



ORGANISATION MANAGEMENT AND CONTROL MODEL

In compliance with d. Lgs. N. 231/2001

GENERAL SECTION Approved by the BoD on Oct. 31, 2012

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HISTORY AND DESCRIPTION OF THE COMPANY

Company name: **MOTOVARIO S.p.A.**

Authorised share capital in Euro

Authorised: **€ 18.659.460,00**

Subscribed: **€ 18.010.000,00**

Paid up: **€ 18.010.000,00**

Registered office: **20121 Milan - Via Pietro Verri, 8**

R.E.A. Number: **1863844**

Tax ID: **02569681204**

VAT: **02569681204**

MOTOVARIO S.p.A. has been registered in the Milan business registry since January 15, 2008.

The Company's purpose is (I) the production, design, maintenance, painting and repair of transmissions and electric motors, parts and spare parts, (II) the wholesale trade of these products and machinery for the engineering, repair and maintenance of systems, machinery and equipment in general, (III) technical coordination activities for the Companies or Organisations in which the Company participates.

As a secondary rather than primary objective, the Company may carry out all transactions in securities, real estate and all business deemed useful or necessary for the achievement of the primary corporate objective, including financing transactions, even in the form of guarantees and sureties, but only for Companies or Organisations in which it participates, and can both directly and indirectly invest in other companies or companies having objects similar, related or connected to its own, but not for investments aimed at the public.

MOTOVARIO S.p.A. turnover, as shown in the financial statements, was approximately € 82,094,644.00 for 2010 and approximately € 99,911,080.00 in 2011.

MOTOVARIO GROUP turnover (consolidated), as shown in the financial statements, was approximately € 91,333,000.00 for 2010 and approximately € 110,258,000.00 in 2011.

MOTOVARIO SpA, as of 27 Sep 2012, employs a staff of 437 employees divided as follows:

- Executives 9
- Managers 17
- Office workers 97
- Specialised workers 2
- Workers 312

MOTOVARIO S.p.A. has a traditional top-down structure as follows: Board of Directors and Statutory Auditors.

The accounts are audited by the independent auditors Deloitte & Touche Spa.

MOTOVARIO S.p.A. has obtained the following certifications:

- UNI EN ISO 9001:2008
- UL Listed
- GOST
- EC Declaration of conformity for motors
- ATEX II 2GD Declaration of conformity
- ATEX II 3GD Declaration of conformity
- EC Declaration of conformity - ATEX motors
- EC Declaration of conformity - SMARTDRIVE
- Declaration of incorporation of partly completed machinery
- Long-term declaration for products having preferential origin status
- Dual-Use Declaration

Letter to customers per European Directive EC 1907/2006 (REACH Regulation).

The Company is currently pursuing the procedural steps for OHSAS 18001 certification.

PREFACE

This document has been prepared in accordance with and for the purposes set forth in Legislative Decree of 8 June 2001, no. 231, on the "Administrative liability of legal persons, corporations and associations, even without legal status, in accordance with Art. 11 of the Law of 29 September 2000, No. 300", in order to formally establish an effective and agile structure consisting of rules, procedures and standards of conduct governing the organisation and management of MOTOVARIO S.p.A.

This set of rules, procedures and standards of conduct and ethics is the corporate organisation, management and control Model.

The Model was prepared on the basis of the law (Articles 6 and 7 of the Decree), taking into account the guidelines of the business Code of Conduct drawn up by Confindustria (see Annex no. 4) and without neglecting the valuable information in the doctrine and the procedures of case law.

The principles and provisions of this document apply to directors, shareholders, employees and anyone working on behalf of the Company with a contractual relationship of any type, possibly even temporarily, within the limits of their tasks and responsibilities.

The adaptation of the organisational and management system to the requirements outlined in Legislative Decree no. 231/2001 was coordinated by the Administrative Officer, with the assistance of external consultants who are experts in the various areas covered by L.D. No. 231/2001.

The activities of the working group aimed at preparing the Model has been accomplished:

- in the identification of the sectors/activities/sensitive areas, with reference to the crimes referred to in L.D. no. 231/2001. To reach this result, the external experts have analysed the organisational and corporate structure of the Company, after obtaining the relevant documents (for example: statute, budgets, minutes of corporate bodies, quality system manual, etc.). The internal project manager, as well as those who do not act as mere executors of those decisions made by the administrative body have also met on several occasions at the Company head office (Via Quattro Passi, 1/3 - Formigine) (the calendar of meetings is included in Ann. n. 7);
- in the analytical examination of the sensitive areas, with indications of the ways and means by which it would be possible for those crimes listed in the Decree to be committed by the company, its administrative bodies, employees and, in general, the individuals mentioned in Art. 5 of the Decree (also through meetings and interviews with stakeholders);
- in the identification of existing conduct procedures and protocols - whether formalised or not - in reference to the areas identified as being at risk of crime;
- in the definition of *standards* of conduct and control for the activities that, in agreement with the Company, it is considered appropriate to regulate within the financial resource management framework in order to prevent the commission of crimes;
- in setting the guidelines for the methods used to manage financial resources that are required to prevent the perpetration of a crime(s);
- in the identification of those responsible for ensuring the practical application of this model (the Supervisory Board or SB) with the simultaneous preparation of the related regulations and *reporting* system to and from the Supervisory Board itself;
- in anticipation of a suitable disciplinary system to discipline non-compliance with the measures indicated in the Model as well as violations of the Code of Ethics.

GENERAL SECTION

LEGISLATIVE DECREE NO. 231/2001

Legislative Decree no. 231/2001 introduced for the first time in our country a form of definite administrative responsibility, but considered by many to be criminal, for collective subjects regarding the commission of certain crimes (expressly provided for in the relevant part of the Decree), put in place by top management or employees/staff **for the benefit or in the interest of the organisation itself**.

The collective subjects in the legislation are:

- legal persons (companies and associations with legal status), including foundations, corporations (whether small, medium or large) and co-operatives;
- organisations (partnerships and sole proprietorships and associations), even without legal status;
- public bodies acting *jure privatorum*.

For top management the legislator means (Art. 5 of the relevant Decree):

people who are representatives, directors or management of the organisation or one of its units, with financial and functional autonomy, as well as those persons who exercise, **even de facto**, the management and control of the organisation. For example: legal representatives, directors, general managers, plant managers, etc.

For employees/staff the legislator means (Art. 5 of the relevant Decree):

all those who are subject to the management or control of persons placed in top positions.

It should be noted that the provision of two distinct types of functional relationships (senior positions and subordinate position) is crucial for the identification of the subjective criterion for the attribution of the organisation's direct and independent responsibility.

If the crime is committed by a person in a top position, in fact, the organisation has absolute liability (intentional), with a reversal of the burden of proof (therefore at the organisation's responsibility), and, in the event of an offence committed by an individual who is subject to the management of others, the company is responsible, without reversal of the burden of proof, and thus dependent upon the prosecution.

The organisation's responsibility exists only for those offences (either carried out or **only attempted**) that are expressly provided for in Articles. 24, 25 et seq. of the Decree.

They currently are:

Those crimes in the Penal Code relating to relations with the public administration (Articles 24 and 25 of the Decree)

- Art. 316 *bis* of the Penal Code - Embezzlement to the detriment of the State
- Art. 316 *ter* of the Penal Code - Misappropriation of funds from the State
- Art. 317 of the Penal Code - Extortion
- Art. 318 of the Penal Code - Bribery of a public official
- Art. 319 of the Penal Code - Bribery of a public official for an act against official duties (aggravated under Art. 319 *bis*)
- Art. 319 *ter* of the Penal Code - Judicial corruption
- Art. 320 of the Penal Code - Corruption of a public service officer
- Art. 321 of the Penal Code - Penalties for the briber
- Art. 322 of the Penal Code - Incitement to corruption
- Art. 322 *bis* of the Penal Code - Embezzlement, extortion, bribery and attempted bribery of members of European Community bodies and of officials of the European Communities and of foreign states.

Those crimes in the Penal Code aimed at protecting the assets of the State or other public body (Art. 24 of the Decree)

- Art. 640, P. II, no. 1 of the Penal Code - Fraud, whether to the detriment of the State or another public body
- Art. 640 *bis* of the Penal Code - Aggravated fraud to obtain public funds
- Art. 640 *ter* of the Penal Code - Computer fraud to the detriment of the State or a public body.

Those crimes in the Penal Code aimed at protecting the public trust (Article 25 *bis* of the Decree, inserted by Art. 6 of Law 23 November 2001, no. 409, entitled "Urgent measures in view of the introduction of the Euro")

- Art. 453 of the Penal Code - Forgery of money, spending and complicit introduction into the State of counterfeit money
- Art. 454 of the Penal Code - Falsification of money
- Art. 455 of the Penal Code - Spending and non-complicit introduction into the State of counterfeit money
- Art. 457 of the Penal Code - Spending of counterfeit money received in good faith
- Art. 459 of the Penal Code - Forgery of stamps, introduction into the State, purchase, possession or circulation of counterfeit revenue stamps
- Art. 460 of the Penal Code - Counterfeiting of watermarked paper used for the manufacture of public paper or stamps

- Art. 461 of the Penal Code - Manufacture or possession of watermarks or instruments intended for the counterfeiting of coins, stamps or watermarked paper
- Art. 464 of the Penal Code - Use of forged or altered stamps.

Among the crimes, both standard and not aimed at terrorism or the subversion of the democratic order (art. 25 *quater* of the Decree, inserted by art. 3 of Law 7/2003)

- Art. 270 *bis* of the Penal Code - Associations for the purpose of terrorism, even international, or for the subversion of the democratic order
- Art. 270 *ter* of the Penal Code - Assistance to members
- Art. 270 *quater* of the Penal Code - Recruitment for the purposes of terrorism, including international
- Art. 280 of the Penal Code - Attacks for the purpose of terrorism or the subversion of the democratic order.

Art. 2 of the New York Convention of 9 December 1999, recalled in Art. 25 *quater*, lists a series of crimes aimed at generic punishment of conduct aimed at directly or indirectly yet voluntarily providing funds for those who intend to carry out terrorist offences.

Among the corporate crimes provided for in the Italian Civil Code (Art. 25 *ter* of the Decree, inserted by Art. 3 of Legislative Decree 11 April 2002, no. 61)

- Art. 2621 of the Italian Civil Code - False corporate communications
- Art. 2622 of the Italian Civil Code - False communications to the detriment of the company, its shareholders or creditors
- Art. 2625 P II of the Italian Civil Code - Audit obstruction
- Art. 2626 of the Italian Civil Code - Unlawful return of capital
- Art. 2627 of the Italian Civil Code - Unlawful distribution of profits and reserves
- Art. 2628 of the Italian Civil Code - Unlawful transactions involving shares or quotas of a company or the parent company
- Art. 2629 of the Italian Civil Code - Transactions to the detriment of creditors
- Art. 2629 *bis* of the Italian Civil Code - Failure to disclose a conflict of interest (introduced by Law no. 262/2005)
- Art. 2632 of the Italian Civil Code - Fictitious formation of capital
- Art. 2633 of the Italian Civil Code - Unlawful distribution of company assets by liquidators
- Art. 2636 of the Italian Civil Code - Unlawful influence on shareholders' meetings
- Art. 2637 of the Italian Civil Code - Market manipulation
- Art. 2638 of the Italian Civil Code - Impeding the functions of public supervisory authorities.

Among the *extra codicem* crimes (F.S.A., Legislative Decree no. 58/1998) pertaining to the financial market (Art. 25 *sexies*, introduced by Art. 9 of Law 2004)

- Art. 184 F.S.A. - Abuse of privileged information
- Art. 185 F.S.A. Market manipulation.

The legal person may also answer charges for two administrative offences (which reproduce the same criminal cases mentioned above) introduced into the F.S.A. by Community law 2004.

- Art. 187 *bis* - Abuse of privileged information
- Art. 187 *ter* - Market manipulation.

Among the crimes in the Criminal Code for offences against individual life and limb (art. 25 *quater* introduced by art. 8 of Law dated 9 January 2006, no. 7)

- Art. 583 *bis* of the Penal Code - Mutilation of female genitals.

Among the crimes in the Criminal Code for offences against the individual (art. 25 *quinquies*, introduced by art. 5 of Law 228/2003)

- Art. 600 of the Penal Code - Reduction or maintenance in slavery or servitude
- Art. 600 *bis* of the Penal Code - Child prostitution
- Art. 600 *ter* of the Penal Code - Child pornography
- Art. 600 *quater* of the Penal Code - Possession of pornographic material
- Art. 600 *quater* 1 of the Penal Code - Virtual Pornography
- Art. 600 *quinquies* of the Penal Code - Tourism aimed at the exploitation of child prostitution
- Art. 601 of the Penal Code - Trafficking in persons
- Art. 602 of the Penal Code - Purchase and sale of slaves.

Art. 3 of Law 146/2006 defines a "Transnational Crime" as a crime punishable by imprisonment of not less than four years if involving an organised criminal group, as well as:

- if it is committed in more than one State;
- or if it is committed in one State but a substantial part of its preparation, planning, direction or control takes place in another State;
- or if it is committed in one State but involves an organised criminal group that engages in criminal activities in more than one State;
- or if it is committed in one State but has substantial effects in another State.

With regard to those offences for which the organisation is liable, Art. 10 of Law no. 146/2006 includes the types listed below:

- criminal association (art. 416 of the Penal Code);
- Mafia-type association (art. 416 *bis* of the Penal Code)
- conspiracy for the smuggling of foreign produced tobacco (art. 291 *quater* of the Consolidated Law set forth in Presidential Decree no. 43/1973);
- conspiracy for the illegal trafficking of drugs or psychotropic substances (art. 74 of the Consolidated Law set forth in Presidential Decree no. 309/1990);
- smuggling of migrants (art. 12 Paragraphs 3, 3 - *bis*, 3 - *ter* and 5 of the Consolidated Act set forth in L.D. no. 286/1998);
- inducement to not make statements or to make false statements to judicial authorities (art. 377 *bis* of the Penal Code);
- aiding and abetting (Art. 378 of the Penal Code).

Among the crimes of the Criminal Code for offences against the life and physical and psychological integrity of workers (art. 25 *septies* of the Decree, introduced by Art. 9 of Law dated 13 August 2007 No. 123)

- art. 589 of the Penal Code - Manslaughter
- art. 590 III° of the Penal Code - Personal injury or grievous bodily harm.

Among the standard crimes protecting property and the economic and financial system (art. 25 *octies* of the Decree, introduced by Art. 63 of Legislative Decree 231/2007):

- art. 648 of the Penal Code - Receiving stolen goods
- art. 648 *bis* of the Penal Code - Money laundering
- art. 648 *ter* of the Penal Code - Use of money, goods or assets of illicit origin.

Art. 7 of the law dated 18 March 2008 no. 48 - concerning the ratification and implementation of the Council of Europe Convention on Cybercrime - provides for the extension of the offences with the inclusion of Art. 24 *bis* of the Decree, which extends the administrative responsibility of organisations for various computer crimes:

- art. 491 *bis* of the Penal Code - Electronic fraud
- art. 615 *ter* of the Penal Code - Unauthorised access to a computer or telecommunications system
- art. 615 *quater* of the Penal Code - Possession and unauthorised disclosure of access codes to computer or telecommunications systems
- art. 615 *quinquies* of the Penal Code - Distribution of equipment, devices or programs designed to damage or disrupt a computer or telecommunications system
- art. 617 *quater* of the Penal Code - Illegal interception, prevention or interruption of computer or electronic communications
- art. 617 *quinquies* of the Penal Code - Installation of equipment designed to intercept, prevent or interrupt computer or electronic communications
- art. 635 *bis* of the Penal Code - Damage to information, data and computer programs
- art. 635 *ter* of the Penal Code - Damage to information, data or computer programs used by the State or other public body or public utility
- art. 635 *quater* of the Penal Code - Damage to computer or telecommunications systems
- art. 635 *quinquies* of the Penal Code - Damage to public utility computer or telecommunications systems
- art. 640 *quinquies* of the Penal Code - Computer fraud by the subject providing electronic signature certification services.

Art. 2, paragraph 29 of Law no. 94 of 2009 provides for the inclusion of Art. 24 *ter* of the Decree extending the responsibility of the collective organisation to the following crimes:

- art. 416 of the Penal Code (Conspiracy)
- art. 416 *bis* of the Penal Code (Mafia-type associations, including foreign ones)

- art. 416 ter of the Penal Code (Political-Mafioso clientelism)
- art. 630 of the Penal Code (Kidnapping for ransom)
- art. 74 D.P.R. n. 309/1990 (Conspiracy aimed at the trafficking of drugs and psychotropic substances) all those crimes committed using intimidation associated to the Mafia and the condition of subjugation and silence that comes from it or those committed in order to facilitate the activities of criminal organisations.

Art. 15, paragraph 7, letter a) of Law no. 99/2009 added to Art. 25 *bis* of the Decree, letter f-bis) that extends the responsibility of the organisation to the following crimes:

- art. 473 of the Penal Code (Forgery, alteration or use of trademarks or distinctive marks or patents, models or drawings)
- art. 474 of the Penal Code (Introduction into the State and sale of products with false marks).

Art. 15, paragraph 7, letter b) of Law no. 99 added to Art. 25 *bis* of the Decree, number 1) that extends the responsibility of the institution to a number of offences (some newly defined) against industry and commerce and regulated under Chapter II, Title VIII, Book II of the Penal Code:

- art. 513 of the Penal Code (Obstructing industry or commerce)
- art. 515 of the Penal Code (Fraud in the exercise of trade)
- art. 516 of the Penal Code (Sale of unwholesome food as wholesome)
- art. 517 of the Penal Code (Sale of industrial products with misleading marks)
- art. 517 *ter* of the Penal Code (Sale of industrial products with misleading marks)
- art. 517 *quater* (Counterfeiting of geographical indications and designations of origin for agro-food products)
- art. 513 *bis* of the Penal Code (Unlawful competition using threats or violence)
- art. 514 of the Penal Code (Fraud against national industries).

Art. 15 letter c) of Law no. 99/2009 has entered Art. 25 *nonies* Decree that extends the responsibility of the institution to crimes relating to copyright violation or

- the offences set forth in Articles. 171, paragraph 1, letter a- *bis* , and paragraph 3, 171 *bis*, 171 *ter*, 171 *septies* and 171 *octies* of Law no. 633/1941..

Art. 4, paragraph 1 of Law no. 116/2009 has entered another Art. 25 *nonies* in the special part of the Decree (now Art. 25 *decies*) which extends the responsibility of the institution to the offence of incitement not to testify or to make false statements to the judicial authorities set forth and penalised by Art. 377 *bis* of the Penal Code.

LD no. 121/2011 - implementing Directive 2008/99/EC and 2009/231/EC, which amends Directive 2005/35/EC relating to pollution - has added to the Decree Art. 25 *undecies*, which extends the responsibility of the institution to the *environmental crimes* listed below:

- art. 727-*bis* of the Penal Code (The killing, destruction, catching, taking or possession of specimens of protected wild fauna or flora)
- art. 733-*bis* of the Penal Code (Destruction or deterioration of habitats inside a protected site)
- art. 137 paragraphs 2 and 3 L.D. no. 152/2006 (unauthorised discharge of industrial wastewater)

containing hazardous substances and unloading of those same substances in violation of the requirements imposed by the license)

- art. 137 paragraph 5 - first and second period - L.D. no. 152/2006 (Discharge of industrial wastewater in violation of table limits)
- art. 137 paragraph 11 of LD. 152/2006 (Violation of the prohibitions of dumping on the ground, in groundwater and underground)
- art. 137 paragraph 13 of LD. 152/2006 (Dumping at sea by ships and aircraft of substances whose dumping is prohibited)
- art. 256, paragraph 1, letters a) and b) of L.D. no. 152/2006 (collection, transport, recovery, disposal, sale and brokerage of waste in the absence of the required authorisation, registration or communication)
- art. 256, paragraph 3 - first and second period - L.D. no. 152/2006 (Construction or operation of an unauthorised landfill)
- art. 256, paragraph 4 of LD. no. 152/2006 (Non-compliance with the requirements contained in the authorisation to operate a landfill or other activities concerning waste)
- art. 256, paragraph 5 of LD. no. 152/2006 (Unauthorised mixing of waste)
- art. 256, paragraph 6 of LD. no. 152/2006 (Temporary storage at the place of production of hazardous medical waste)
- art. 257, paragraphs 1 and 2 of L.D. no. 152/2006 (Pollution of soil, subsoil, surface water and groundwater with failure to give notice to the competent authorities)
- art. 258, paragraph 4, and Art. 260 *bis*, Paragraphs 6 and 7 L.D. no. 152/2006 (Preparation or use of a false waste analysis certificate)
- art. 259, paragraph 1 of LD. no. 152/2006 (Illegal waste trafficking)
- art. 260 L.D. no. 152/2006 (Activities organised for the illegal trafficking of waste)
- art. 260 *bis*, Paragraph 8 L.D. no. 152/2006 (Violations of the control system on the traceability of waste)
- art. 279, paragraph 5 of LD. no. 152/2006 (Atmospheric Pollution)
- art. 1, paragraphs 1 and 2, Art. 2, paragraphs 1 and 2 of Law dated 7 February 1992 no. 150 (Import, export, transport and abuse of animals and trade in artificially reproduced plants)
- art. 3 *bis*, Law of 7 February 1992 no. 150 (Forgery or alteration of certificates and licenses and the use of false or falsified certifications and licenses for the import of animals)
- art. 3, paragraph 6, Law of 28 December 1993 no. 549 (Violation of the Provisions on use of substances that are harmful to the ozone layer)
- art. 8, paragraphs 1 and 2 of L.D. no. 6 November 2007 no. 202 (Wilful dumping at sea of pollutants by vessels)
- art. 9, paragraphs 1 and 2 of L.D. no. 6 November 2007 no. 202 (Wrongful dumping at sea of pollutants by vessels).

Art. 2 of LD No. 109/2012 has entered into the Decree the offence provided for in Art. 25 *duodecies* which provides for the application of a sanction from 100 to 200 units for those organisations that employ third-country nationals who are staying illegally.

The full text of incriminating standards mentioned is contained in Annex no. 5.

The penalties that may be imposed by the court at the end of the criminal trial (where the organisation is found responsible for the offence) are:

- pecuniary: by express legislative requirements, these are proportionate to the seriousness of the offence, the organisation's degree of responsibility and the activities it carried out to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences. In the end, they are established on the basis of the organisation's economic and financial conditions "in order to ensure the effectiveness of the sanction";
- prohibitory: they, to name a few, range from prohibition from operating activities, suspension or revocation of permits, licenses, or concessions, the prohibition on contracting with the public administration, to the exclusion from benefits, loans, grants or subsidies, including the revocation of those already granted.

It also provides for the confiscation of the proceeds or profit (when this is not possible the seizure may involve sums of money, goods or other assets with a value equivalent to the price or the product of the offence) and the publication of the judgement.

The entity may be held responsible for the crime committed by the persons mentioned above, provided that:

- The facts of crime have been put in place in their interest or to their advantage. The difference between the two situations, described alternately, is that the first concerns the subjective finalisation of the conduct, and it is estimated by the criminal court in an *ex ante* perspective or prior or along with the commission of the offence, while the second takes on more markedly objective features - since the organisation can profit even in cases where the person did not act in its interest - and requires a judicial verification to be performed after the fact (*ex post*).
- The organisation has not previously adopted and effectively implemented an organisation and management model capable of preventing crimes such as the one that occurred (while the above describes the objective connection criterion between the criminal act and the legal person, this last describes the subjective connecting criterion of the organisation with the criminal offence).

With regard to the regulatory framework - Art. 6 and 7 of Legislative Decree no. 231/2001 - the Model consists of:

- internal procedures and control *standards* exclusively referencing those activities judged to be at risk of crime;
- code of ethics;
- disciplinary system;
- supervisory board;
- reporting *system* to and from the supervisory body;
- communication and training.

The Model, if adopted and effectively implemented, is an effective protective shield for the company. In fact, **if adopted prior to the commission of the offense** it allows **the organisation total exclusion from liability** (according to the language of criminal law, the Model, in this circumstance, is a defense against the organisation's guilt) **for the crime committed by a person functionally linked to it** (in this case, therefore, only the responsible person will be tried and, possibly convicted).

If the Model is adopted after the commission of the crime, if pecuniary penalties are imposed, they are considerably reduced. On the other hand, in the case of prohibitory sanctions, the sanctions in question do not apply if "virtuous" conduct is adopted such as compensation for the loss and/or the provision of profit or the removal of the individual who committed the offence.

Finally, if precautionary prohibitory measures are adopted during the preliminary investigative phase, the adoption of this Model leads to them being suspended (always in the presence of "virtuous" conduct).

OBJECTIVES AND PURPOSES FOR ADOPTING THE MODEL

By adopting an organisation, management and control Model appropriate to the requirements of the Decree, the company is demonstrating that it operates under conditions of fairness and transparency in the conduct of business and corporate activities.

The adoption of this Model is a tool to increase the awareness of all employees and all other stakeholders closely involved with MOTOVARIO S.p.A. (suppliers, customers, consultants, etc.), so that when performing their activities they conduct themselves properly in order to prevent crime.

In particular, through the adoption of the Model, the Company proposes the following:

- to make all those who work in the name and on behalf of MOTOVARIO S.p.A. and especially those who work in the business areas found to be at risk of crime aware that they may incur, in the event of violations of the provisions contained in the Model, when committing punishable offences, criminal sanctions against themselves, and "administrative" sanctions imposed on the Company;
- raise awareness among those individuals that such misconduct is strongly condemned by the Company, and that they are always contrary to the provisions of the law and the corporate culture and ethical principles adopted as its own corporate business guidelines;
- enable the Company to take prompt action to prevent or oppose the commission of the offences (listed in the relevant part of the decree), or at least significantly reduce the damage produced by them;
- promote a significant leap forward in terms of the transparency of corporate *governance* and the MOTOVARIO S.p.A. image.

It should be noted that, without prejudice to the goals and objectives set forth above, the Company is well aware that the evaluation of the Model is related to its ability to minimise and not to exclude *tout court* the commission of one of the offences listed in the relevant part of the Decree by individuals.

This is confirmed by the fact that the Legislative Decree specifically requires that the Model should be suitable not so much to prevent the crime actually occurred, but to what type of offence it is.

APPROVAL AND RECEIPT OF THE MODEL

The organisation, management and control Model, in accordance with the provisions of Art. 6, paragraph 1, letter a of Legislative Decree no. 231/2001, is an official document issued by the managing body. The model complements and does not replace the organisation and control tools, as well as behavioural procedures that may be adopted in the future or those that are already in operation. In this regard, in fact, it should be noted that the Model is a tool with a specific purpose and scope, as it is exclusively aimed at preventing the commission of those offences in the Decree..

However, as also specified in the guidelines issued by Confindustria, the standards of conduct contained in this model may be considered to be an expansion or extension of existing or future codes of conduct.

CHANGES AND ADDITIONS TO THE MODEL

The MOTOVARIO SpA Board of Directors, at the instigation of the Supervisory Board, shall carry out any subsequent amendments and additions to the Model, the Code of Ethics and the disciplinary system. This is in order to allow the continued compliance of the organisation, management and control Model with the provisions of Decree no. 231/2001 and the possible changes concerning the organisation and management structure of the company.

Any amendments or additions to the model must be carried out in full respect of the individual business functions, which, therefore, retain the last word on the management of specific operational procedures and *standards* of conduct.

IMPLEMENTATION OF THE MODEL

The Board of Directors makes decisions in relation to implementation of the Model, through evaluation and approval of the actions necessary for the implementation of its elements. The control activities regarding the Model's adequacy and implementation are the responsibility of the Supervisory Board (for more details, please refer to the Model dedicated to the Board).

GENERAL CONTROL PRINCIPLES WHICH INSPIRED THE MOTOVARIO S.P.A MODEL

Every operation, transaction and action should be traceable, verifiable, documented, consistent and appropriate. Of course, the protection of computer-based data and procedures shall be made in compliance with the security measures set forth in L.D. no. 196/2003 (Code for the protection of personal data).

No one can independently manage an entire process.

No one can be attributed unlimited powers.

Powers and responsibilities must be clearly defined and known inside of the organisation.

Authorisation and signing powers must be consistent with the organisational responsibilities assigned.

Audits that are performed shall be documented.

SUPERVISORY BOARD

According to Art. 6, paragraph 1, letter. b) of the Decree, a Supervisory Board must be formed. This body has independent powers of initiative and control. It must monitor the operation, effectiveness, and compliance with the Model, as well as make sure it is continuously and promptly updated.

The legislator does not provide comprehensive information about the structure and composition of this body.

Decisions on these aspects shall then, by mutual agreement, be referred to the organisation's free and responsible evaluation.

MOTOVARIO SpA, in view of its characteristics, has opted for a joint Supervisory Board, believing that choice to be the most suitable for the board's purpose.

The Board of Directors has appointed one internal and two external components to this position. As it is composed, this board guarantees legal and corporate skills as well as the necessary autonomy and independence.

Upon appointment, the administrative body endows the Supervisory Board with financial independence through the assignment of a *budget* that is, if and when necessary, supplemented and/or refinanced.

The Supervisory Board is appointed for three years. The SB may be re-elected to a maximum of two consecutive terms.

Supervisory Board remuneration is determined by the Board upon appointment for the entire term of office.

Removal from office at the end of the term takes effect the moment the new SB is formed.

Those individuals that are part of the SB are subject to the same reasons for ineligibility and withdrawal, in compliance with Art. 2399 of the Italian Civil Code, as do members of the Board of Auditors.

Members of the Supervisory Board may only be revoked by the BoD for just cause.

Dismissal must be decided upon after hearing the parties concerned.

In the event of termination, dismissal, death, resignation or disqualification of the members of the Supervisory Board, the Board of Directors must promptly appoint a new Supervisory Board.

The members of the Supervisory Board must not have been the subject of criminal proceedings or a judgement (even if not final) for any of the offences referred to in Legislative Decree no. 231/2001.

The Supervisory Board will undertake the following activities:

- monitoring of the effectiveness of the Model, in particular by verifying the consistency between the Model itself and the specific procedures adopted in areas at risk;
- periodic verification that the model is respected by all the individual company units/areas at risk, in order to ensure that the procedures and safeguards defined are followed as closely as possible and that they are specifically designed to prevent the risks of the commission of the crimes mentioned;
- monitoring to ensure that the Code of Ethics and all of its provisions are respected by all parties involved in the company any way;
- formulation of proposals to the competent authorities for updating and changing the Model, in

collaboration with the company areas involved, in the event that a change to the operating conditions and/or regulations might lead, in its opinion, to the need for updating and/or implementation.

In particular, the SB, as identified above:

- takes care of the updating of the model, by the BoD, in accordance with the evolution of the law, as well as a result of changes made to the organisation;
- collaborates with the various corporate areas involved, in the preparation and integration of internal regulations (rules of conduct, operating instructions, any control manuals) aimed at preventing the risks of crimes that have been mapped out;
- ensures the proper operation of the control activities for each risk area, promptly reporting any defects and faults in the Model, after comparison with the areas/departments concerned;
- distributes knowledge and understanding of the Model inside of the company, in the manner it deems appropriate, paying more attention to those areas considered most at risk of crime (mainly the areas/functions that deal with the management of economic resources, accounting, those who have a relationship with the public administration and the management of work place health and safety);
- performs periodic audits focused on specific transactions or acts carried out in the context of the processes monitored because they are sensitive and in this regard, for the performance these audit activities, the SB may make use of external expertise with specific skills in auditing matters as well as in those areas deemed most appropriate
- performs special audits where Model dysfunctions are revealed or if the commission of unlawful acts subject to prevention activities has occurred, or even if there is only a suspicion that it has occurred;
- carries out the monitoring of the performance of at-risk activities, in coordination with the company departments, including through special meetings;
- collects, processes and stores the relevant information regarding compliance with the Model;
- prepares regular reports on the adequacy and effectiveness of the Model, also on the basis of what has emerged from the audit and control activities, transmitting them to the Board of Directors, Board of Auditors and, if considered appropriate, to the Shareholders' Meeting
- periodically verifies the feasibility and implementation of any corrective solutions to the specific procedures contained in the Model;
- evaluates and proposes the imposition of disciplinary sanctions, subject to the necessary coordination with the heads of the operational/business areas.

The Supervisory Board carries out its activities every six months, except in emergencies and special cases.

The SB, if it considers it necessary for the performance of their duties, must be able to speak with the Chairman of the Board and the senior management of the Company in general.

The relationship between the company and the external members of the SB will be governed by a written contract.

The members of the Supervisory Board shall be adequately remunerated in order to prevent the degradation of their office and their duties.

REPORTING TO THE SUPERVISORY BOARD

The SB is the recipient of any information, documents and/or communication, even from third parties regarding compliance with the Model.

The SB establishes in their audit activities the documentation that needs to be brought to its attention on a regular basis. The SB must receive:

- measures and/or information from the criminal police or any other authority, which indicate the conduct of investigations, even against unknown persons for offences under the Decree that concern the Company;
- requests for legal assistance made by individuals within the company, in the event of the beginning of judicial proceedings for an offence under the Decree;
- reports prepared by the company structures regarding their control activities, from which critical elements emerge regarding the standards of the Decree;
- on a periodic basis, news related to the effective implementation of the Model in all areas/departments at risk;
- on a periodic basis, news relating to effective compliance with the Code of Ethics at all levels of the company;
- information on work developments related to risk areas. In the case of information and/or news, even if unofficial, relating to the commission of offences set forth in the Decree or otherwise relating to possible violations of the Model (including, of course, the provisions of the Code of Ethics) each individual must contact his/her supervisor/manager who shall report immediately to the SB.

Whenever there is news of the possible commission of crimes or violations of the Model involving the Board of Directors of the Company, only the SB shall be informed directly.

The MOTOVARIO SpA SB must receive information, prepared by the Administrative Office, regarding the system of delegations and proxies adopted by the Company. The SB must receive this information according to the methods that have been concretely defined.

Reports, possibly even anonymously, concerning the evidence or suspicion of violation(s) of the Model should be as detailed as possible. They may be sent in writing or through the use of a specially dedicated mailbox.

The SB acts to ensure that there is no retaliation, discrimination or penalty as a result of the report, and ensures the confidentiality of the identity of the reporter, subject to the requirements of law and the protection of the rights of the Company or of persons wrongly accused or accused in bad faith.

The SB assesses the information received and decides on the action to take, talking, if necessary, to the person who made the report and/or the person responsible for the alleged violation.

If the person responsible for the offence should be the Chairman of the Board or the Vice President, the SB makes a brief investigation, the outcome of which is forwarded to the Board of Auditors, which, after having conducted the necessary investigations, will take the most appropriate measures, making sure to inform the SB.

The SB periodically sends - every six months - a short activity *report* to the Board of Directors and the Board of Auditors.

In addition, each year the SB shall submit to the Board of Directors a written report on the degree of implementation of the Model.

COLLECTION AND STORAGE OF INFORMATION

The SB will provide a separate *database*, computer or paper based, which holds each *report*, any information or notification set forth in this document, for a period of 10 years. It is subject to compliance with the provisions on the confidentiality of personal data and the rights guaranteed to the persons concerned.

Only the SB is allowed access to the *database*.

TRAINING AND INFORMATION OF ALL THE STAFF INCLUDING THOSE IN TOP POSITIONS

The Company intends to ensure a correct and complete knowledge of the model and contents of Legislative Decree no. 231/2001 and the obligations arising from it.

Training and information is managed by the relevant directors (based on the proxies they have) and assisted by SB, in close coordination with the heads of the areas/departments involved in the application of the Model.

This training and information effort is also extended to all those persons who, although not belonging to the corporate structure, operate in the interest and/or for the benefit of the company.

However, third parties only receive training and communication regarding the Code of Ethics.

The adoption of this document is communicated to all persons working for and on behalf of MOTOVARIO S.p.A. at the time of its adoption.

All employees and senior management must sign a form attesting that they acknowledge and accept the model, a copy of which they are provided either electronically or on paper.

New recruits are given an information pack containing the Model, including the Code of Ethics and the text of Legislative Decree no. 231/2001, by which they are ensured that same knowledge, which is considered to be of primary importance.

Contracts with third parties include standard contractual clauses, which commit them not to engage in behaviour that is not in line with the Company's principles of conduct and ethical values.

Training and ongoing updates are organised by the SB through the use of mandatory periodic meetings, formulated in content and frequency, depending on the status of the recipients and their functions.

If the SB deems it necessary, the meetings shall be attended by external professionals with specific expertise on the subject of crimes attributable to the Company, analysis procedures and organisational processes, as well as general principles on legislation regarding *compliance* and the related controls.

It is the responsibility of the SB to set up a special section of the company Intranet dedicated to the theme and that is updated periodically, in order to allow interested parties to be kept aware of any changes, additions or implementations of the Model and the Code of Ethics.

The institution of the Intranet section will be subject to its practical feasibility within the context of the Group's Intranet (STRANET).

SELECTION OF EXTERNAL STAFF AND PARTNERS - OUTSOURCERS

On the proposal of the Supervisory Board, by decision of the Board of Directors (*i.e.* its competent bodies) appropriate evaluation systems for the selection of representatives, consultants and the like as well as *Partner* with which the Company intends to reach any form of partnership and intended to cooperate with the company in carrying out the activities most at risk of crime may be established.

DISCIPLINARY SYSTEM

This disciplinary and sanctionary system, an integral part of the MOTOVARIO S.p.A. (hereinafter also "MOTOVARIO") Model, adopted by the Board of Directors pursuant to art. 6, P. 2, letter. e) and Art. 7, P. 4, letter. h) of L.D. 231/2001 is aimed at defining the penalties for non-compliance with the principles contained in the MOTOVARIO Code of Ethics-Part III (hereinafter the "Code of Ethics") and any requirements set out in the Organisational Model adopted by the Company. The Code of Ethics and Organisational Model are the components of the MOTOVARIO preventions system for crimes which may lead to administrative liability pursuant to L.D. 231/2001 (hereinafter known as the "Preventative System").

The application of disciplinary measures and penalties is independent from the start and outcome of any criminal proceedings, as the rules of conduct imposed by the Preventive System are taken from MOTOVARIO independently and regardless of the type of offence that can be caused by violations of the preventative system itself.

EMPLOYEE DISCIPLINARY MEASURES

The behaviour expected of Employees (executives, managers and workers) in breach of the rules of conduct set forth by the Preventative System are defined as "disciplinary offences".

The sanctions imposed against the Employees fall within the provisions of the corporate disciplinary Regulations in accordance with the procedures provided for in Article 7 of the Statute of workers rights and,

with regard to the managers, employees and workers, in the current national labour contract for workers employed in the private metalworking industry in the installation of equipment.

Disciplinary measures against employees and any request for compensation are commensurate, in proportion to the behaviour and disciplinary consequence, in relation to:

- the level of responsibility and autonomy of the Employee;
- any earlier disciplinary actions, even if unrelated to the violation of the Preventative System;
- the deliberateness of the behaviour;
- the severity of the behaviour;
- any other particular circumstances in which the behaviour in violation of the Preventative System occurred.

Any breaches of the obligations in the preventative system constitutes an infringement of same. In any case, the following, listed in order of severity, are infringements of the preventative system:

- the commission of crimes which can lead to administrative liability pursuant to L.D: 231/2001;
- violation of the principles of the Code of Ethics;
- violation of the rules contained in the procedures in the Organisational Model, the impediment of the SB control activities, and omission of activities required by same;
- failure to attend training;
- failure to perform actions for the distribution of the Preventative System.

If several offences, punishable by different penalties, were committed with a single act the more severe penalty shall be applied.

Employees who violate the internal procedures established by the Preventative System or adopt, during performance of activities in areas at risk, a behaviour not in compliance with the requirements of the system itself, shall be subject to the following disciplinary measures:

- a) a verbal or written warning;
- b) a fine not exceeding three hours' pay, calculated on the minimum wage;
- c) suspension from duty without pay up to a maximum of three days;
- d) dismissal with notice;
- e) dismissal without notice.

If the worker has committed one of the above violations, the Company may impose an interim, non disciplinary suspension of the worker, with immediate effect for a period not exceeding ten days. In the event that the Company decides to proceed with dismissal, it shall take effect on the date the decision was taken. The following measures shall be adopted:

- by the CEO, in consultation with the Head of Human Resources of the Company, after consultation with the supervisor and the SB.

DISCIPLINARY MEASURES FOR SENIOR STAFF

Regarding senior staff (who may possibly even hold the position of director), considering the relationship of trust that binds this type of Employee to the Company, disciplinary measures may cover only serious misconduct or repeat offenders and will be adopted in accordance with the law and the current national labour contract for managers of companies producing goods and services.

In accordance with and in compliance with the applicable provisions of law and the collective bargaining agreement, the Company retains all rights in connection with any claims for damages caused to it by the individual in violation of the Preventative System..

DISCIPLINARY MEASURES FOR DIRECTORS AND AUDITORS

In the event that a member of the Board of Directors or of the Board of Auditors violates the procedures set out in the Preventative System or adopts, when carrying out activities in areas at risk, a behaviour that is not in compliance with the requirements of the system itself, the SB shall inform the Council of Directors and the Board of Auditors.

If this is a slight breach, the Board of Directors, in consultation with the SB and after consultation with the Board of Auditors, shall make a written warning to the individual or individuals involved in the violation. If it is a more serious breach, the Board of Directors and/or the Board of Auditors shall convene the General Meeting of Shareholders, which:

- may revoke the mandate of the Administrator in violation of the Preventive System for just cause;
- may apply to the Court to revoke the mandate of the auditor in violation.

The Company retains all rights in connection with any claims for damages caused to it by the individual involved in the violation of the preventative system.

DISCIPLINARY MEASURES FOR EXTERNAL STAFF AND PARTNERS

In the event of a breach of the requirements and procedures contained in parts of the Preventative System reported in a special clause in the contract by an External Staff Member (consultant, vendor, representative of the Company in general) or a MOTOVARIO Partner, the person who signed the contract containing the clause for MOTOVARIO S.p.A. or, if that person is not available, the Managing Director, shall take the appropriate action against the infringer, by virtue of the actions provided for in the clause itself, a written reprimand, a pecuniary penalty or termination of the contract, depending on the seriousness of the infringement. The Company retains all rights in connection with any claims for damages caused to it by the individual involved in the violation of the preventative system.

REGISTRY OF PERSONS WHO HAVE VIOLATED THE PREVENTATIVE SYSTEM

The SB maintains a list of individuals, both internal and external to the Company, who have been subjected to disciplinary or sanctionary measures. Individuals in the registry who have been dismissed by the Company or whose contracts have been withdrawn are excluded from new contracts with the Company, unless otherwise decided by the Board of Directors upon receiving a written opinion from the SB.

Motovario SpA

Via Quattro Passi 1/3 - 41043 Formigine (MO) - Italy - Tel. +39 059 579700 - Fax +39 059 579710
info@motovario.it - www.motovario.com