

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL AS PER LEGISLATIVE DECREE 231/2001

Legislative Decree no. 231 of June 8, 2001

First Edition approved by the Board of Directors on March 27, 2014

Current revision n. 3 – 01.09.2020

Reduced version from the original for the publication on the web

INDEX

Chapter 1 – Regulations regarding the administrative responsibility of legal persons, companies and associations	3
Chapter 2 – Types of illegal conduct or administrative offences	4
Chapter 3 – Organisational, management and control models	5
Chapter 4. The architecture of the Model	7
4.0 The function of the Model	7
4.1 The function of the Model	7
4.2 Structure of the Model	8
4.3 Relationship between the Model and the Code of Ethics	8
4.4 The process of adjusting to the Model: aims and methodology	9
4.5 The process of adjusting to the Model: aims and methodology	10
4.6 The Controls defined by the Model	11
4.7 Control and supervisory body	12
4.8 Dissemination of the model	14
4.9 Rules for updating Model 231	15

Foreword

This document is a summary version available to all stakeholders of the Model 231 approved – in the first edition - by the Board of Directors of the Company on March 27, 2014.

The full document is kept at the registered office of the company.

Section 1: The Legislative Decree no. 231 of June 8, 2001

Chapter 1 – Regulations regarding the administrative responsibility of legal persons, companies and associations

On 8 June 2001, Legislative Decree 231 was issued (henceforth referred to either as the “Decree” or “L. D. 231/2001”), and became law on 4 July under the title of “*Regulations regarding the administrative responsibility of legal persons, companies and associations with or without legal persons*”, introducing for the first time into Italian law (in response to International Conventions that Italy had adhered to for some time) the concept of the administrative responsibility – referring mainly to criminal responsibility – of companies for a series of offences committed, in the interests or to the advantage of the company in question, by:

- i. individuals who hold a representative, administrative or managerial position in the company in question or in one of their organisational units that enjoys financial and functional independence, together with individuals who are responsible for the management and control of the company in question (“apical” subjects);
- ii. individuals subordinate to the management or supervision of one of the subjects referred to above.

If the author of the offence is an apical subject, it is presumed that the company is responsible since such a person expresses, represents and carries out the company’s management policies.

On the contrary, there is no presumption of company responsibility if the author of the offence is part of the subjects referred to in point (ii), since in such a case the subordinate subject’s offence is only the responsibility of the company if it is shown that it was only possible to commit the offence because of the failure of the management and/or the supervisory body to carry out the relevant obligations. This is intended as an additional and not a replacement responsibility for individuals who materially carry out the illegitimate act which, therefore, is governed by common law.

The extension of responsibility is aimed at involving in the repression of illegal acts the assets of the companies (and, definitively, the economic interests of the shareholders) that gain advantages from the commission of the offences or in whose interest the offences are committed. Before the Decree became law, the principle of the “personality” of legal responsibility left the companies immune from any sanctions over and above the eventual payment of damages, if applicable.

The Decree is therefore intended to create a model for company responsibility that conforms to the principles of providing guarantees but with a preventive function, since the intention is that by introducing the concept of companies being directly responsible for offences, the companies themselves will be encouraged to organise their structures and business activities in such a way as to ensure that adequate conditions for safeguarding legally protected interests are in place.

The Decree is applied both in the case of offences committed in Italy and offences committed abroad if the company has its main offices in Italy and if the country where the offences were committed has not already taken direct action.

The responsibilities introduced with Legislative Decree 231/2001 are only applicable if the offence is carried out in the interests or to the advantage of the company, therefore not only if the offence has produced an advantage for the company but also if the offence has been carried out in the interests of the company, even if there are no tangible results. However, the company has no responsibility if the author of the crime or administrative offence has operated exclusively in their own interests or in the interests of a third party.

Legal entities – including limited companies – may be held liable, and consequently subject to money penalties and/or interdiction.

Chapter 2 – Types of illegal conduct or administrative offences

The current application scope of Legislative Decree no. 231 of 2001 contemplates, among others:

- (i) crimes against the Public Administration and against public faith,
- (ii) corporate crimes,
- (iii) crimes connected with the subversion of the democratic order and to the financing of terrorism,
- (iv) crimes against individual personality,
- (v) market abuse (“Abuse of privileged information” and “ market manipulation”),
- (vi) crimes against individuals pursuant to law no. 7 of 2006,
- (vii) transnational crimes,
- (viii) manslaughter and non-intentional serious and very serious injuries arising out of the breach of accident prevention laws and regulations as well as laws and regulations on health protection at work,
- (ix) handling stolen goods, money laundering and use of stolen money, goods or any other benefits,
- (x) environmental crimes,
- (xi) private corruption,
- (xii) employment/use of irregular third country nationals,
- (xiii) Racism and xenophobia
- (xiv) Tax Offenses

Non-exhaustive list for text economy.

Chapter 3 – Organisational, management and control models

In introducing the concept of the administrative responsibility of companies, article 6 of Legislative Decree 231/2001 provides for a specific form of exemption from that responsibility if the company can demonstrate that:

- a) the management has adopted and efficiently put into practice, before the offence was committed, “organisational and management models” designed to prevent the offences committed;
- b) the task of ensuring that the models function and are observed, and that they are kept up-to-date is entrusted to a department of the company with independent powers to carry out initiatives and checks;
- c) the individuals who carried out the offences did so by fraudulently ignoring the organisational, management and control models in question;
- d) there was insufficient or lack of supervision on the part of the department referred to in point (b) above.

The company’s “exemption” from responsibility depends on the Judge deciding, at the time of the legal trial of the material author (apical or supervised subject) of the illegal actions, if the internal organisational and control system is suitable or not.

Therefore when preparing the organisational and management models, the company must ensure that the models are suitable should a judgement be necessary.

Legislative Decree 231/2001 also states that the organisational and management models must be capable of:

- 1) identifying the areas where the possibility exists that the offences referred to may take place;
- 2) providing specific protocols aimed at planning the decisions the company must take in deciding on the offences that must be prevented ;
- 3) identifying the method of administrating the financial resources necessary for preventing these offences being carried out;
- 4) ensuring that the department entrusted with the task of checking that the model functions and is observed makes all necessary information available;
- 5) introducing an internal disciplinary system capable of imposing sanctions for failure to respect the measures indicated in the model.

The essential characteristics indicated in the Decree for the construction of an organisational and management model refer to a typical company risk management system.

In addition, in order to ensure that the organisational and management models referring to the types of offences contained in the Decree are efficiently introduced, it is necessary to regularly check and modify them, when appropriate, in relation to any violations discovered and to any changes in the company’s organisational structure or business activities.

Legislative Decree 231/2001 also states that organisational and management models can be adopted, if they guarantee the needs referred to above, on the basis of a code of practice drawn up by trades unions representing the category in question, on condition that the code of practice is submitted to the Ministry of Justice which, in collaboration with other relevant Ministries, will issue within thirty days an opinion on whether or not the models are suitable for preventing the offences.

With particular reference to the risks deriving from the commission of offences related to health and safety in the workplace, article 30 of Legislative Decree 81 of 9 April 2008 (“Testo Unico Sicurezza/single text on safety”) – and reiterated in Legislative Decree 106 of 3 August 2009 – also provides for the presumption that when first introduced company organisational models conform to the expected requirements contained in either the UNI-INAIL guidelines of 28 September 2001 concerning management systems for health and safety in the workplace or to the OHSAS 18001:2007 British Standard.

Sezione 2: The organisational, management and control model as per Legislative Decree 231/2001 of the Company

Chapter 4. The architecture of the Model

4.0 The function of the Model

The Board of Directors of Saft Batterie Italia S.r.l. (below, the “Company”) has adopted the Organizational and Management Model (“the Model”) pursuant to Legislative Decree no. 231 dated 8 June 2001 (“the Decree”) on March 27, 2014.

4.1 The function of the Model

With the implementation of the Model 231, the Company intends to confirm and disseminate a corporate culture dedicated to:

- lawfulness, since no illicit behaviour, whether carried out in the interests or to the advantage of the company, can be considered as part of the policies adopted by the Company;
- controls, which compulsorily relate to all phases of decision-making and operational stages of corporate activities, in the full knowledge of the risks incurred by committing crimes.

The attainment of the aforementioned aims is transformed into reality thanks to a coherent system of principles, organisation, management and control procedures and measures implementing the Model which the Company has drawn up and adopted in the light of the foregoing considerations. This model has among others the objectives of:

- sensitizing the parties collaborating with the Company for whatever reasons (employees, external collaborators, suppliers, etc.) requiring them, within the limits of the activities carried out in the interests of the Company, to adopt proper and transparent behaviour consonant with the ethical values from which it draws its inspiration in the pursuit of its own corporate objectives, so as to prevent the risk of unlawful acts as defined by the Decree from being committed;
- instilling the knowledge in the aforementioned parties that, by violating the provisions imparted by the Company, there may be disciplinary and/or contractual repercussions in addition to criminal and administrative sanctions taken against them;

- instituting and/or strengthening controls that allow the Company to prevent or react opportunely to prevent the commission of unlawful acts by the top managers and persons subject to the control of supervision of the former, which incurs the administrative liability of the Company;
- allowing the Company, thanks to supervisory action in all risk areas, to intervene opportunely, to prevent or combat the commission of crimes themselves and sanction behaviour contrary to its own Model;
- guaranteeing their own integrity by adopting conduct expressly foreseen by article 6 of the Decree;
- improving the efficiency and transparency in the management of company activities;
- ensuring that potential authors of unlawful acts are fully aware that the commission of any such unlawful acts is highly condemned and contrary to both the ethical principles that the Company intends to abide by and the interests of the Company itself, even if such conduct would apparently seem to be in its favour – in addition to being contrary the provisions of the law.

4.2 Structure of the Model

The document for the Model is structured as follows:

1. in the General Part, which describes the applicable legislative framework governing the overall functioning of the organisation, management and control system adopted for the prevention of the commission of the crimes taken into consideration;
2. in the Special Parts, aimed at integrating the content of the General Part with the description relating to:
 - ✓ the types of crimes referred to in the Decree taken into consideration by the Company on account of the characteristics of the activities it carries out;
 - ✓ the sensitive processes/activities with respect to the crimes referred to in the previous point and which are present in the corporate structure and related control standards.

4.3 Relationship between the Model and the Code of Ethics

To complement the control instruments foreseen within the framework of the aforementioned Legislative Decree 231/2001, the Company has drawn up a Code of Ethics as an expression of the company philosophy, which has the primary objective of satisfying to the best of its ability the needs and expectations of the stakeholders (e.g. employees, clients, consultants, suppliers) of the Company.

The Code of Ethics therefore has the aim of fostering and promoting a high standard of professionalism and avoiding conduct that is contrary to corporate interests or those protected by the law, or for that matter the values espoused by the Company and intends to promote.

The Code of Ethics refers to components of the corporate bodies, all its employees regardless of their rank in the Company and all those who, whether permanently or temporarily, interact with the Company.

The Code of Ethics therefore has to be considered as an essential basis for the Model, as together, they form the systematic matrix of internal standards aimed at disseminating a culture of ethics and corporate transparency which is an imperative component of the control system; the rules of conduct contained therein complement one another, even if the two documents have different aims:

- the Code of Ethics is adopted autonomously and is applied generally by the Company with the aim of expressing the principles of its own “corporate ethics”, which moreover, everybody abides by;
- the Model, on the other hand, is an expression of the specific requirements of the Decree aimed at preventing the commission of specific types of crimes (even if commission of the same is apparently to the advantage of the company, they may lead to the administrative liability pursuant to the provisions of the Decree itself).

4.4 The process of adjusting to the Model: aims and methodology

The decision taken by the Board of the Company to adopt an organisational and management model as per Legislative Decree 231/01 (and to ensure that it is constantly updated) is part of a wider company policy aimed at ensuring that all Subjects are fully aware of the importance of correct, transparent management practices for the company, in accordance with current laws and the fundamental principles of business ethics that must be employed when pursuing the corporate purpose.

The main aim of the Model is to define a structured, organic procedure/regulation system for conduct and control activities, to be carried out mainly as preventive measures in order to prevent – as much as possible - the various types of offences referred to in the Decree from being committed.

In the process of defining the Model, the Company made use of a series of consolidated principles regarding corporate governance and internal control. According to these principles a management and risk control system that satisfies the provisions contained in Legislative Decree 231/2001:

- (i) identifies and maps out those “areas of business activities at risk”, that is those areas of company activities where offences may take place;
- (ii) analyses the potential risks in the “areas of business activities at risk” as identified above, with the reference to the potential methods of carrying out the offences;
- (iii) analyses potential risks and evaluates the company preventive control system regarding the commission of offences and, if necessary, defines and adjusts the system.

The Model definition process is therefore divided into two phases:

- a) identification and mapping of risks, or an analysis of the company context in order to recognise in which areas/sectors of the business and with which methodology any of the eventual illegal episodes referred to in Legislative Decree 231/2001 may occur;
- b) definition of Model by integrating and modifying the existing preventive checks and defining new procedures, if necessary, aimed at dealing effectively with the risks identified.

In this way an organisational, management and control system has been defined, aimed at preventing the type of offences referred to in Legislative Decree 231/2001 being committed.

4.5 The process of adjusting to the Model: aims and methodology

Once the operations to identify the risks and “areas of business activities at risk” have been carried out, the next step involves carrying out a recognition and evaluation of the efficiency of the organisational, management and control system already in place and used inside the company, and documenting, where necessary, the standards and control activities that need to be applied in order to prevent the illegitimate conduct referred to in Legislative Decree 231/2001.

The activities of documenting, integrating and/or modifying the conduct/procedure regulations included in the Model are carried out by the relevant company departments.

Once the process for documenting the existing organisational, management and control procedures and up-dating the procedures/regulations dealing with conduct have been completed, the company (i) identifies the procedures referring to the Model, (ii) collects them together in documents kept at the company offices, (iii) ensures that the Subjects are made aware of their contents and, (iv) makes them available for inspection by the Subjects through the company web site.

The procedures contained in the Model, just like the other internal company regulations, correspond to general internal control principles aimed at guaranteeing sound and correct management of the company that is consistent with the pre-established aims and, more specifically, in accordance with the provisions of Legislative Decree 231/01. In general, the company’s internal control system, delineated with reference to company procedures and other internal company regulations, must be suitable for:

- guaranteeing, as far as company processes are concerned, an adequate level of separation of functions so as to reduce the incidences of conduct that risks being illegitimate and to favour the swift identification of such conduct;
- ensuring that the powers of authority and signature assigned are consistent with the organisational and management responsibility assigned;
- guaranteeing, as far as operational and administrative-accounting activities are concerned, that systems and procedures that ensure the complete and accurate registration of company information and management decisions are used;
- ensuring that financial resources management is carried out in full respect of current laws and that every financial movement is promptly authorised and accurately and completely registered and itemised;
- guaranteeing the traceability of the control and monitoring activities carried out on the operational processes and on the administrative-accounting activities.

4.6 The Controls defined by the Model

Article 6, para. 2, lett. e) and article 7, para. 4, lett. b) of Legislative Decree no. 231/2001 require, as a condition for the efficient implementation of the organisation, management and control model, the introduction of an appropriate disciplinary system that punishes failure to comply with the measures set forth in the Model itself.

Therefore, the definition of an appropriate disciplinary system constitutes an essential pre-requisite endorsing the very *raison d'être* underlying the organisation, management and control model pursuant to Legislative Decree no. 231/2001 with regard to administrative liability of corporations.

The sanctions foreseen will be applied to each violation of the provisions set forth in the Model regardless of whether a crime has been committed or any criminal proceedings that are under way or the findings of the same, instituted by a judicial authority.

The sanctions foreseen for violations of the provisions set forth in the Model are also applicable in the event of violation of the provisions of the Code of Ethics.

Once the Supervisory Body has received a notification and carried out appropriate checks, it formulates a proposal relating to the measures to be adopted and commences its own assessment with respect to the competent company management departments based on the disciplinary system, which will make a decision as whether to adopt and/or amend the measures proposed by the Supervisory Body, activating the company departments/units that are competent from time to time in relation to the effective application of the measures.

4.7 Control and supervisory body

The Company is exempt from administrative responsibility, as per article 6, paragraph 1, letters b) and d) of Legislative Decree 231/2001, if it adopts and efficiently implements an organisational, management and control model suitable for preventing the commission of offences contained in that Decree, which also provides for the setting up of a company body with the independent powers to carry out checks (aimed at ensuring that the Model functions and is observed) and to take independent initiatives designed to guarantee that the Model is constantly updated.

In order to ensure that the Model is effectively and efficiently implemented, it must have the following characteristics:

- (i) autonomy and independence, so as to ensure that the body is not involved in the managerial activities it is charged with controlling and inspecting. The position of this body inside the company must be such as to guarantee the independence of its control activities from all forms of interference and/or conditioning by any component whatsoever of the company (and in particular any executive body);
- (ii) professionalism, or in other words it must have the necessary experience in controlling and inspecting activities that allows it to carry out the delicate functions attributed to it and it must also have a sound knowledge of the organisational structure of the company. These characteristics, together with its independence, guarantee the objectivity of its judgements, and
- (iii) continuity, or in other words it must constantly dedicate itself – with all the necessary inspection and control powers - in a full-time capacity to ensuring that the Model is respected and that it is constantly updated.

In relation to the dimensions of the Company, the control and supervisory body is composed of one member with the said characteristics.

This choice was deemed suitable since it satisfies the need to confer the role and responsibility on individuals who have a sound knowledge of the organisational structure of the company and, at the same time, guarantee the effective autonomy and independence required of a Control and Supervisory Body. In any case, the components of the Body must be regularly evaluated on the basis of the specific characteristics of the company, any legal and judicial developments and the indications expressed by the entities and associations connected to the category.

In carrying out its duties, the Control and Supervisory Body, under its direct surveillance and responsibility, can, where necessary, request the support of other company departments and outside consultants.

The following responsibilities have been conferred on the Control and Supervisory Body:

- to ensure that the rules contained in the Code of Ethics, the Model and/or in the company procedures that refer to it are observed by the relevant individuals, signalling any eventual non-compliance and/or deviation from these rules and the sectors that are most at risk, in view of the violations revealed;
- to check the real efficiency and effective capacity of the Model to prevent the offences referred to in Legislative Decree 231/2001 from being committed, with regard to the individual company departments and the business activities carried out;
- to guarantee that over time the Model remains valid and functional;
- to check if there is a need to update the Model where it has been seen that it is necessary to adjust and/or integrate the Model as a result of changes in regulations, modifications to the company organisation and/or to the method of carrying out the company's business activities or in the case of significant violations of the requirements of the Model and/or of the company procedures that refer to it;
- to acquire from the Subjects of the Model the company documents and information necessary for carrying out their responsibilities and tasks;
- to verify that initiatives connected with providing information and training for the subjects about the principles, values and conduct regulations contained in the Model and in the company procedures that refer to it have been carried out, including when requests for clarification have been received and reports have been sent in.
- to verify the adequacy of the initiatives connected with providing information and training about the principles, values and behaviour regulations contained in the Code of Ethics, the Model and in the company procedures that refer to it, and to check the level of awareness the Subjects have of these, with particular reference to individuals who work in "areas of business activities at risk";
- to report to the various company bodies.
- to collect, elaborate and store reports and relevant information sent in by the various company departments that refer to the Model and to the company procedures that refer to it and to store the results of the activities carried out and the relevant reports.

For the purposes of collecting the information referred to above, (and also for clarification purposes and for providing information), the Control and Supervisory Body has its own e-mail address odv231@saftbatteries.com.

4.8 Dissemination of the model

In order to ensure that the Model is effectively implemented, the Company guarantees the correct dissemination of the contents and principles of the same both inside and outside its own organisation.

The aim of the Company is to send the contents and principles of the Model to parties, who, despite not having a formal position as an employee of the same – contribute, including on a non-continuous basis – towards the attainment of the company objectives on the basis of contractual relationships with the same.

In fact, parties with representative, administrative and management functions in the Company or one of its organisational units with financial and operative autonomy are addressees of the Model, as well as any persons who actually carry out management and control of the Company, and persons who are subject to the management or supervision of one of the aforementioned parties (for the purposes of article 5 Legislative Decree no. 231/2001), and more generally, anyone who contributes to the attainment of the aims and objectives of the Company. The members of the corporate bodies are included among the addressees of the Model, as well as parties involved in the functions of the Supervisory Body, employees, collaborators, external consultants and partners.

In fact, the Company intends to:

- instil awareness in all those who act in its name and on its behalf in the area of “sensitive” activities, that they could Decree commit, in the event of violation of the provisions contained herein, an unlawful act that is likely to be subject to sanctions;
- inform all those who, for whatever reason, operate in its name and on its behalf, or in any case in its interests, that any violation of the provisions set forth in the Model will result in the application of related sanctions or termination of their contractual relationship;
- reiterate that the Company will not tolerate unlawful conduct of any type whatsoever, and independently of its aims, insofar as such conduct (including in cases where the Company would Decree apparently benefit from the such) is contrary to the ethical principles that the Company intends to abide by.

Communications and training activities are diversified depending on the addressees concerned, but in any case, they are guided by the principles of completeness, clarity, accessibility, and continuity in order to allow the various addressees to be fully aware of the company provisions they are obliged to comply with and the ethical standards that should Decree guide them in their conduct.

These addressees are required to attentively observe all the provisions of the Model, including on account of their obligation of loyalty, correctness and diligence that is born out of the legal relationships they have entered into with the Company.

Communications and training activities are supervised by the Supervisory Body, which also is entrusted, among others, with the task of promoting initiatives to disseminate awareness and understanding of the Model, as well as training and sensitising personnel about complying with the principles set forth in the Model and promoting communications and training interventions relating to the contents of Legislative Decree no. 231/2001, and the ramifications of the legislation on the company activities and conduct.

4.9 Rules for updating Model 231

The Model is regularly updated in case of:

- (a) legislative changes with reference to the regulations on the liability of companies for violations of administrative rules deriving from offences,
- (b) periodical review of Model 231 also in connection with significant changes in the organizational structure or business activities of the Company,
- (c) significant violations of Model 231 and/or relating outcomes of checks on the Model effectiveness, or of experience in the public domain within the sector concerned.

The activity carried out is aimed at keeping the Model effective in time.