis of the Criminal Code)

Unless the fact constitutes a more serious offence, anyone who commits the offences listed below shall be punished with imprisonment from one to six years and with a fine from 500 to 1,000 euro for each worker recruited:

- 1) employment of labour for the purpose of assigning it to work for third parties in conditions of exploitation, taking advantage of the state of need of the workers;
- 2) the use, recruitment or employment of labour, also through the intermediation activity referred to in number 1), by subjecting workers to conditions of exploitation and taking advantage of their state of need.

Should the facts be committed by using violence or threats, the penalty of imprisonment from five to eight years and a fine of between 1,000 and 2,000 euros for each worker recruited are applied.

For the purposes of this article, exploitation refers to the existence of one or more of the following circumstances:

1) the repeated payment of wages in a way that is clearly different from the national or territorial collective agreements stipulated by the most representative trade unions at national level, or in any case disproportionate to the quantity and quality of the work performed;

2) the repeated violation of the rules regulating working hours, rest periods, weekly rest periods, compulsory leave, holidays;

3) the existence of violations of the rules on safety and hygiene at work;

4) the subjecting of a worker to particularly degrading working conditions, monitoring procedures or housing facilities.

Aggravating circumstances, which shall entail an increased penalty of between one third and a half, are shown below:

1) if three or more workers are employed;

2) if one or more of the workers are minors below the legal working age;

3) if the exploited workers are exposed to serious hazards, based on the characteristics of the work and the working conditions.

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1.9. - Solicitation of minors (Article 609-undecies of the Criminal Code)

Whosoever, for the purpose of committing the offenses referred to in articles: 600, 600-bis, 600-ter and 600-quater, even if relating to the pornographic material referred to in articles: 600-quater.1, 600-quinquies, 609-bis, 609-quater, 609-quinquies and 609-octies, entices a child under the age of sixteen, is punished, unless the fact constitutes a more serious offence, with imprisonment from one to three years. By solicitation we mean any act aimed at eliciting the trust of the minor through artifice, flattery or threats put in place also through the use of the internet or of other networks or means of communication.

1.10. - Penalties applicable to the offences referred to in article 25-quinquies of the Decree

With reference to the penalty system, committing the aforementioned offences involves the application of the following fines to the entity:

a) for the offences referred to in articles 600, 601, 602 and 603-bis, the fine shall be from four hundred to one thousand quotas;

b) for the offences referred to in articles 600-bis, first paragraph, 600-ter, first and second paragraph, even if relating to the pornographic material referred to in article 600-quater.1, and 600-quinquies, the fine shall be from three hundred to eight hundred quotas;

c) for the offences referred to in articles 600-bis, second paragraph, 600-ter, third and fourth paragraphs, and 600-quater, even if relating to pornographic material referred to in article 600-quater.1, as well as for the offence referred to in article 609-undecies, the fine shall be from two hundred to seven hundred quotas.

In cases of conviction for one of the offences indicated above, the disqualification penalties provided for in Article 9, paragraph 2, are applied for a duration of not less than one year.

If the entity or one of its organisational units is permanently used for the sole or prevalent purpose of allowing or facilitating the commission of the offences indicated above, the penalty of definitive disqualification from exercising the activity pursuant to article 16, paragraph 3, is applied.

2. - Risk areas

From the results acquired during the *risk assessment*, it emerged that the risk of committing the offences described above is not significant in the context of the activities carried out by Chimec SpA, both based on the operational reality of the Company and its corporate purpose, and in consideration of the elements required to implement the offences in question. In fact, committing these would imply carrying out activities which are not even theoretically conceivable in our business environment and which, in any case, would not constitute an interest or an advantage for the Entity.

Different considerations apply, however, to the offence referred to in art. 603-bis of the Criminal Code, recently amended by law no. 199 of 29 October 2016, with respect to which the following risk areas are indicated:

- personnel recruitment activities;
- management of the collaboration relationship with an employee or with a self-employed worker during the establishment phase and during its implementation;
- choice and management of the relationship with suppliers, contractors, partners in relation to the application of and compliance with L. Decree 81/08 on occupational health and safety;
- relations with third parties which involve the use by the Entity of labour belonging to said third parties.

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

It is also important to specify that if the conduct of Unlawful intermediation and labour exploitation are carried out against foreign workers without a valid residence permit, the case in question would concur with the offence of “*Employment of citizens of third countries whose stay is irregular*” as per art. 25-duodecies of the Decree. Since these are cases envisaged as predicate offences of the responsibility according to L. Decree 231/2001 (see Special Part “F” of the Model), their simultaneous implementation would give rise to distinct offences against the Entity.

3. - Principles of conduct and methods of implementation

The purpose of this Special Section is to provide adequate principles of conduct to be adopted to prevent the concrete risk of committing the listed offences.

These rules of conduct apply to all the Recipients of the Model and, in particular, to all those who carry out their duties in the risk areas indicated in the previous paragraph, including persons external to the Company.

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

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

- the Code of Ethics;
- the disciplinary system, including the system envisaged by the applicable National Collective Agreement (CCNL);
- the company procedures relating to the search, selection and management of personnel;
- the company procedures relating to the qualification, the contractualisation and management of relations with suppliers;
- the company procedures relating to the management of occupational health and safety obligations pursuant to L. Decree 81/08.

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It is expressly forbidden - for all Recipients - to:

- adopt behaviours that, directly or indirectly, may integrate the types of offences referred to in art. 25-quinquies of the Decree;
- pay workers, on a repeated basis, salaries which are clearly different from the indications contained in the national or territorial collective agreements stipulated by the most representative trade union organisations at national level and concretely applicable;
- pay workers, on a repeated basis, salaries which are disproportionate to the quantity and quality of the work performed;
- repeatedly breach the legislation relating to working hours, rest periods, weekly rest periods, compulsory leave and holidays;
- breach the rules on safety and hygiene in the workplace referred to in L. Decree 81/08;
- subject the worker to degrading working conditions, surveillance methods or housing.

It is important to note how the offence of Unlawful intermediation and labour exploitation, in its current formulation, punishes both the hypotheses (i) of direct recruitment of labour by the Company, in order to assign it to work for third parties in conditions of exploitation and taking advantage of their state of need (see art. 603-bis, paragraph 1, no. 1 of the criminal code), as well as the hypotheses (ii) of use, hire, employment of workers also through intermediation activities carried out by third parties (art. 603- bis, paragraph 1, no. 2 of the Criminal Code).

With reference to the hypotheses referred to in point (i) above, the specific principles of conduct to be observed in order to prevent the commission of the offence are indicated below.

The competent corporate functions:

- when establishing the employment relationship, must guarantee payment to the workers of a salary which complies with the provisions contained in the applicable national collective bargaining agreements and, in any case, is proportionate in relation to the quality and quantity of the work performed;
- must punctually pay all obligations deriving from the contracts;
- must promptly adapt the contractual provisions relating to the salary to any changes to the applicable national collective labour agreements;
- must adapt the schedule of the working hours, weekly rest periods, compulsory leave and holidays for each worker to the requirements contained in the concretely applicable national collective bargaining agreements;
- must ensure that workers are not subjected to degrading working conditions, surveillance methods or housing.

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Considering the importance, as concerns us herein, of the measures relating to health, safety and hygiene in the workplace, in order to reduce the risk of occurrence of the offence of unlawful intermediation and labour exploitation, the Recipients must scrupulously follow the principles of conduct contained in Special Part “I” of the Model (Manslaughter and actual bodily harm or grievous bodily harm committed in violation of the rules on the protection of health and safety in the workplace).

It should be noted that breaching the provisions on health, safety and hygiene at work is relevant for the purposes of integrating the offence referred to in art. 603-bis of the Criminal Code regardless of the actual occurrence of an accident and/or of the exposure of the worker to a danger to health, safety or personal safety.

With reference to the hypotheses in point (ii) above, the specific principles of conduct to be observed in order to prevent the commission of the offence are indicated below.

The competent corporate functions:

- must select service providers or suppliers who make use of manpower hired through procedures that guarantee compliance with current trade union legislation and with the obligations imposed by the collective bargaining, as well as with the rules on health and safety in the workplace;
- must ensure the inclusion in contracts that provide for the use, both direct and/or indirect, in any form, by the Company of manpower supplied by other subjects, of specific clauses with which the counterpart declares, under its own responsibility, to act in compliance with the regulations in force in the trade union field and, therefore, to observe, in the management of the personnel they employ, the rules on remuneration, working hours, weekly rest, holidays, etc., as well as the rules on the subject of health and safety at work;
- must ensure the inclusion in contracts that provide for the use, both direct and/or indirect, in any form, by the Company of manpower supplied by other subjects, of specific clauses providing for the termination of the contract in the event of the contractor breaching the rules indicated in the previous point.

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Chimec undertakes to ensure that a specific declaration in which the contracting parties confirm that they are aware of the legislation referred to in this Special Section is signed at the time of concluding the contract.

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